

Comprehensive Annual Financial Report



Yavapai COLLEGE

Yavapai County Community College District

Year End June 30, 2018

Prescott Verde Valley CTEC Prescott Valley Chino Valley Sedona

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT/PRESCOTT, AZ

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Published and distributed by
The Office of Business Services

Yavapai College
1100 E. Sheldon Street
Prescott, AZ 86301
www.yc.edu

For the fiscal year ended June 30, 2018



Prescott ♦ Verde Valley ♦ CTEC ♦ Prescott Valley ♦ Chino Valley ♦ Sedona

Table of Contents

Introductory Section

Letter of Transmittal.....	1
Government Finance Officers Association Certificate of Achievement.....	10
List of Principal Officers.....	11
Organizational Chart.....	12

Financial Section

Independent Auditors' Report.....	13
Management's Discussion and Analysis.....	17
Basic Financial Statements	
Statement of Net Position—Primary Government.....	26
Statement of Financial Position—Component Unit.....	27
Statement of Revenues, Expenses, and Changes in Net Position—Primary Government.....	28
Statement of Activities—Component Unit.....	29
Statement of Cash Flows—Primary Government.....	30
Notes to Financial Statements.....	32

Required Supplementary Information

Proportionate Share of Net Pension Liability—Last Four Fiscal Years.....	54
Schedule of Pension Contributions—Last Eight Fiscal Years.....	55

Statistical Section

Net Position by Component—Last Ten Fiscal Years.....	57
Changes in Net Position—Last Ten Fiscal Years.....	58
Expenditure Limitation—Statutory Limit to Budgeted Expenditures—Last Ten Fiscal Years.....	59
Property Tax Levies and Collections—Last Ten Fiscal Years.....	60
Assessed Value and Estimated Actual Value of Taxable Property—Last Ten Fiscal Years.....	61
Property Tax Rates, Direct and Overlapping Governments—Last Ten Fiscal Years.....	62
Assessed Valuation, Tax Rate and Levy History—Last Ten Fiscal Years.....	63
Principal Property Taxpayers—Current Year and Nine Years Ago.....	64
Tuition Schedule—Last Ten Fiscal Years.....	65
Ratios of Outstanding Debt by Type—Last Ten Fiscal Years.....	66
Legal Debt Margin—Last Ten Fiscal Years.....	67
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Bonded Debt per Capita—Last Ten Fiscal Years.....	68
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Operating Expenses/Expenditures—Last Ten Fiscal Years.....	69
Computation of Direct and Overlapping Debt—General Obligation Bonds.....	70
Revenue Bond and Pledged Revenue Obligations Coverage—Last Ten Fiscal Years.....	71
Economic Indicators for Yavapai County.....	72
Principal Employers in Yavapai County—Current Year and Nine Years Ago.....	73
Miscellaneous Statistics.....	74
Population and Personal Income for Yavapai County—Last Ten Fiscal Years.....	75
Student Enrollment, Degree and Demographic Statistics—Last Ten Fiscal Years.....	76
Historic Enrollment—Last Ten Fiscal Years.....	77
Faculty and Staff Statistics—Last Ten Fiscal Years.....	78
Capital Asset Information—Last Ten Fiscal Years.....	79

Introductory Section



Letter of Transmittal

December 4, 2018

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, 2018, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests 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 of Finance and Administrative Services and Director of Business Services/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).

The District is required to undergo a single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; 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 of Finance and Administrative Services.

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 unit. 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.



Yavapai College Prescott Campus, 1970



HISTORY

The District was established in 1966 under the Arizona Community College Law of 1966. During the first year of instruction, 1968, classes were held at various sites in Prescott. The District celebrated its 50th anniversary in the fall of 2018 with six distinct community celebrations. 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 are located in Chino Valley, Prescott Valley, Sedona, and include the Career & Technical Education Center, located near the Prescott Airport.

