

Comprehensive  
**Annual Financial  
Report**

**[ JUNE 30, 2004 ]**

*Yavapai*  
**COLLEGE**  
Your community. Your college.

Comprehensive  
**Annual Financial  
Report**

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June 30, 2004

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**Yavapai County Community College District  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2004**

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INTRODUCTORY  
[ SECTION ]

October 27, 2004

The District Governing Board of Yavapai County Community College District

The Comprehensive Annual Financial Report (CAFR) of the Yavapai County Community College District (the "District"), Prescott, Arizona for the fiscal year ended June 30, 2004, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Please read the management's discussion and analysis in conjunction with the Vice President for Finance and Facilities and Controller's transmittal letter.

This report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Government Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This report has been separated into three sections:

1. Introductory Section - this section introduces the reader to the report and includes the Letter of Transmittal from the Vice President for Finance and Facilities and the Controller, a list of principal officers, and the District's Organizational Chart.
2. Financial Section – this section includes the management discussion and analysis, the basic financial statements, notes to the financial statements, as well as the independent auditors' report on the financial statements of the District.
3. Statistical Section – this section includes tables of unaudited data depicting the financial history of the District on a multi-year basis and other demographic information.

The District is required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this report, including the Schedule of Expenditures of Federal Awards and auditors' reports on internal controls and compliance with applicable laws and regulations will be available at a future date by contacting the Vice President for Finance and Facilities.

## **THE REPORTING ENTITY**

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Yavapai County, financial accountability over all activities related to public community college education in Yavapai County is exercised solely by the District. In accordance with GASB Statement No. 39, the financial reporting entity consists of a primary reporting entity and its component units. The District is a primary government because it is a special-purpose political subdivision that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

The accompanying financial statements present the activities of the District and its component unit, the Yavapai College Foundation (Foundation). The Foundation is a legally separate, tax-exempt organization. Although the District does not control the timing or amount of receipts from the foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

## **HISTORY**

The District was established in 1966 under the Arizona Community College Law of 1966. During the first year of instruction, 1969-70, classes were held at various sites in Prescott. The first buildings were dedicated in February 1970 on 100 acres in Prescott that were once part of historic Fort Whipple. To better serve the growing communities on the east side of Yavapai County, the Verde Valley Campus was established in 1975 on 120 acres in Clarkdale. Yavapai College education centers have been built in Chino Valley and Prescott Valley, and a new Sedona Center for Arts and Technology opened in August 2000. Extension sites throughout the county complete the Yavapai District mosaic.

The District is accredited by the North Central Association of Colleges and Schools and has been throughout its history.

## **SERVICE AREA**

Yavapai County, named for the Yavapai Native Americans ("Yavapai" means "The People of the Sun") is a land of extremes with a blend of the Old West and the contemporary. Yavapai County, one of the state's oldest counties, was among the original four counties created when Arizona was still a territory. The provisional seat of the Arizona territorial government was established at Fort Whipple on January 22, 1864. Yavapai County offers many local attractions ranging from natural to cultural to educational. Scenic pine forests provide year-round recreational opportunities. Museums, monuments, and rodeos reflect Arizona's tribal and territorial past.

The District serves a diverse student population in a rural area covering approximately 8,123 square miles (which is larger than the state of Massachusetts) with the 2000 census total population of 167,517, and a population density of 21 people per square mile.

## **ECONOMIC OUTLOOK**

Yavapai County is located in the west central portion of the state. Its boundaries include the incorporated cities and towns of Camp Verde, Chino Valley, Clarkdale, Cottonwood, Jerome, Prescott, Prescott Valley, and Sedona. The larger unincorporated areas of the county include the communities of Ashfork, Bagdad, Black Canyon City, Congress, Crown King, Mayer, Paulden, Seligman, and Yarnell. Small business, light industry, service trades, ranching, mining, and tourism all contribute to the economy of Yavapai County. A rapidly growing retiree population has made Yavapai County one of the fastest growing rural counties in the country with a population estimated to increase to 240,000 by the year 2020.

Property taxes provide the majority of funding for the District. The assessed value of all property will increase by 10.5% for fiscal year 2004-05. County-wide permits for new construction for fiscal year 2003-04 experienced a slight decrease over the previous fiscal year. Although this decrease will affect future assessed values, new construction remains at near record levels. This growth, along with the increase in assessed property values, is projected to continue for the next few years.

The national economy has remained relatively stable this year; however, the state has experienced a downturn in revenues. The state's dependence on sales tax revenues has suffered with the slowing of the state's economy. Yavapai County's economy has experienced continued growth. Despite the county's strengthening economy, the District must contend with the continued limited and/or reduced funding from the state. The District is committed to improving and offering additional service to meet the county needs. These efforts are achieved through careful monitoring of expenditures, innovative partnerships, and taking advantage of all cost savings.

## **MAJOR PROGRAM INITIATIVES**

Yavapai College has made strides during the past year in the areas of master planning, enrollment and student achievement.

### **Master Plan Implementation**

Implementation of the \$69.9 million master plan proceeded on schedule during the fiscal year ended June 30, 2004. The new Agribusiness and Science Technology Center in Chino Valley was completed this year with the building dedication ceremony being held during the March 2004 District Governing Board meeting. This unique instructional facility offers a

broad range of educational programs in agribusiness, bioscience and construction technology. The construction of the new 15,000 square foot Northern Arizona Regional Skill Center on the Verde Valley Campus was completed this year. The building was formally dedicated at the February 2004 District Governing Board meeting. Programs at the center will focus on six key areas - business and office technology, basic health-related occupations, construction and building maintenance, hospitality and tourism, information technology management, and manufacturing/engineering technology. The new center will serve the workforce training needs of residents living in Apache, Coconino, Navajo and Yavapai counties. Partial funding for the center was provided by the U.S. Department of Commerce – Economic Development Administration.

Construction continued on the Academic Resource Center on the Verde Valley Campus. The new 25,000 square foot center will provide additional classrooms for the Verde Valley Campus. Infrastructure improvements continued on both the Prescott and Verde Valley Campuses this year improving parking on both campuses.

Construction on the new 50,000 square foot Library/Computer Commons facility on the Prescott Campus continued this year. Renovations of the newly acquired Arizona Department of Transportation (ADOT) property commenced this year. The former ADOT property includes four buildings, totaling 25,000 square feet, adjacent to the Prescott Campus.

Groundbreaking for the new 3D Studio Arts building and the new Welcome Center took place this fiscal year. Completion for the Welcome Center is planned for mid-summer 2004 with the 3D Studio Arts building coming on line for the Spring, 2005 semester.

## **Enrollment**

The fiscal year was characterized by strong enrollment with more than 15,000 students attending classes. Divisions with double digit increases in full-time student equivalent (FTSE) enrollment include nursing, technology, physical education and athletics. Individual programs with double digit FTSE enrollment increases include agribusiness technology, business, administration of justice, computer networking technologies, digital filmmaking, early childhood education, environmental studies, and paralegal law.

## **Student Achievement**

Student accomplishments continue to be our most important gauge of success. Four students were named to the 2004 All-Arizona Academic Team. A total of 472 students graduated with degrees or certificates. Throughout the course of the academic year, 125 students completed the Career Skills program, 49 students graduated from the Northern Arizona Regional Training Academy, and 53 students completed all requirements of the Nursing Program. An additional 276 students completed studies and passed the exam to earn a high school equivalency diploma.



## **FUTURE PROGRAM INITIATIVES**

The second issuance of general obligation bonds, in the amount of \$25 million, was secured July 1, 2003. This bond issue will fund the completion of Phase I of the Master Plan. To date, \$50 million of the voter authorized \$69.5 million in general obligation bonds have been issued. Major initial facilities construction projects include:

- The Verde Valley Campus Northern Arizona Regional Skill Center
- The new Academic Resource Center on the Verde Valley Campus
- Construction of the computer commons/library center on the Prescott Campus
- Construction of the 3D Studio Arts building on the Prescott Campus
- Construction of the Agribusiness and Science Technology Center in Chino Valley
- Rehabilitation of the ADOT property buildings and infrastructure for the Prescott Campus and District services use
- Upgrades to infrastructure and utilities on the Prescott and Verde Valley Campuses

Through a combination of the District tax-based dollars and the state's Proposition 301 funds (workforce development), the 2003-04 budget will support new programming in critically-needed areas of workforce development. New and expanded programs will include:

- Agribusiness Technology Program
- Art Department – Photography
- Center for Productive Aging
- Business Computer Division
- Cisco Academy
- Vice President for Workforce and Economic Development

Academic program reviews will continue in the areas of Agribusiness, Digital Media, early Childhood Education, Independent Filmmaking, Liberal Studies Core, Nursing, Paralegal Studies, and Physical Education/Recreation. Service area program reviews will include Human Resources, Instructional Administration, Institutional Research, and Senior Programs.

## **FINANCIAL INFORMATION**

Effective management of these funds through internal control, budgetary controls, cash management, and financial reporting fulfills the District's responsibilities for stewardship, safeguarding of assets, and accountability to resource providers.

## **Internal Control**

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments from management.

All internal control evaluations occur within the above framework. We believe that the District's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **Budgetary Controls**

The District maintains budgetary controls in the form of line item budgets and budget transfer restrictions by function and object. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the District Governing Board.

The District complies with state statutes requiring that a report of the District's adopted budget be published annually with the prescribed format as required by the State of Arizona, Office of the Auditor General. The District also demonstrates compliance by issuance of an annual budgeted expenditure limitation report that is examined by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure supported by state appropriations and property tax levies.

## **Cash Management**

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility of such investments is entrusted to the District Governing Board and facilitated through the Vice President for Finance and Facilities.

The District invests idle funds in a prudent, conservative, and secure manner for the highest yield as prescribed by Arizona Revised Statutes. The District has maintained a cash-forecasting program to obtain the highest yield on idle cash. The principal investment vehicle used during the fiscal year has been a pooled investment with the County Treasurer. The pool has provided the District with a safe, high yielding liquid investment.

## **Financial Reporting**

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources including District records and the Yavapai County Treasurer and Assessor Offices. These statements present information on the financial condition of the District and whether resources were adequate to cover the costs of providing services during the reporting period. The District's CAFR is distributed to the District Governing Board and executive management, Federal and State agencies, and financial institutions as

well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

The Notes to the Financial Statements are an integral part of this Comprehensive Annual Financial Report and should be read for a full understanding of the financial information presented within.