The District is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools and has been throughout its history. In March 2013, the District went through a full reaccreditation by the Higher Learning Commission and its status was reaffirmed with no recommendations reported. The next reaccreditation will be in 2023.

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 was among the original four counties created when Arizona was still a territory and the provisional seat of the Arizona territorial government was established in Yavapai County 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 county benefits from the presence of several higher education institutions including Embry Riddle Aeronautical University, Northern Arizona University, Prescott College, and Yavapai College.

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 2017 estimated population (provided by the US Census Bureau) of 228,168 and a population density of 28 people per square mile.

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, Dewey-Humboldt, Jerome, Prescott, Prescott Valley, and Sedona. The larger unincorporated areas of the county include the communities of Ash Fork, Bagdad, Black Canyon City, Congress, Crown King, Mayer, Paulden, Seligman, and Yarnell.

ECONOMIC OUTLOOK

Small business, light industry, service trades, ranching, mining, and tourism all contribute to the economy of Yavapai County. A growing retiree population will continue to produce population growth in Yavapai County over the next decade.



The state had record revenue collections for fiscal year 2017-18, 6.4% above the prior year and 4.2% above budget. This is primarily due to solid individual income tax and sales tax collections. The state's economy is currently strong, and economists are expecting the same for the next couple of years. Arizona's job growth and population growth are among the strongest in the country, and hourly wages are expected to increase 4-5% due to a tight labor market.

Yavapai County's economic condition generally follows the state, albeit with less strength and diversification. The county is currently experiencing low unemployment and moderate growth in construction and population.

Property taxes provide the majority of funding for the District. The housing market is nearly fully recovered from the lows of 2012 which is due to various factors including the economic expansion, low mortgage rates and a steady stream of out-of-state transplants into the county. We expect the growth in total assessed values to increase modestly into next fiscal year and the primary property tax levy to increase moderately due to new construction.

The District's operating funding from the state has remained stable for the past few years and is currently less than 2% of the total revenues.

MAJOR PROGRAM INITIATIVES

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

Capital Improvements/Planned Maintenance

The District has a long-range Capital Improvement Plan where a master site plan for each location was



developed and included facility, infrastructure and land development improvements to accommodate projected growth in population and programs over the next ten to fifteen years. The improvements will be funded with the District's Future Capital Projects Accumulation monies. The District's Capital Improvement Plan is a living document which will evolve over time to continually align academic, strategic, and physical visions.

The first phase of the renovation/expansion of the Prescott Valley Center was completed by the beginning of the fall 2017 semester and puts all of the District's Allied Health programs under one roof.

The Performing Arts building on the Prescott campus was another major project that was completed last fiscal year. This building houses the District's music, vocal, theater, acting and costume design courses.

During the fiscal year, the District worked on several large preventative maintenance projects including the replacement of a portion of the main water line and Building 3 roof on the Prescott campus, and the renovation of the restrooms in Building I on the Verde campus. Lastly, a multi-year improvement project related to signage and outdoor space is underway and will go through fiscal year 2019-20. Directional signage installation continued on the Prescott and Verde Valley campuses.

FY 2017-18 Renovations

Prescott - Performing Arts Building



Prescott Valley Center





ENROLLMENT

Total enrollment for the fiscal year exceeded 14,330 students including both credit and non-credit classes. After several years of small declines it appears the District's credit enrollment has stabilized. Historically, as the economy improves and Americans get back to work, community college enrollments decline. The District and many community colleges across the country had experienced this. During this same time period the District has seen an overall steady increase in its non-credit enrollment driven by Yavapai County's unique retirement-age demographic. The District offers a broad array of community education programming including Community Education, College for Kids, Edventures, and Osher Lifelong Learning Institute (OLLI).