## **RISK MANAGEMENT**

The District maintains a full complement of insurance coverage in accordance with Arizona Revised Statutes. Liability coverage is carried on a broad basis, including errors and omissions and “wrongful acts” coverage and is maintained with the policy limits in excess of \$25,000,000. Property coverage is maintained on a replacement value basis in accordance with an agreed upon schedule of values. Additional coverage includes auto fleet liability, crime and fidelity coverage, boiler and machinery insurance, workers’ compensation and student accident coverage.

District staff includes a full-time employee, dedicated to the risk management function, who endeavors to minimize the cost of funding risks through the implementation of safety and loss procedures.

## **INDEPENDENT AUDIT**

The District utilizes the audit services of Miller, Allen and Company, P.C. to comply with Arizona Revised Statutes that require an annual audit of the District’s financial statements. The Independent Auditor’s Report is included in the CAFR. The District received an unqualified opinion.

## **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Yavapai County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the efficient and dedicated efforts of the Business Office staff. We would like to express our appreciation to all those who assisted in, and contributed to, the preparation of this report.

Respectfully submitted,

Robert E. Lynch  
Controller, Interim Vice President for Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Yavapai County  
Community College District,  
Arizona

**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003**

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# **YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**

## **PRINCIPAL OFFICERS**

June 30, 2004

### **DISTRICT GOVERNING BOARD**

Dr. Ed Harris, *Chair, District 3*

Mr. Herald Harrington, *Secretary, District 5*

Dr. Donna Michaels, *District 4*

Mr. Paul Madden, *District 2*

Mr. James Holt, *District 1*

### **PRESIDENT**

Dr. Doreen D. Dailey

### **ADMINISTRATION**

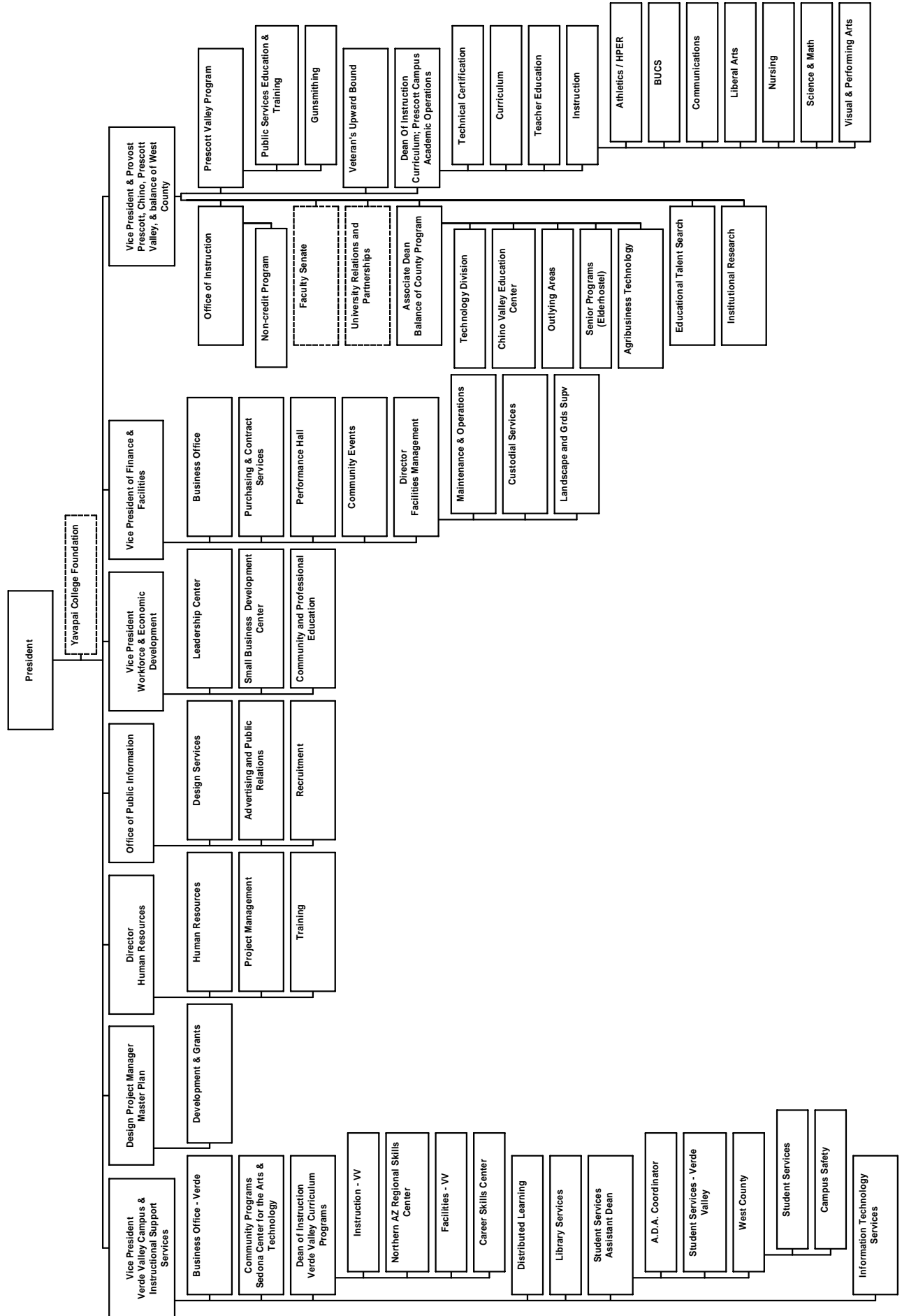
Mr. Bob Salmon, *Vice President and District Provost*

Mr. Paul Kessel, *Vice President of Verde Valley and Instructional Support Services*

Ms. Joan Laurence, *Vice President of Workforce and Economic Development*

Mr. Terry W. Bowmaster, *Vice President for Finance and Facilities*

# Yavapai Community College District Organizational Chart as of June 30, 2004



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FINANCIAL

[ SECTION ]

*Yavapai*  
COLLEGE

Your community. Your college.

# MILLER, ALLEN & CO., P.C.

*Certified Public Accountants*

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PHOENIX, ARIZONA 85014

TEL (602) 264-3888

FAX (602) 230-0348

MARK L. LANDY, C.P.A.  
STEPHEN T. HARRIS, C.P.A.

ROBERT L. MILLER, C.P.A.  
(1931 - 1992)

## Independent Auditor's Report

The Auditor General of the State of Arizona

Members of the Arizona State Legislature

The Governing Board of  
Yavapai County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Yavapai County Community College District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts for the discretely presented component unit is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Yavapai County Community College District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, for the year ended June 30, 2004, which requires reporting as a component unit those organizations that raise and hold economic resources for the direct benefit of the District or its constituents.

The Management's Discussion and Analysis on pages 15 through 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on such information.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



October 27, 2004

October 27, 2004

## **MANAGEMENT'S DISCUSSION and ANALYSIS**

This section of the Yavapai County Community College District (the "District"), Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2004. This management's discussion and analysis is designed to focus on current activities, resulting change and current known facts. Please read it in conjunction with the Controller and Interim Vice President for Finance's letter of transmittal beginning on page 1 and the basic financial statements beginning on page 24.

The accompanying financial statements present the activities of the District and its component unit, the Yavapai College Foundation (Foundation). The Foundation is a legally separate, tax-exempt organization. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

### **Financial Highlights and Analysis**

Consistent with its mission to provide effective learning environments, instruction is the primary function of the District. Major funding sources supporting all functions include property taxes, state appropriations, and tuition and fees. The District exercises primary and secondary tax levy authority for generation of funds for operating, capital equipment and improvements, and debt retirement purposes. Although total revenues have been increasing, in recent years the mix of funding sources has gradually been shifting. Over the past ten years, property taxes as a percent of total revenues has risen while the proportionate share of tuition and fees and state appropriations has declined.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$31,504,914. Of this amount, \$2,600,345 may be used to meet the District's ongoing obligations to provide educational services.

The District's total net assets increased from the prior year by \$4,079,453. Investments in capital assets, net of related debt, increased by \$2,700,694 (11.7%). Restricted net assets increased by \$803,568 (33.8%) and unrestricted net assets increased by \$575,191 (28.4%).

At the end of the current fiscal year, unrestricted net assets increased by \$575,191 or 28% over the previous fiscal year. Continued reengineering of the District's managerial structure resulted in cost savings which provided the increase in net assets.

The condensed financial information that follows highlights the main categories of the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

### **Basic Financial Statements**

The basic financial statements consist of the following:

The Statement of Net Assets reflects the financial position of the District at June 30, 2004. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities and represents institutional equity or ownership in the total assets of the District. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations for the fiscal year ended June 30, 2004. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net asset amount to the ending net asset amount. This is shown on the Statement of Net Assets described above.

The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2004. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalent amount – which is shown on the Statement of Net Assets described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the Statement of Revenues, Expenses, and Changes in Net Assets described above.

## Condensed Financial Information

The condensed financial information below highlights the main categories of the Statement of Net Assets. Assets and liabilities are distinguished as to their current or noncurrent nature. Current liabilities are typically those obligations intended for liquidation or payment within the next fiscal year while current assets are those resources that are available for use in meeting the operating needs of the District, including current liabilities. Net assets are divided into three categories reflecting the institutional equity in assets by broad characteristics. In addition to the District's capital assets, the District holds resources that have been restricted by external parties for specific programs or purposes. The remaining net assets are unrestricted but are dedicated to the primary mission of the District.

### Condensed Statement of Net Assets

	<u>6/30/2004</u>	<u>6/30/2003</u> <u>(as restated)*</u>
<b>Assets:</b>		
Current assets	\$6,651,452	\$ 5,994,903
Non-current assets, other than capital assets	17,275,147	13,067,369
Capital assets, net of depreciation	<u>61,397,637</u>	<u>40,517,780</u>
Total assets	<u>85,324,236</u>	<u>59,580,052</u>
<b>Liabilities:</b>		
Other liabilities	5,149,404	5,507,822
Long-term liabilities	<u>48,669,918</u>	<u>26,646,769</u>
Total liabilities	<u>53,819,322</u>	<u>32,154,591</u>
<b>Net assets:</b>		
Capital assets, net of related debt	25,726,907	23,026,213
Restricted net assets	3,177,662	2,374,094
Unrestricted net assets	<u>2,600,345</u>	<u>2,025,154</u>
Total net assets, as restated	<u>\$31,504,914</u>	<u>\$27,425,461</u>

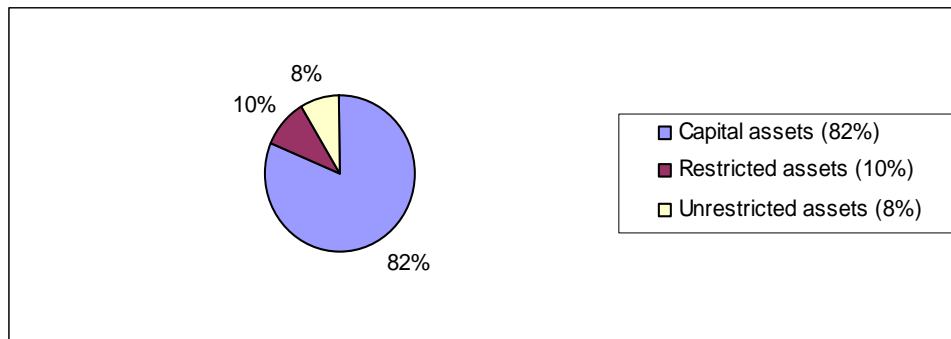
\*Capital assets and net assets of the prior year have been restated to capitalize interest for assets constructed from bond proceeds.

As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (82 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, and library collections), net of depreciation and less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must

be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The increase in non-current assets was primarily due to the unexpended general obligation bond proceeds on hand in conjunction with the construction in progress with the District's master building plan. The increases in capital assets, net of depreciation, reflected the construction in progress relating to the District's master plan. The increase in non-current liabilities was related to the second general obligation bond issue to fund the District's master building plan in progress. The District's capital assets, net of related debt, increased by \$2,700,694 over the previous fiscal year. This increase is attributable to the addition in equity in the District's capital assets over the previous year. Both restricted net assets and unrestricted net assets increases were related to revenues exceeding expenditures in both areas. The District planned for an increase in reserves within restricted net assets for future building needs. Increases in unrestricted net assets were attributed to lower than expected expenditures relating to personnel.

### Net Assets As of June 30, 2004



An additional portion of the District's net assets (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$2,600,345 may be used to meet the District's ongoing mission to the public. Unrestricted net assets increased by \$575,191 over the previous fiscal year. At the end of the year, the District is able to report positive balances in all three categories of net assets.



The condensed financial information below highlights the main categories of the Statement of Revenues, Expenses, and Changes in Net Assets.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets**

	<u>Year Ended</u>	
	<u>6/30/2004</u>	<u>6/30/2003</u> <u>(as restated)*</u>
<b>Revenues</b>		
Operating		
Tuition and fees	\$5,815,139	\$5,092,023
Government grants and contracts	5,677,475	5,121,854
Other	2,300,041	2,298,368
Nonoperating		
Property taxes	28,782,021	27,659,035
State aid	5,072,765	5,046,549
Investment income	498,605	128,400
Other	<u>251,758</u>	<u>76,454</u>
Total revenues	<u>48,397,804</u>	<u>45,422,683</u>
<b>Expenses</b>		
Operating		
Educational and general:		
Instruction	12,118,617	11,642,200
Public service	645,631	529,506
Academic support	3,122,713	3,256,483
Student services	2,439,897	3,506,706
Institutional support	6,603,761	7,792,981
Operation and maintenance of plant	8,822,310	3,794,370
Scholarships	2,024,227	2,047,934
Auxiliary enterprises	5,709,607	5,593,274
Depreciation	<u>1,715,650</u>	<u>1,602,905</u>
Total operating expenses	43,202,413	39,766,359
Nonoperating		
Interest expense on debt	<u>1,712,315</u>	<u>968,900</u>
Total expenses	<u>44,914,728</u>	<u>40,735,259</u>
Income before other revenues, expenses, gains	3,483,076	4,687,424
Capital appropriations, grants, and gifts	<u>596,377</u>	<u>567,400</u>
Increase in net assets	4,079,453	5,254,824
Total net assets, July 1, as restated	<u>27,425,461</u>	<u>22,170,637</u>
<b>Total net assets, June 30</b>	<u>\$31,504,914</u>	<u>\$27,425,461</u>

\*Interest expense on debt of the prior year has been restated to capitalize interest for assets constructed from bond proceeds.

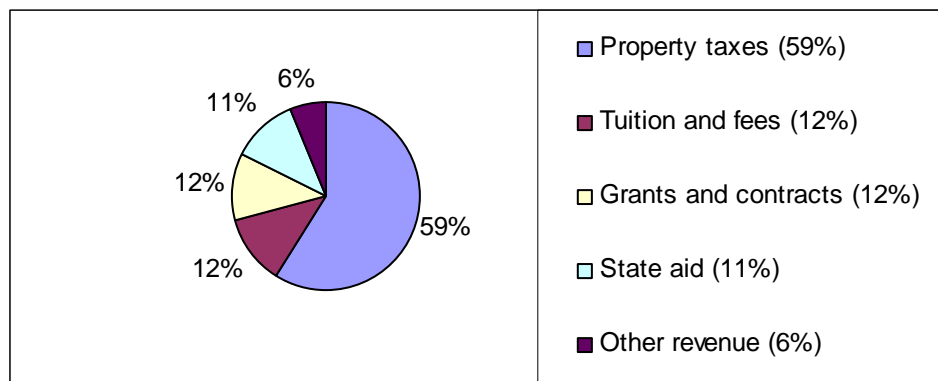
Revenues are separated into two categories -- operating and nonoperating. For a description of the difference between operating and nonoperating, please refer to the Summary of Significant Accounting Policies (Note 1).



The District shows an operating loss reflective of the fact that two of the three main revenue sources -- property taxes and state aid -- are considered nonoperating revenues.

The increase in tuition and fees for the current year was attributed to a 26% increase in general fees. Government grants and contracts increases reflect an increase in grants received for the year. Property tax increases were credited to the continued growth in the assessed valuation. A slight increase in state aid indicates a slight improvement as the state's economy continues to struggle. The increase in interest income was caused by the general obligation bond proceeds invested during the fiscal year.

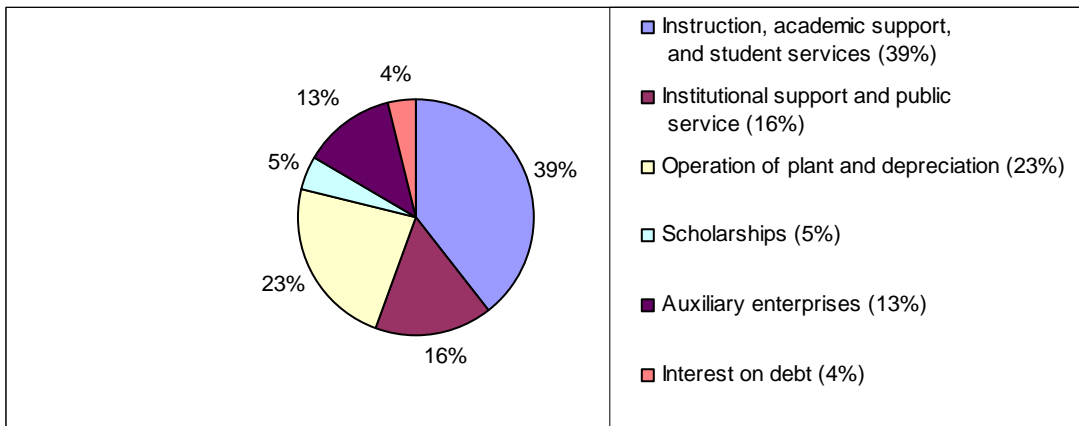
### Revenues by Source Fiscal Year 2004



Depreciation expense is recorded in accordance with the adoption of the full accrual basis of accounting. The construction and acquisition of capital assets, although budgeted and tracked as an expenditure in the accounting system, are not reflected as an expense in these statements. Such transactions are reported as an asset with the systematic allocation of such costs expensed over the useful life of the asset constructed or acquired.

Overall, expenses increased over the previous fiscal year by \$4,179,469. Operating expenses increases were in the area of personal services due to raises and additional employees due to new facilities. Contractual services and non-capitalized equipment expenditures increased due to the addition of two new facilities. The increase in non-operating expense was attributed to interest payments on the second general obligation bond issue to fund the District's master plan building projects.

## Expenses by Function Fiscal Year 2004



### **Capital Assets and Debt Management**

Several of the Master Plan Project construction projects were in progress during this year with significant expansion and/or construction taking place at the Prescott Campus, the Verde Valley Campus, and the Agribusiness and Science Technology Center in Chino Valley. The new Chino Valley Agribusiness and Science Technology Center was in operation the spring of 2004. The new Verde Valley Regional Skill Center opened its doors in time for the Spring 04 semester. In addition, architects have begun the design on the new Academic Resources Center planned for the Verde Valley Campus. Renovation commenced on the Math and Science Building on the Prescott Campus at the end of the Spring 04 semester. The building renovation is expected to be completed in time for the Spring 05 semester. Funding for this capital development plan came from general obligation bonded debt (discussed below).

Equipment, along with all other capital assets (except land and construction in progress), is reported net of accumulated depreciation in accordance with the reporting standards issued by GASB. This has the effect of reducing the book value of overall assets. Depreciation totaled \$1,715,650 for the year and is now shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Additional information on the District's capital assets can be found in Note 6 to the basic financial statements.

The District's general obligation bond debt issues are rated Aaa by Moody's Investors Service and AAA by Standard & Poors. The District revenue bond debt issue is rated BBB+ by Standard & Poors. These ratings indicate the high quality and strong credit attributes of the District's obligations. During the fiscal year, there have been no changes in credit ratings or debt limitations that may affect future financing for the District.

During the fiscal year ended June 30, 2004, the District issued \$25,000,000 of general obligation bonds as the second series of general obligation improvement bonds. These proceeds will be used to fund the Master Plan Project of 2001 (see below). This general obligation bonded debt is funded from secondary property tax levies collected by the Yavapai County Treasurer.

Additional information on the District's outstanding debt can be found in Note 7 to the basic financial statements.