STUDENT ACHIEVEMENT

Student accomplishments continue to be our most important gauge of success. A total of 1,506 students earned degrees or certificates. Throughout the course of the academic year, 58 students received the Law Enforcement and Corrections certificate, 108 students received an Emergency Medical Technician certificate, 146 students received the Nursing Assistant certificate, and 75 students completed all requirements of the Nursing degree. In addition, approximately 61 students completed studies and passed the exam to earn a high school equivalency diploma. Eight students were named to the 2018 All-Arizona Academic Team. All-Arizona Academic Team members receive tuition waivers to an Arizona University of their choice, courtesy of the Arizona Board of Regents.

Student success and completion is at the forefront of everything that the District does. The District is

actively building a Guided Pathways program with both an academic and behavioral component to help students stay on track. This includes making it easier for students to find programs of interest to them, intrusive advising, pathways to allow high achieving high school students to earn College credits through Dual Enrollment, pathways that allow students to continue their academic journeys at universities, and pathways that connect students directly to jobs. Implementation is in process and will continue through the 2018-2019 academic year.

STRATEGIC PLANNING

The demand for accountability at community colleges has never been greater. Issues such as rising tuition, declining state support, increasing student debt, concerns about educational quality and workforce preparedness are driving this demand. Guided by the District's mission, vision, and District Governing Board's goals, Yavapai College uses an inclusive and collaborative strategic planning process that involves internal and external stakeholders and is grounded on evidence-based data and information.





Using stakeholder input and environmental scanning information from national, state, county, and local community levels to examine trends in the areas of competition, demographics, economics, labor force, education, and technology the District identified five strategic initiatives and corresponding goals for its 2015-2020 strategic plan.

- ◆ *Student Success*—Increase completions without sacrificing academic quality
- ◆ *Economic Responsiveness*—Improved placement of graduates
- ◆ *Engaged Community*—Increase total population served; improve community engagement
- ◆ *Organizational Development*—Improve employee engagement and satisfaction
- ◆ *Fiscal Stewardship*—Model fiscal stewardship; identify additional revenue sources

Yavapai College strategic planning is a continuous process that guides the future direction of the institution and operationalizes the District Governing Board Ends, College Mission, Vision, and Values. The District’s Strategic Plan is the guiding document and directs companion planning reports like the Annual Action Plans, Campus Master Plan, Educational Master Plan, Technology Master Plan, and Budgeting.

FUTURE PROGRAM INITIATIVES

Beginning in the fall of 2018 the District began offering several new certificates including 3D Modeling & Animation, Cybersecurity, Computer programming and a Medical Office Assistant. These new certificate programs will prepare students for various careers in these industries through a combination of lecture, group discussion and hands on skill building experiences. Academic program reviews will be performed in all instructional degree and certificate programs.

As mentioned previously, Yavapai College's service area is large with residents dispersed in some remote areas where the District does not have a facility. To improve access for these residents, the District is working with the public libraries and school districts in areas such as Ash Fork, Camp Verde, Spring Valley and Yarnell, by providing computers and information materials to assist students in taking online classes.

The District is well positioned to fill many of the educational and cultural needs of Yavapai County. An initiative is currently in process to review the relevancy and effectiveness of existing programs and to identify any new programs that may be beneficial to the residents of the county.



FINANCIAL INFORMATION

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

Internal Controls

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 detailed budgets and budget transfer restrictions by fund, department and account. On a monthly basis the District presents various financial reports to the District Governing Board including a report of revenues, expenditures and budgets by fund, a narrative discussing budget deviations by fund and a report comparing the current reserve levels to the District's required reserves. The objective of these budgetary controls is to ensure compliance with the annual budget and to fulfill the requirements of the District Governing Board's monitoring reports.

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 State also requires community colleges to keep their inflation-adjusted costs per student at 1980 levels through an Expenditure Limitation. The District demonstrates compliance by issuance of an annual budgeted expenditure limitation report that is examined by the Office of the Auditor General.

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 of Finance and Administrative Services.

The District invests idle funds in a prudent, conservative, and secure manner for the highest yield as prescribed by Arizona Revised Statutes. The principal investment vehicle used during the fiscal year has been the County Treasurer's investment pool and a collateralized savings account with Wells Fargo. Both have provided the District with safe liquid investments.

Stewardship

The District's stewardship responsibility includes supporting and enhancing the mission of the College, to ensure that the District fulfills its legal and financial obligations to internal and external stakeholders, to safeguard the District's financial, human, information and physical assets, and to create an atmosphere that encourages all members of the College community to contribute to overall excellence.





Key to accomplishing these obligations include:

- ◆ Creating a positive and healthy work environment that will foster creativity, teamwork, collaboration and productivity among members of the College community.
- ◆ Hiring and retaining qualified and productive employees.
- ◆ Using the Purchasing and Contracting department to ensure fair and competitive prices, the most appropriate method to select the provider (including the use of strategic contracts) and ensuring the appropriate approval process is followed.
- ◆ Protecting, preserving and maintaining the physical assets for which the District is responsible in a manner that assures their continued existence in the best possible condition.
- ◆ Promoting the efficient utilization of space, classrooms, equipment, utilities and natural resources.
- ◆ Handling all college data according to the Information Technology data management policies and abiding by the principles of data access, privacy and management.

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 determine 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 \$50,000,000. 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, cyber liability, boiler and machinery insurance, workers' compensation, and student accident coverage.

District Finance, Facilities and Human Resources are dedicated to the risk management function and are actively working to minimize the cost of funding risks through the implementation of safety and loss procedures.

INDEPENDENT AUDIT

The Office of the Auditor General for the State of Arizona conducts the annual financial audit for the District. Testing procedures determine whether the financial statements are free of material misstatement and ensure compliance with Arizona Revised Statutes that require an annual audit of the District's financial statements. The Auditor General's Independent Auditors' Report is included in this document. For the fiscal year ended June 30, 2018, the District received an unmodified 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, 2017. This was the eighteenth consecutive year that the District has achieved this prestigious award. 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 principles 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,