Bonds outstanding at June 30, 2004, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General Obligation Bonds</b>				
Project of 2001-Series A	\$25,955,000	7/1/05-2022	3.75-4.75%	\$17,120,000
Series 2003 - Refunding	5,175,000	7/1/05-2011	2.00-3.75%	4,560,000
Project of 2001 – Series B	25,000,000	7/1/05-2024	3.25-4.75%	24,000,000
<b>Revenue Bonds</b>				
Series 1993	2,500,000	7/1/05-2012	5.55-6.00%	1,560,000

### **Current Factors Having Probable Future Financial Significance**

The District is in the process of implementing the \$69.5 million voter-approved Master Plan Project of 2001. The second in a series of three general obligation bond issues was issued on July 1, 2003, in the amount of \$25 million to be funded by a secondary assessment of county property taxes. The issuance of the remaining \$19.5 million of general obligation bonds is planned for 2005. Major facilities development construction projects include:

- The Verde Valley Campus Northern Arizona Regional Skill Center
- The Verde Valley Campus Academic Resource Center
- Construction of a 50,000 square foot computer commons/library/information center on the Prescott Campus
- Construction of the Chino Valley Technical Training Center
- Rehabilitation of the ADOT property buildings and infrastructure for the Prescott Campus and College services use
- Upgrades to infrastructure and utilities on the Prescott and Verde Campuses

## **Request for Information**

This discussion and analysis is designed to provide a general overview of the finances of the Yavapai County Community College District for all those with an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the Office of Business Services, Yavapai College, 1100 East Sheldon Street, Prescott, AZ 86301.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Net Assets  
June 30, 2004**

<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 4,929,703
Receivables (net of allowances for uncollectibles)	
Property tax	916,124
Government grants and contracts	463,716
Student loans, current portion	43,066
Other	154,276
Prepaid expenses	144,567
Total current assets	6,651,452
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents	16,234,976
Cash and investments held by trustee	413,818
Property tax receivable (net of allowance for uncollectibles)	255,389
Student loans receivable (net of allowance for uncollectibles)	325,648
Other receivables	45,316
Capital assets, not being depreciated	23,536,403
Capital assets, being depreciated, net	37,861,234
Total noncurrent assets	78,672,784
Total assets	85,324,236
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Accounts payable	1,927,141
Retainage payable	1,682,622
Accrued payroll and employee benefits	754,834
Interest payable	46,107
Deposits held in custody for others	124,247
Deferred revenues	458,033
Current portion of compensated absences payable	114,733
Current portion of long-term debt	294,111
Total current liabilities	5,401,828
<b>Noncurrent liabilities:</b>	
Compensated absences payable	994,321
Dormitory deposits	48,675
Long term debt	47,266,753
Other	107,745
Total noncurrent liabilities	48,417,494
Total liabilities	53,819,322
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	25,726,907
Restricted:	
Nonexpendable:	
Student loans	556,339
Expendable:	
Grants and contracts	268,507
Capital projects	1,910,356
Debt service	442,460
Unrestricted	2,600,345
Total net assets	\$ 31,504,914

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Financial Position - Component Unit  
June 30, 2004**

	<b>Yavapai College Foundation</b>
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 1,634,322
Investments, non-endowment	1,197,780
Total current assets	<u>2,832,102</u>
<b>Other assets:</b>	
Works of art and historical treasures	257,900
Property and equipment, at cost, net of accumulated depreciation of \$253,345	655,481
Endowment investments	2,536,442
Total other assets	<u>3,449,823</u>
Total assets	<u><u>\$ 6,281,925</u></u>
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 20,372
Scholarships payable	82,028
Total current liabilities	<u>102,400</u>
<b>NET ASSETS:</b>	
Unrestricted	
Undesignated	1,177,289
Designated	541,376
Total unrestricted	<u>1,718,665</u>
Temporarily restricted	1,924,418
Permanently restricted	2,536,442
Total net assets	<u>6,179,525</u>
Total liabilities and net assets	<u><u>\$ 6,281,925</u></u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government  
Year Ended June 30, 2004**

	<b>Business Type Activities</b>
<b>Operating revenues:</b>	
Tuition and fees pledged as security for revenue bonds (net of scholarship allowances \$1,122,671)	\$ 5,815,139
Government grants and contracts	5,677,475
Bookstore sales	152,844
Food service sales pledged as security for revenue bonds (net of scholarship allowances \$366,934)	394,890
Dormitory rentals pledged as security for revenue bonds (net of scholarship allowances \$351,119)	323,650
Other	1,428,657
Total operating revenues	13,792,655
<b>Operating expenses:</b>	
Educational and general:	
Instruction	12,118,617
Public service	645,631
Academic support	3,122,713
Student services	2,439,897
Institutional support	6,603,761
Operation and maintenance of plant	8,822,310
Scholarships	2,024,227
Auxiliary enterprises	5,709,607
Depreciation	1,715,650
Total operating expenses	43,202,413
Operating loss	(29,409,758)
<b>Nonoperating revenues(expenses):</b>	
Property taxes	28,782,021
State appropriations	4,589,100
Share of state sales taxes	483,665
Private gifts	251,758
Investment income	498,605
Interest expense on debt	(1,712,315)
Gain on disposal of capital assets	-
Total nonoperating revenue(expenses)	32,892,834
Income before other revenues, expenses, gains or losses	3,483,076
Capital appropriations	567,400
Capital grants and gifts	28,977
Increase in net assets	4,079,453
<b>Net Assets:</b>	
Total net assets - July 1, 2003, as restated	27,425,461
Total net assets - June 30, 2004	\$ 31,504,914

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Activities - Component Unit  
June 30, 2004**

<b>SUPPORT and REVENUES:</b>	<b>Yavapai College Foundation</b>
<b>Support:</b>	
Roughrider Club	\$ 26,114
Friends of Yavapai College Art	25,820
Sunderman Foundation	34,455
Other donations	14,470
Total support	100,859
<b>Revenue:</b>	
Sale of construction program home	289,900
Gain on sale of asset	204,325
Rental income	95,676
Investment income	19,595
Total support and revenue	710,355
Net assets released from restrictions	301,563
Total unrestricted support and net assets released from restrictions	1,011,918
<b>EXPENSES:</b>	
<b>Program expenses:</b>	
Construction program home	232,963
Scholarships	108,646
Le Gate expenses	84,348
Friends of Yavapai College Art	12,129
Roughrider Club	61,582
Support for PACE	21,028
Sunderman Foundation	21,827
Aristotelian Logic	2,940
Contributions to Yavapai College	24,602
Total program expenses	570,065
Depreciation of rental property	16,366
Management and general	100,442
Fundraising	560
Total expenses	687,433
Increase in unrestricted net assets	324,485
<b>Temporarily Restricted Net Assets:</b>	
Temporarily restricted contributions	71,386
Investment income	121,005
Increase in fair market value of investments	252,237
Assets released from restrictions	(301,563)
Increase in temporarily restricted net assets	143,065
<b>Permanently Restricted Net Assets:</b>	
Endowment funds contributions	108,688
Increase in permanently restricted net assets	108,688
<b>Increase in net assets:</b>	576,238
Net assets - beginning of year	5,603,287
Net assets - end of year	\$ 6,179,525

See accompanying notes to financial statements.



**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Cash Flows - Primary Government  
Year Ended June 30, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>Business Type Activities</b>
Tuition and fees	\$ 5,868,571
Grants and contracts	5,946,114
Bookstore receipts	152,844
Food services receipts	394,890
Dormitory rentals	323,650
Collection of loans to students	67,111
Other receipts	1,430,304
Payments to suppliers and providers of goods and services	(14,722,023)
Payments to employees	(25,425,267)
Loans issued to students	(59,903)
Scholarship payments to students	(2,024,227)
Other payments	(23,457)
Net cash used for operating activities	(28,071,393)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Property taxes	28,835,698
State appropriations	4,589,100
Share of state sales taxes	483,665
Private gifts	251,746
Loans issued to employees	(58,673)
Collection of loans to employees	84,869
Federal direct lending receipts	1,436,026
Federal direct lending disbursements	(1,423,476)
Deposits held in custody receipts	168,540
Deposits held in custody payments	(158,628)
Net cash provided by noncapital financing activities	34,208,867
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital appropriations	567,400
Proceeds from issuance of capital debt	25,000,000
Principal paid on capital debt	(3,509,255)
Interest paid on capital debt	(2,115,060)
Purchases of capital assets	(21,240,040)
Net cash used for capital and related financing activities	(1,296,955)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received on investments	500,083
Net cash provided by investing activities	500,083
Net increase in cash and cash equivalents	5,340,602
Cash and cash equivalents, July 1, 2003	16,237,895
Cash and cash equivalents, June 30, 2004	\$ 21,578,497

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Cash Flows - Primary Government  
Year Ended June, 30, 2004**

<b>Reconciliation of operating loss to net cash used for operating activities:</b>	<b>Business Type Activities</b>
Operating loss	\$ (29,409,758)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	1,715,650
Provision for uncollectible accounts	19,641
Changes in assets and liabilities:	
Decrease in government grants and contracts receivable	245,741
Decrease other receivables	32,101
Decrease in prepaid expenses	54,233
Decrease in student loans receivable	7,207
Increase in accrued payroll and employee benefits	57,333
Increase in compensated absences payable	170,629
Increase in deferred revenues	45,877
Decrease in accounts payable	(1,033,504)
Increase in other liabilities	20,332
Increase in dormitory deposits	3,125
<b>Net cash used for operating activities</b>	<b>\$ (28,071,393)</b>

*Noncash investing, capital, and noncapital financing activities:*

The District retained an additional \$1,026,604 of amounts owed on its construction contracts during fiscal year 2004.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Yavapai County Community College District (the District) conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

During the year ended June 30, 2004, the District implemented the provisions of the Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which requires reporting as a component unit those organizations that raise and hold economic resources for the direct benefit of the District.

**A. Reporting Entity**

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the Yavapai College Foundation.

The Yavapai College Foundation (Foundation) is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and capital contributions. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board statements for non-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

pages following the respective counterpart financial statements of the District. The Foundation has a June 30 year end.