Vice President of Finance and Administrative Services

Director of Business Services/Controller





Government Finance Officers Association

**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, 2017

Executive Director/CEO

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

Principal Officers

June 30, 2018



District Governing Board

Pictured left to right

Mr. Steve Irwin, *Secretary*, District 5

Dr. Connie Harris, District 3

Dr. Patricia McCarver, District 4

Ms. Deb McCasland, District 2

Mr. Ray Sigafos, *Chair*, District 1

President

Dr. Penelope Wills

Administration

Dr. Ron Liss, *Vice President of Instruction and Student Development*

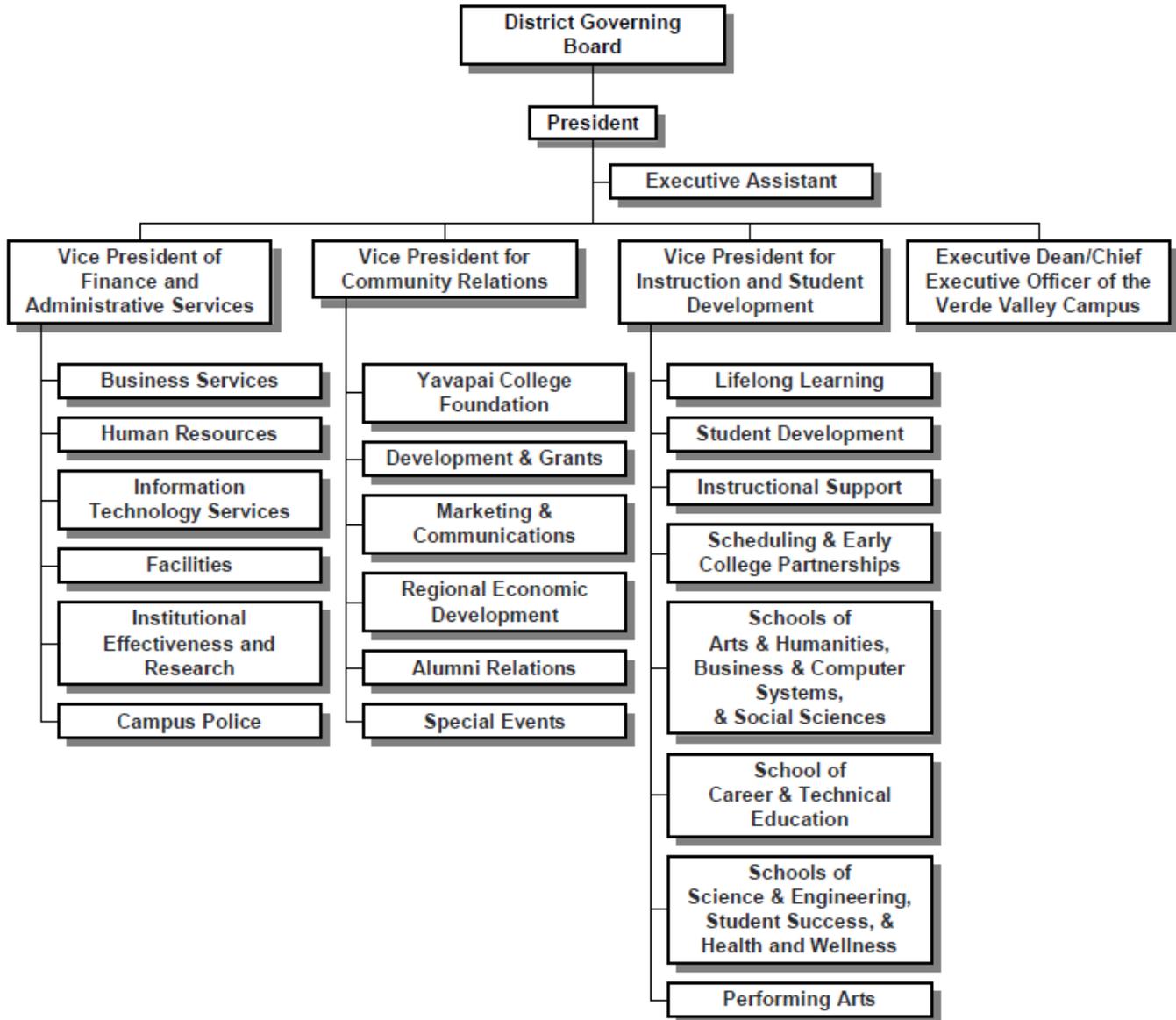
Dr. Clint Ewell, *Vice President of Finance and Administrative Services*

Mr. Rodney Jenkins, *Vice President for Community Relations*

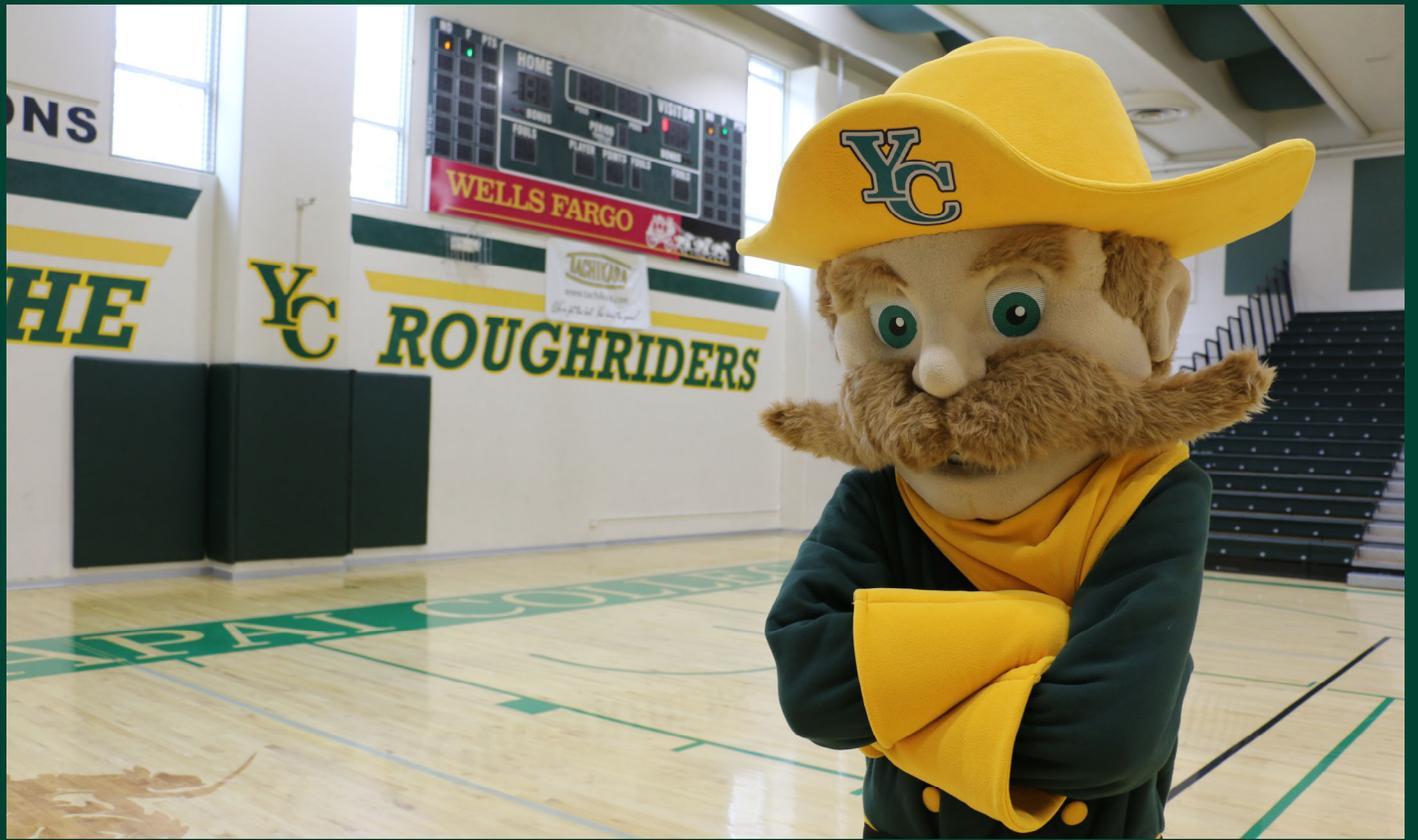
Dr. James Perey, *Executive Dean*

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

Organizational Chart



Financial Section





MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of
Yavapai County Community College District

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Yavapai County Community College District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report. 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 from material misstatement. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of matter

As discussed in Note 2 to the financial statements, the District restated its net position and capital assets balances at June 30, 2017, to correct a misstatement in its previously issued financial statements. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 17 through 25, schedule of the District's proportionate share of the net pension liability on page 54, and schedule of pension contributions on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will 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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lindsey Perry, CPA, CFE
Auditor General