During the year ended June 30, 2004, the Foundation distributed \$131,093 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

**B. Basis of Presentation and Accounting**

The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from providing instructional, public, and auxiliary services, which is consistent with the District's mission. Accordingly, revenues such as tuition, educational grants, and bookstore, food service, and residence hall charges are considered to be operating revenues. Other revenues, such as property taxes and state appropriations, are not generated from operations and are considered to be nonoperating revenues. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expenses on debt, are considered to be nonoperating expenses.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

A statement of cash flows provides information about the District's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the year in which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District eliminates all internal activity.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District follows FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**C. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and highly liquid investments. All investments are stated at fair value.

**D. Capital Assets**

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Land	\$5,000	None	n/a
Buildings	\$5,000	Straight line	40 years
Improvements other than buildings	\$5,000	Straight line	15 years
Equipment	\$5,000	Straight line	5 years
Library books	\$1	Straight line	10 years

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**F. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to twice the annual entitlement amount of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at year-end are forfeited. Annual leave balances remaining are paid upon termination and therefore are accrued as a liability in the financial statements. Generally, sick leave benefits provide for ordinary sick pay and are cumulative. They do not vest with employees and, therefore, are not accrued. However, for employees who have at least 15 years of service with the District, and are eligible for retirement under the standards set by the Arizona State Retirement System, sick leave benefits do vest, and they may receive payment for up to 70 days of accumulated sick leave at \$60 a day. Accordingly, these benefits are accrued as a liability in the financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**G. Scholarship Allowances**

A scholarship allowance is the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid, such as Pell grants and scholarships awarded by the District are considered to be scholarship allowances. These allowances are netted against tuition and fees, food service sales, and dormitory rental revenues in the statement of revenues, expenses, and changes in net assets.

**Note 2 – Restatement of Beginning Balances**

The beginning balances of capital assets and net assets have been restated to capitalize interest for assets constructed from the proceeds of bonds issued in accordance with the District's Master Plan. Accordingly, the beginning balances of capital assets and net assets have been restated as follows:

	<u>Net Assets</u>	<u>Capital Assets, Net</u>
June 30, 2003, as previously reported	\$26,942,806	\$40,035,125
Prior period adjustment for capitalized interest	482,655	482,655
July 1, 2003, as restated	<u>\$27,425,461</u>	<u>\$40,517,780</u>

**Note 3 - Deposits and Investments**

Arizona Revised Statutes (A.R.S.) require the District to deposit special tax levies for the District's maintenance or capital outlay with the County Treasurer. The statutes do not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with the property of another when making investment decisions about those monies.

**Deposits** - At June 30, 2004, the carrying amount of the District's deposits was \$980,426, and the bank balance was \$1,563,306. Of the bank balance, \$101,847 was covered by federal depository insurance and \$1,461,459 was covered by collateral held by the pledging financial institution's trust department in the District's name.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**Investments** - At June 30, 2004, the District's investments consisted of the following:

	<u>Fair Value</u>
Cash and investments held by the County Treasurer	\$4,174,027
Investment in State Treasurer's investment pool	15,996,364
Cash and cash equivalents held by trustee	<u>413,818</u>
Total	<u>\$20,584,209</u>

The District's investment in the State or County Treasurer's investment pools represents a proportionate interest in those pools portfolios; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Cash and investments held by trustee are restricted as to usage and held in bond trustee funds. The trustee holds the monies in mutual funds. The fair value of a participant's position in the mutual funds approximates the value of that participant's shares. These securities are both purchased and held by the trustee (counterparty).

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

A reconciliation of cash and investments to amounts shown on the Statement of Net Assets follows:

<u>Cash and Investments:</u>		<u>Statement of Net Assets:</u>	
Cash on hand	\$13,862	Cash and cash equivalents	\$4,929,703
Carrying amount of Deposits	980,426	<b>Restricted assets:</b> Cash and cash equivalents	16,234,976
Reported amount of investments	<u>20,584,209</u>	Cash and cash equivalents held by trustee	<u>413,818</u>
Total	<u>\$21,578,497</u>	Total	<u>\$21,578,497</u>



**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**Note 4 - Receivables**

A summary of receivables and the related allowances for uncollectibles follows:

<u>Receivables</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Property taxes			
Current	\$1,017,948	\$(101,824)	\$916,124
Noncurrent	270,653	(15,264)	255,389
Student loans			
Current	55,121	(12,055)	43,066
Noncurrent	416,803	(91,155)	325,648
Other-current	199,457	(45,181)	154,276

**Property Taxes Receivable** - The Yavapai County Treasurer is responsible for collecting property taxes for all governmental entities within the County. In August of each year, the County levies the property taxes due the District. Two equal installments, payable in October and March, become delinquent after the first business day in November and May. A lien assessed against real and personal property attaches on the first day of January preceding the assessment and levy. Delinquent taxes are subject to a penalty of 16% per annum.

**Note 5 - Restricted Assets**

Cash and cash equivalents of \$16,234,976 relate to unspent general obligation bond proceeds and are restricted on the Statement of Net Assets because the uses of these funds are limited by bond covenants.

Cash and cash equivalents held by trustee of \$413,818 relate to a sinking fund required by revenue bond covenants as well as amounts set aside for repayment of bond principal and interest. As a result, these funds are restricted on the Statement of Net Assets.

Property taxes receivables of \$255,389 are restricted on the Statement of Net Assets because these funds are to be used solely for the retirement of general obligation bonds.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**Note 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2004, was as follows:

	<u>Balance July 1, 2003 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance June 30, 2004</u>
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,975,535				\$ 1,975,535
Construction in progress (estimated cost to complete \$9,661,760)	<u>11,427,600</u>	<u>\$ 17,679,107</u>		<u>\$(7,545,839)</u>	<u>21,560,868</u>
Total capital assets not being depreciated	<u>13,403,135</u>	<u>17,679,107</u>		<u>(7,545,839)</u>	<u>23,536,403</u>
<b>Capital assets being depreciated:</b>					
Buildings	33,948,673	3,518,252		7,368,374	44,835,299
Improvements other than buildings	4,025,390	402,440		177,465	4,605,295
Equipment	5,087,106	802,857	\$143,397		5,746,566
Library books	<u>2,347,696</u>	<u>193,057</u>	<u>67,387</u>	<u>0</u>	<u>2,473,366</u>
Total capital assets being depreciated	<u>45,408,865</u>	<u>4,916,606</u>	<u>210,784</u>	<u>7,545,839</u>	<u>57,660,526</u>
Less accumulated depreciation for:					
Buildings	10,371,229	848,962			11,220,191
Improvements other than buildings	2,525,709	204,552			2,730,261
Equipment	3,705,848	556,328	143,191		4,118,985
Library books	<u>1,691,434</u>	<u>105,808</u>	<u>67,387</u>		<u>1,729,855</u>
Total accumulated depreciation	<u>18,294,220</u>	<u>1,715,650</u>	<u>210,578</u>	<u>0</u>	<u>19,799,292</u>
Total capital assets being depreciated, net	<u>27,114,645</u>	<u>3,200,956</u>	<u>206</u>	<u>7,545,839</u>	<u>37,861,234</u>
<b>Capital assets, net</b>	<u>\$40,517,780</u>	<u>\$20,880,063</u>	<u>\$ 206</u>	<u>\$ 0</u>	<u>\$61,397,637</u>

The District has active construction projects as of June 30, 2004. The projects relate to the District-wide master plan, including the Prescott and Verde Valley Campuses design and construction work, and the design and construction at the Chino Valley campus. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Costs-to-date Including Capitalized Interest</u>	<u>Remaining Commitment</u>
Prescott Campus	\$18,777,750	\$9,438,438
Verde Valley Campus	<u>2,783,118</u>	<u>223,322</u>
Total	<u>\$21,560,868</u>	<u>\$9,661,760</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**Note 7 - Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>	<u>Due within one year</u>
Compensated absences payable	\$ 938,425	\$ 492,119	\$321,490	\$ 1,109,054	\$ 114,733
Bonds payable:					
General obligation bonds	\$23,865,000	\$25,000,000	\$3,185,000	\$45,680,000	
Revenue bonds	1,690,000		130,000	1,560,000	\$135,000
Total bonds payable	25,555,000	25,000,000	3,315,000	47,240,000	135,000
Capital leases payable	153,344	361,775	194,255	320,864	159,111
Total long-term debt	<u>\$25,708,344</u>	<u>\$25,361,775</u>	<u>\$3,509,255</u>	<u>\$47,560,864</u>	<u>\$294,111</u>

**Bonds** – The District’s bonded debt consists of various issues of general obligation and revenue bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of general obligation and revenue bonds outstanding at year-end and issued in prior years were \$31,355,000 and \$2,500,000, respectively. During the year, the District issued the second series general obligation bonds, totaling \$25,000,000, to be expended for new construction and remodeling of existing facilities, furnishing buildings and facilities, purchasing land adjacent to existing facilities, paying all costs in connection with the foregoing, and paying obligations already incurred for any of the above purposes.

Both the Series A \$25,955,000 general obligation bond issue and the Series B \$25,000,000 general obligation bond issue are subject to the federal tax code arbitrage requirements. Excess earnings resulting from arbitrage will be rebated to the federal government. The District’s general obligation bond legal debt limit is 15% of the secondary assessed value of real and personal property within Yavapai County. The District’s total general obligation bond debt capacity was \$240,372,019 as of June 30, 2004. Of this amount, the District has \$45,680,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$194,692,019.

A sinking fund of \$231,900, as required by the revenue bond resolution, is reported in the noncurrent assets section of the Statement of Net Assets.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

Of the total \$69,500,000 of general obligation bonds originally authorized, \$18,545,000 remains unissued. Bonds outstanding at June 30, 2004, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series A	\$25,955,000	7/1/05-2022	3.75-4.75%	\$17,120,000
Project of 2001-Series B	25,000,000	7/1/05-2024	3.25-4.75%	24,000,000
Series 2003 – Refunding	5,175,000	7/1/05-2011	2.00-3.75%	4,560,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/05-2012	5.55-6.0%	1,560,000

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2004.

Year Ending June 30,	<b>General Obligation Bonds and Certificates of Supplemental Interest</b>		<b>Revenue Bonds</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005		\$ 904,917	\$ 135,000	\$ 88,401
2006	\$ 3,455,000	1,745,702	145,000	80,418
2007	2,290,000	1,640,390	155,000	71,755
2008	2,510,000	1,551,793	160,000	62,580
2009	2,385,000	1,457,768	170,000	52,800
2010 – 14	11,000,000	5,841,992	795,000	98,850
2015 – 19	15,190,000	3,241,710	-0-	-0-
2020 – 24	8,850,000	441,688	-0-	-0-
Total	<u>\$45,680,000</u>	<u>\$16,825,960</u>	<u>\$1,560,000</u>	<u>\$454,804</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. The following schedule details all general obligation bonds considered defeased at June 30, 2004:

<u>Description</u>	<u>Amount</u>
General Obligation Bonds Project of 1988-Series B	\$3,025,000

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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**Capital Leases** - The District has acquired various machinery and equipment items under the provisions of long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term. Accordingly, such assets, totaling \$635,152, at June 30, 2004, are capitalized.

<b>Equipment</b>	\$635,152
Less: accumulated depreciation	<u>224,192</u>
<b>Carrying value</b>	<u><b>\$410,960</b></u>

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2004.

<b>Year ending June 30,</b>	
2005	\$169,198
2006	104,735
2007	36,644
2008	22,287
2009	<u>5,572</u>
Net minimum lease payments	338,436
Less amount representing interest	<u>17,572</u>
Present value of net minimum lease payments	<u><b>\$320,864</b></u>

**Note 8- Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In addition, the District purchases health care insurance from the Yavapai Combined Trust, a public entity risk pool formed to provide health care benefits to employees of participating governmental units. The Trust is funded by irrevocable contributions from the District for employee coverage and from employees for dependent coverage. The District's contributions are reported as expenses in the financial statements. The Trust provides coverage for claims up to \$100,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$11,324,423. The Trust purchases commercial insurance coverage for claims in excess of these

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

limits. Settled claims did not exceed the aggregate attachment point for the fiscal year ended June 30, 2004. The District is not liable for claims in excess of coverage limits and cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

## **Note 9 - Retirement Plan**

### **Defined Benefit Plan**

**Plan Description** - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**Funding Policy** - The Arizona State Legislature establishes, and may amend, active plan members' and the District's contribution rates. For the year ended June 30, 2004, active plan members and the District were each required by statute to contribute at the actuarially-determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2004, 2003, and 2002 were \$710,715, \$297,102, and \$ 285,169, respectively, which were equal to the required contributions for the year.

### **Defined Contribution Plans**

**Plan Description** - In accordance with A.R.S. §15-1451, District faculty, service professionals, and administrative staff have the option of participating in defined contribution pension plans instead of the Arizona State Retirement System. These plans are administered by independent insurance and annuity companies. Beginning in fiscal year 1998-99, the District offered defined contribution plans by Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF), Variable Annuity Life Insurance Company (VALIC), and Aetna Life Insurance and

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
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June 30, 2004**

Annuity Company (Aetna). Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. Contributions made by employees vest immediately, and District contributions vest after three years of full-time employment. Employee and District contributions and associated returns earned on investments may be withdrawn starting upon termination of employment, death, or retirement. The distribution of employee and District contributions and associated investment earnings are made in accordance with the employee's contract with the applicable insurance and annuity company.

**Funding Policy** - The Arizona State Legislature allows the District to establish contribution rates each year, not to exceed seven percent of the member's covered payroll. For the year ended June 30, 2004, the District contributed at the rate of 5.2 percent of the member's annual covered payroll. Employees contributed 5.2 percent of covered payroll. Contributions to these plans for the year ended June 30, 2004, were as follows:

<u>Plan</u>	<u>Contribution Rate</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
TIAA/CREF	5.2%	\$186,907	\$186,907	\$373,814
VALIC	5.2%	42,172	42,172	84,344
Aetna	5.2%	38,809	38,809	77,618

**Note 10 – Operating Expenses**

The District's operating expenses are presented by functional classification in the Statement of Revenues, Expenses, and Changes in Net Assets. The operating expenses can also be classified into the following:

Personal services	\$25,653,300
Contract services	3,719,066
Supplies and other services	5,007,826
Communications and utilities	1,594,107
Scholarships	2,024,227
Depreciation	1,715,650
Other	<u>3,488,237</u>
Total	<u>\$43,202,413</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

**Note 11 – Discretely Presented Component Unit Disclosure**

**A. – Nature of Activities and Summary of Significant Accounting Policies**

**Organization and Nature of Activities**

Yavapai College Foundation ("Foundation") is a not-for-profit corporation formed in the State of Arizona in 1971. The Foundation's mission is to support Yavapai College ("College") objectives and activities through resource development and to promote community awareness of the College and its programs. As a private, community-based, nonprofit organization, the Foundation is fiscally and organizationally separate from the College.

The major activities of the Foundation include providing scholarships to Yavapai College students, providing capital additions to Yavapai College, and providing financial resources for academic and vocational programs at Yavapai College. Resources to fund these activities are provided mainly from investment income, fundraising events, grants, rents, and profits from the sale of homes built by the Yavapai College Construction Technology Program.

The bylaws of the Foundation allow for the creation of auxiliaries when a group of people demonstrate a need, provide the organization, and desire to support the Foundation mission in a particular area of interest. The Foundation has three auxiliaries: Friends of Yavapai College Art ("Friends"), The Roughrider Club ("Roughriders"), and The Marilyn Sunderman Foundation ("MSF").

The purpose of Friends is to assist Yavapai College Art Department programs, including the Art Gallery functions and related interests, as a cultural benefit to the students of the college and to the community at large. Friends raises money through memberships, donations, and other fundraising events.

The purpose of Roughriders is to enhance community awareness of the College and to seek non-tax base resources for the College. Its mission is to provide support for the Yavapai College Intercollegiate Athletic program through activities which develop a closer relationship with the community, and to assist and support the program through fundraising activities. Roughriders raise money through memberships, concession sales at athletic events, and other fundraising events. It uses the money to pay expenses related to the athletics department, including transportation to special tournaments.



**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
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June 30, 2004**

The purpose of MSF is to promote individual creativity through artistic, spiritual, technical and educational initiatives. In the event that the MSF paintings are sold, the proceeds must be used to promote the integration of the arts, technology, and education; to award grants, scholarships and other forms of recognition for outstanding achievement in arts, technology, and/or education; and to sponsor and promote exhibits, meetings, lectures, programs, and/or courses that further creativity and public awareness of arts, technology, and education.

The bylaws of the Foundation also allow for the creation of chapters when a group of people in a specified geographic area demonstrate a need, provide the organization, and desire to support the Foundation mission. The Foundation has one chapter in the Verde Valley area.

The accounting policies of the Foundation conform to generally accepted accounting principles. The following is a summary of the more significant policies.

**Accounting Basis and Estimates**

The financial statements of the Foundation are prepared on the accrual basis. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Foundation has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

The Foundation has also adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-For-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Endowments**

The Foundation maintains significant endowments and temporarily restricted funds that are used for scholarships, support of certain academic programs at Yavapai College, and support of entertainment programs held in the Yavapai College Performance Hall. Disbursements from investment earnings for these programs are determined by the Scholarship, LeGate, and PACE Advisory committees. The Scholarship committee makes recommendations to the Foundation Board on the amount and type of scholarships to be awarded each year. The LeGate committee oversees the operations and uses of this endowment according to the donor's instructions. The PACE (Performing Arts Charitable Endowment) committee makes recommendations to the Foundation Board on the year's programs that will be supported and in what amounts. Investment income is used as the donor designates. In the absence of any donor designations, the Foundation's practice is to use investment income on endowments only for scholarships.

**B. – Cash and Investments**

The Foundation maintains several bank accounts at local banks. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The money market account is insured by the brokerage firm up to \$500,000 for brokerage fraud, but not for loss of market value. At June 30, 2004, the Foundation had demand, savings and bond accounts as follows:

	<u>Amount</u>
Cash on hand	\$ 250
Checking accounts	39,915
Money market accounts	<u>1,594,157</u>
Total	<u>\$1,634,322</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2004**

Investments, stated at fair value, none of which are held for trading purposes, consist of the following at June 30, 2004:

	<u>Amount</u>
Mutual funds	\$3,734,222
Current portion – nonendowment	(1,197,780)
Permanent endowment investments	<u>\$2,536,442</u>

**C. – Investment Return**

For the year ended June 30, 2004, the Foundation had investment return as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>
Dividends, interest, and other gains	\$19,595	\$121,005
Unrealized gains/losses	<u>0</u>	<u>252,237</u>
Total	<u>\$19,595</u>	<u>\$373,242</u>

**D. – Temporary Restricted Net Assets**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	<u>Amount</u>
Scholarships	\$108,646
Support for LeGate, PACE and other College programs	<u>192,917</u>
Total restrictions released	<u>\$301,563</u>

Temporarily restricted net assets of \$1,924,418 are available for scholarships and for specific programs of Yavapai College at June 30, 2004.

STATISTICAL  
[ SECTION ]

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
REVENUES by SOURCE  
Last Three Fiscal Years

Source of Revenue	2003/04	2002/03	2001/02
Property taxes	\$ 28,782,021	\$ 27,659,035	\$ 25,163,069
State appropriations	5,640,165	5,613,949	5,910,776
Governmental grants and contracts	5,677,475	5,121,854	4,262,416
Tuition and fees	5,815,139	5,092,023	5,743,255
Investment income	498,605	128,400	682,068
Bookstore sales	152,844	122,549	111,627
Food services sales	394,890	410,905	431,637
Dormitory rentals	323,650	317,225	326,812
Other	1,709,392	1,524,143	1,444,178
<b>Total Revenues</b>	<b>\$ 48,994,181</b>	<b>\$ 45,990,083</b>	<b>\$ 44,075,838</b>

Source: Annual reports on audited financial statements for the past three fiscal years.

Note: Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past three fiscal years revenues are presented above.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
EXPENSES by FUNCTION  
Last Three Fiscal Years

Function	2003/04	2002/03	2001/02
Instruction	\$ 12,118,617	\$ 11,642,200	\$ 11,601,616
Public service	645,631	529,506	536,281
Academic support	3,122,713	3,256,483	3,108,890
Student services	2,439,897	3,506,706	3,336,776
Institutional support	6,603,761	7,792,981	7,470,555
Operation & maintenance of plant	8,822,310	3,794,370	4,180,510
Scholarships	2,024,227	2,047,934	1,618,905
Depreciation	1,715,650	1,602,905	1,499,182
Interest on debt	1,712,315	1,394,172	1,501,070
Auxiliary enterprises	5,709,607	5,593,274	6,253,473
<b>Total Expenditures</b>	<b>\$44,914,728</b>	<b>\$41,160,531</b>	<b>\$41,107,258</b>

Source: Annual reports on audited financial statements for the past three fiscal years.

Note: Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past three fiscal years expenses are presented above.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
EXPENDITURE LIMITATION  
STATUTORY LIMIT TO BUDGETED EXPENDITURES  
Last Ten Fiscal Years

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION(1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION(2)	UNUSED LEGAL LIMIT(3)
1994/95	\$ 20,238,360	\$ 19,607,472	\$ 630,888
1995/96	20,740,002	20,740,001	1
1996/97	20,388,649	20,211,192	177,457
1997/98	22,144,594	21,869,276	275,318
1998/99	23,499,973	23,305,953	194,020
1999/00	24,703,216	24,703,215	1
2000/01	24,653,913	26,257,047	(1,603,134)
2001/02	26,177,568	27,410,674	(1,233,106)
2002/03	28,336,441	29,965,000	(1,628,559)
2003/04	30,888,344	29,769,557	1,118,787

Source: Audited Reports on Audit of Annual Budgeted Expenditure Limitation.

Note 1: The Statutory Expenditure Limitation is calculated by the Arizona Department of Revenue Economic Estimates Commission and applies to Current (General, Auxiliary Enterprises, and Restricted) and Plant Funds (Unexpended and Retirement of Indebtedness).

Note 2: Budgeted expenditures are net of allowable exclusions.

Note 3: The penalty for exceeding the expenditure limitation for fiscal years 2000-01 through 2002-03 was reduced to a maximum of a \$100 reduction in state aid by House Bill 2563, Laws 2000, Chapter 351.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX LEVIES and COLLECTIONS  
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1994/95	\$ 9,565,672	\$ 9,050,532	94.61%	\$ 677,551	\$ 9,728,083	101.70%
1995/96	12,881,929	11,493,033	89.22%	1,201,926	12,694,959	98.55%
1996/97	12,014,785	11,740,957	97.72%	709,122	12,450,079	103.62%
1997/98	13,844,471	12,986,420	93.80%	795,379	13,781,799	99.55%
1998/99	14,637,304	13,811,366	94.36%	723,762	14,535,128	99.30%
1999/00	15,983,219	15,185,729	95.01%	766,258	15,951,987	99.80%
2000/01	16,596,181	15,792,827	95.16%	690,636	16,483,463	99.32%
2001/02	24,995,985	23,985,546	95.96%	895,273	24,880,819	99.54%
2002/03	27,655,519	26,566,640	96.03%	1,019,845	27,586,485	99.71%
2003/04	28,850,836	27,766,489	96.24%	1,039,416	28,805,905	99.84%

Source: Yavapai County Treasurer's Office and District records.

Note 1: All amounts shown are for the General Fund only through fiscal year 2000-01. Thereafter, amounts are presented district-wide, in accordance with GASB Statement Number 35.

Note 2: Amounts collected are recorded on a cash basis.



YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUE and CURRENT MARKET VALUE of ALL TAXABLE PROPERTY  
 Last Ten Fiscal Years

Fiscal Year/ Levy Type	Net Assessed Value	Full Cash Value (1)	Percentage of Net Assessed to Full Cash Value
1994/95 primary	\$ 776,405,938	\$ 5,608,923,108	13.84%
1994/95 secondary	801,661,812	5,781,281,068	13.87%
1995/96 primary	829,329,208	6,212,217,161	13.35%
1995/96 secondary	876,036,688	6,547,667,732	13.38%
1996/97 primary	877,928,847	6,605,864,372	13.29%
1996/97 secondary	900,810,192	6,672,091,944	13.50%
1997/98 primary	961,650,156	7,378,952,854	13.03%
1997/98 secondary	1,006,364,142	7,706,940,981	13.06%
1998/99 primary	1,023,772,206	7,855,389,589	13.03%
1998/99 secondary	1,048,350,566	8,028,603,293	13.06%
1999/00 primary	1,097,131,069	8,515,260,240	12.88%
1999/00 secondary	1,186,775,025	9,244,835,021	12.84%
2000/01 primary	1,181,301,079	9,312,109,194	12.69%
2000/01 secondary	1,247,635,912	9,849,696,850	12.67%
2001/02 primary	1,280,950,405	10,130,049,480	12.65%
2001/02 secondary	1,344,616,822	10,623,825,910	12.66%
2002/03 primary	1,388,092,520	11,042,983,587	12.57%
2002/03 secondary	1,450,497,580	11,527,745,675	12.58%
2003/04 primary	1,516,807,417	12,071,754,471	12.56%
2003/04 secondary	1,602,480,129	12,668,564,990	12.65%

Source: Yavapai County Assessor's Office.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX RATES, DIRECT and OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years (Per \$100 of Assessed Value)

Fiscal Year	Yavapai College	(1) State of Arizona	Yavapai County	Cities/Towns and Special Districts		School Districts	
				From	To	From	To
1994/95	1.4730(p)	.4700(p)	2.4813(p)	.5386(p)	1.9406(p)	1.8379(p)	7.6483(p)
	.1347(s)	-	.3992(s)	.1417(s)	6.4425(s)	.2128(s)	2.8403(s)
1995/96	1.5448(p)	.4700(p)	2.4713(p)	.5107(p)	1.7683(p)	2.5252(p)	7.7420(p)
	.1223(s)	-	.4784(s)	.1648(s)	7.9919(s)	.2244(s)	2.5378(s)
1996/97	1.5237(p)	-	2.5108(p)	.4614(p)	1.7382(p)	2.2973(p)	6.8876(p)
	.1223(s)	-	.4278(s)	.1666(s)	7.5351(s)	.2114(s)	2.4839(s)
1997/98	1.4589(p)	-	2.3363(p)	.4152(p)	1.5951(p)	2.1269(p)	8.7736(p)
	.1055(s)	-	.4097(s)	.1285(s)	9.5182(p)	.1857(s)	2.1236(s)
1998/99	1.4631(p)	-	2.2768(p)	.3822(p)	1.4973(p)	2.1831(p)	8.2203(p)
	.1058(s)	-	.4354(s)	.1463(s)	8.4556(s)	.2062(s)	2.1147(s)
1999/00	1.5294(p)	-	2.2374(p)	.3169(p)	1.5382(p)	2.3038(p)	7.3800(p)
	.0956(s)	-	.4452(s)	.1273(s)	5.0680(s)	.1853(s)	2.1583(s)
2000/01	1.5330(p)	-	2.1283(p)	.2906(p)	1.6280(p)	1.2996(p)	7.0338(p)
	.0875(s)	-	.4354(s)	.1475(s)	4.0624(s)	.2810(s)	2.1201(s)
2001/02	1.5325(p)		2.1040(p)	.2627(p)	1.5235(p)	.9900(p)	7.8089(p)
	.4163(s)		.4286(s)	.1482(s)	3.8269(s)	.3658(s)	2.2354(s)
2002/03	1.5835(p)	-	2.0961(p)	.2522(p)	1.1617(p)	2.1632(p)	6.6490(p)
	.3954(s)		.4297(s)	.4707(s)	.4707(s)	.7546(s)	2.0801(s)
2003/04	1.5672(p)	-	2.1525(p)	.2415(p)	1.2461(p)	.4839(p)	8.2795(p)
	.3106(s)	-	.4307(s)	.3235(s)	3.3000(s)	.2947(s)	2.5992(s)

(p) - primary tax levy

(s) - secondary tax levy

Source: Yavapai County Board of Supervisors.

Note 1: State property tax eliminated in 1996.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 June 30, 2004

Taxpayer	2004 Primary Assessed Valuation	Yavapai County's 2003/04 Primary Assessed Valuation
Arizona Public Service	\$ 55,172,666	3.64%
Qwest	22,631,795	1.49%
Citizens Utility Company	16,221,352	1.07%
Phelps Dodge Bagdad Copper Company	16,146,767	1.06%
Salt River Pima-Maricopa Indian Community	12,106,537	0.80%
El Paso Natural Gas Company	9,383,995	0.62%
Burlington Northern Santa Fe Railroad	8,853,353	0.58%
Transwestern Pipeline Company	7,715,449	0.51%
New Enchantment LP	5,506,754	0.36%
Cyprus Bagdad Copper Company	4,584,531	0.30%

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
COMPUTATION of LEGAL DEBT MARGIN  
June 30, 2004

Secondary assessed value of real and personal property (1)	<u>\$ 1,602,480,129</u>
Debt limit = 15% of secondary assessed value	240,372,019
Amount of debt applicable to debt limit:	
General obligation bonded debt	<u>(45,680,000)</u>
Legal debt margin, June 30, 2004	<u>\$ 194,692,019</u>

Source: Yavapai County Assessor's Office and District records.

Note 1: Tax year 2004.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUATION, TAX RATE and LEVY HISTORY  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Primary Assessed Valuation</b>	<b>Tax Rate</b>	<b>(1) Tax Levy</b>	<b>Secondary Assessed Valuation</b>	<b>Tax Rate</b>	<b>(2) Tax Levy</b>
1994/95	\$ 776,405,938	1.4730	\$ 11,436,500	\$ 801,661,812	0.1347	\$ 1,079,575
1995/96	829,329,208	1.5448	12,811,554	876,036,688	0.1222	1,071,288
1996/97	877,928,847	1.5237	13,376,674	900,810,192	0.1223	1,101,639
1997/98	961,650,156	1.4589	14,029,805	1,006,364,142	0.1055	1,061,930
1998/99	1,023,772,206	1.4631	14,978,983	1,048,350,566	0.1058	1,109,134
1999/00	1,097,131,069	1.5294	16,779,826	1,186,775,025	0.0956	1,135,081
2000/01	1,181,301,079	1.5330	18,109,635	1,247,635,912	0.0875	1,091,840
2001/02	1,280,950,405	1.5325	19,590,161	1,344,616,822	0.4163	5,405,824
2002/03	1,388,092,520	1.5835	21,231,153	1,450,497,580	0.3954	5,656,610
2003/04	1,516,807,417	1.5672	23,787,289	1,602,480,129	0.3106	4,972,875

Source: Yavapai County Assessor's Office and District records.

Note 1: Tax levy for primary property tax, net of adjustments to current or prior years' levy.

Note 2: Tax levy for secondary property tax, net of adjustments to current or prior years' levy.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 RATIO of NET GENERAL OBLIGATION BONDED DEBT to  
 ASSESSED VALUE and NET GENERAL BONDED DEBT PER CAPITA  
 Last Ten Fiscal Years

Fiscal Year	Estimated Population	Secondary Assessed Value of Real Estate	Bonds Payable	Amount Available For Retirement of General Obligation Bond Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994/95	129,500	\$ 801,661,812	\$ 10,793,762	\$ 91,293	\$ 10,702,469	1.34%	\$ 82.64
1995/96	134,600	876,036,688	10,188,407	123,260	10,065,147	1.15%	74.78
1996/97	142,075	900,810,192	9,696,595	288,319	9,408,276	1.04%	66.22
1997/98	148,500	1,006,364,142	9,178,478	173,710	9,004,768	0.89%	60.64
1998/99	155,900	1,048,350,566	8,624,272	237,515	8,386,757	0.80%	53.80
1999/00	167,517	1,186,775,025	8,009,171	320,344	7,688,827	0.65%	45.90
2000/01	175,608	1,247,635,912	7,363,705	451,270	6,912,435	0.55%	39.36
2001/02	180,260	1,344,616,822	28,161,225	454,103	27,707,122	2.06%	153.71
2002/03	186,885	1,450,497,580	23,865,000	466,245	23,398,755	1.61%	125.20
2003/04	192,286	1,602,480,129	45,680,000	442,460	45,237,540	2.82%	236.26

Source: Northern Arizona Council of Governments and District records.

Note: Population figures are estimates as of July 1 of each fiscal year except for FY 1999-00 which reflects the actual population determined from the 2000 census.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
RATIO of ANNUAL DEBT SERVICE EXPENDITURES for GENERAL BONDED DEBT to OPERATING  
EXPENSES/EXPENDITURES  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total Operating Expenses/ Expenditures (1)</b>	<b>Percentage of Debt Service to Operating Expenses/ Expenditures</b>
1994/95	\$ 495,000	\$ 584,575	\$ 1,079,575	\$ 24,467,175	4.41%
1995/96	525,000	546,288	1,071,288	25,232,290	4.25%
1996/97	565,000	505,363	1,070,363	27,021,270	3.96%
1997/98	595,000	466,930	1,061,930	28,895,259	3.68%
1998/99	635,000	429,605	1,064,605	30,743,524	3.46%
1999/00	700,000	390,130	1,090,130	32,407,067	3.36%
2000/01	715,000	370,680	1,085,680	34,937,931	3.11%
2001/02	4,255,000	1,373,823	5,628,823	39,606,188	14.21%
2002/03	4,296,225	1,394,172	5,690,397	39,766,359	14.31%
2003/04	3,185,000	2,015,630	5,200,630	43,202,413	12.04%

Source: District records.

Note 1: Amounts shown for operating expenditures represent current funds operating expenditures prior to fiscal year 2001-02. Beginning with fiscal year 2001-02, operating expenses are presented using GASB Statement Number 35.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
COMPUTATION OF DIRECT and OVERLAPPING DEBT  
GENERAL OBLIGATION BONDS  
June 30, 2004

<b>Jurisdiction</b>	
Direct:	
Yavapai County Community College District	\$ 45,680,000
Overlapping (1):	
School Districts	56,250,000
Jail District	12,595,000
Water Districts	435,000
	<hr/>
Total	<u>\$ 114,960,000</u>

Source: Yavapai County Treasurer's Office.

Note 1: Excludes improvements districts.



YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
REVENUE BOND COVERAGE  
Last Ten Fiscal Years

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest		
1994/95	6,894,346	\$ 80,000	152,089	232,089	3.37%
1995/96	7,427,905	85,000	145,589	230,589	3.10%
1996/97	8,489,989	90,000	138,683	228,683	2.69%
1997/98	8,438,057	100,000	131,370	231,370	2.74%
1998/99	8,967,443	105,000	123,245	228,245	2.55%
1999/00	9,340,604	110,000	117,995	227,995	2.44%
2000/01	9,418,594	115,000	112,275	227,275	2.41%
2001/02	8,686,966	125,000	106,180	231,180	2.66%
2002/03	7,595,245	130,000	99,430	229,430	3.02%
2003/04	8,451,000	135,000	92,215	227,215	2.69%

Source: District records.

Note 1: Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, investment and other income. Beginning in fiscal year 2001-02, tuition and fees, food service sales, and dormitory rentals are reported net of scholarships and allowances per GASB Statement Number 35.

Note 2: Revenue bonds issued March 1, 1993, with the first interest payment due on January 1, 1994.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 HISTORIC ENROLLMENT  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Historic Headcount</b>	<b>Historic FTSE (1)</b>	<b>Annual Tuition Rates (2)</b>
1994/95	9,192	2,490	666
1995/96	9,768	2,718	666
1996/97	9,719	2,608	846
1997/98	10,280	2,763	936
1998/99	10,073	2,800	930
1999/00	11,645	2,885	930
2000/01	13,838	2,936	930
2001/02	14,426	3,110	930
2002/03	14,212	3,256	930
2003/04	14,463	3,271	1,140

Source: State Board of Directors for Community Colleges of Arizona and District records.

Note 1: Full Time Student Equivalent (30 Credit Hours).

Note 2: Tuition based on one year of full-time equivalent credit.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
STUDENT ENROLLMENT/DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years

Fiscal Year	Attendance		Gender		Residency			
	Full-Time	Part-Time	Male	Female	Resident	Out of County	Out of State	Foreign
1994/95	21.2%	78.8%	36.4%	63.6%	85.4%	9.0%	4.9%	0.6%
1995/96	20.1%	79.9%	36.3%	63.7%	85.9%	8.6%	5.1%	0.5%
1996/97	19.1%	80.9%	36.4%	63.6%	87.2%	7.7%	4.3%	0.7%
1997/98	20.0%	80.0%	37.2%	62.8%	87.1%	7.4%	4.7%	0.8%
1998/99	18.2%	81.8%	37.0%	63.0%	87.6%	7.0%	4.8%	0.6%
1999/00	16.8%	83.2%	37.9%	62.1%	88.0%	6.5%	5.0%	0.5%
2000/01	16.6%	83.4%	36.8%	63.2%	89.4%	5.8%	4.2%	0.6%
2001/02	17.3%	82.7%	36.6%	63.4%	88.8%	5.5%	5.0%	0.7%
2002/03	18.0%	82.0%	37.3%	62.7%	88.0%	5.6%	5.8%	0.5%
2003/04	18.0%	82.0%	37.1%	62.9%	88.6%	5.4%	5.5%	0.5%

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
1994/95	35	38	2.8%	0.9%	4.6%	0.6%	84.2%	6.9%
1995/96	35	38	2.6%	1.2%	4.5%	0.6%	84.9%	6.2%
1996/97	36	38	2.4%	1.3%	4.8%	0.6%	84.4%	6.5%
1997/98	36	39	2.4%	1.0%	4.2%	0.7%	83.8%	7.9%
1998/99	37	39	2.8%	0.8%	4.2%	0.7%	83.3%	8.2%
1999/00	38	40	2.4%	0.9%	4.3%	0.5%	82.7%	9.2%
2000/01	40	38	2.1%	1.0%	5.0%	0.6%	80.7%	10.6%
2001/02	38	40	1.9%	1.0%	5.2%	0.5%	81.0%	10.4%
2002/03	37	39	2.4%	1.0%	5.0%	0.9%	79.0%	11.7%
2003/04	36	39	2.9%	1.0%	5.3%	0.8%	77.8%	12.2%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ECONOMIC INDICATORS for YAVAPAI COUNTY  
 June 30, 2004

Major Employers	Type of Business	Employees
Yavapai County	Government	1,213
Sturm Ruger & Company	Manufacturing	1,176
Yavapai College	Higher Education	831
Yavapai Regional Medical Center	Healthcare	730
Prescott Uniftified School District	Education	573
Veterans Medical Center	Healthcare	550
Cyprus Bagdad Copper Mine	Mining	535
City of Prescott	Government	385
Verde Valley Medical Center	Healthcare	351
State of Arizona	Government	330
Wal-Mart Store	Retail store	300
Embry-Riddle University	Higher Education	300
Yavapai Gaming Agency	Government	284

Employment by Sector	Employees
Construction	5,425
Education and Health Services	8,175
Financial Activities	1,850
Government	10,750
Leisure and Hospitality	6,950
Manufacturing	3,175
Natural Resources and Mining	950
Professional and Business Services	4,075
Trade, Transportation and Utilities	10,025

Employment by Occupation	Percent of Total
Office & Administrative	19.8%
Food Preparation & Serving Related	14.8%
Sales & Related	12.7%
Construction & Extraction	10.5%
Education, Training and Library	10.4%
Transportation & Materials Moving	7.1%
Production	6.9%
Building and Grounds, Cleaning and Maintenance	6.2%
Management	6.1%
Healthcare Practitioners & Technical	5.5%

**Unemployment Rate** 3.3%

**Labor Force** 81,770

Source: Arizona Department of Commerce and Arizona Department of Economic Security.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 MISCELLANEOUS STATISTICS  
 June 30, 2004

<b>Established</b>	July 1, 1966
<b>Geographical Location</b>	West Central portion of Arizona
<b>County Seat</b>	Prescott

<b>Personnel Statistics</b>		<b>Number</b>
Faculty	Regular faculty	92
	Adjunct faculty	368
Staff	Regular staff	318
	Temporary staff	460

<b>Population</b>	<b>1990</b>	<b>2000</b>	<b>2003</b>
Yavapai County	107,714	167,517	186,885
State of Arizona	3,665,228	5,130,632	5,629,870

<b>Age Distribution*</b>	<b>% of Total</b>
0-14	17.2%
15-24	11.0%
25-44	22.4%
45-64	27.4%
65+	22.0%

<b>Population Composition *</b>	<b>% of Total</b>
<u>RACE</u>	
White	82.1%
Hispanic	9.8%
African American	0.4%
Native American	1.6%
Asian or Pacific Islander	0.6%
Other	5.5%
TOTAL	<u><u>100.0%</u></u>

\* Population composition is based on 2000 census.

Source: Arizona Department of Economic Security.