December 4, 2018



Management's Discussion and Analysis

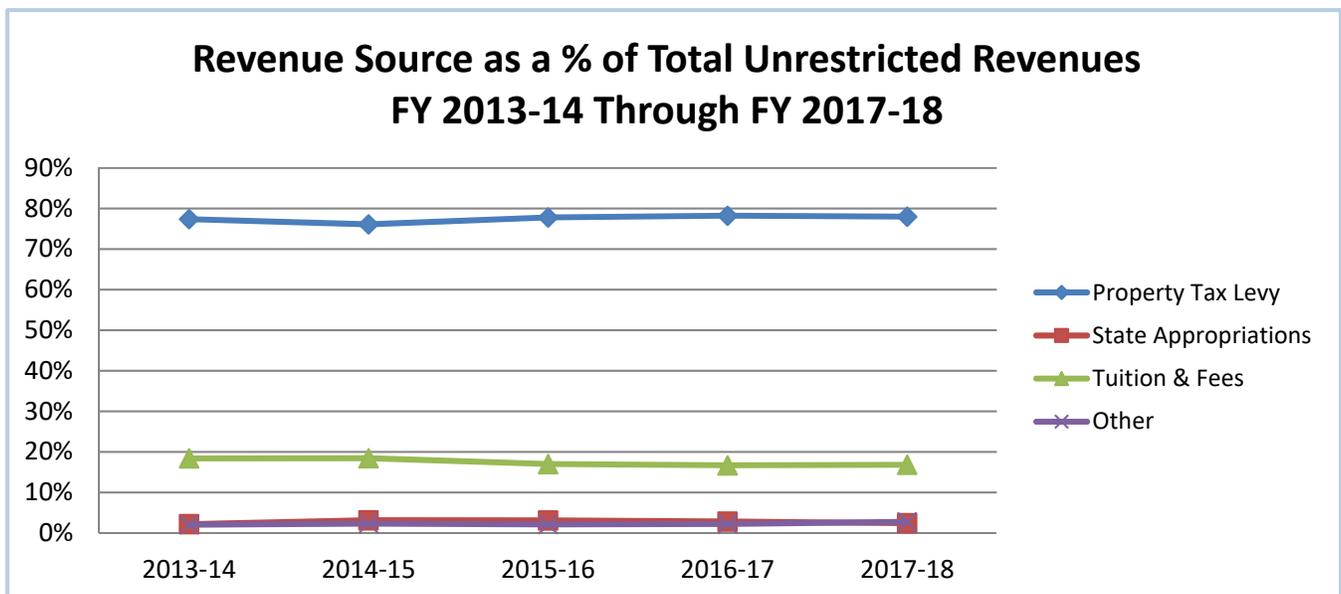
December 4, 2018

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, 2018. 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 Vice President of Finance and Administrative Services and Director of Business Services/Controller's letter of transmittal beginning on page 1 and the basic financial statements beginning on page 26.

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

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 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. Total Unrestricted Revenues and the mix of funding sources have been fairly consistent over the last five years as seen below.



The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$123,942,490.

The District's total net position increased from the prior year by \$11,455,651. Net investment in capital assets increased by \$11,977,740 (9.8%). Restricted net position increased by \$23,757 (1.9%) and unrestricted net position decreased by \$545,846 (5.1%).

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

Overview of Financial Statements

The Statement of Net Position reflects the financial position of the District at June 30, 2018. It shows the various assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the various categories of net position. Deferred outflows of resources represent consumption of net position that applies to a future reporting period(s) and so will not be recognized as outflows of resources (expense) until then. Deferred inflows of resources represent the acquisition of net position that applies to a future reporting period(s) and so will not be recognized as inflows of resources (revenue) until that time.

Net position is an accounting concept defined as the difference between 'assets and deferred outflows of resources' and 'liabilities and deferred inflows of resources'. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The condensed financial information below highlights the main categories of the Statement of Net Position. Assets are distinguished between capital and current or noncurrent assets. Liabilities are distinguished between long-term liabilities and other liabilities. Net position is 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 portion of net position is unrestricted and dedicated to the primary mission of the District.



Condensed Statement of Net Position

	<u>6/30/2018</u>	<u>6/30/2017</u>
Assets:		
Current assets	\$ 25,133,702	\$ 25,963,772
Noncurrent assets, other than capital assets	102,588	126,994
Capital assets, net of depreciation	<u>160,355,385</u>	<u>158,478,831</u>
Total assets	<u>185,591,675</u>	<u>184,569,597</u>
Deferred Outflows of Resources	<u>4,849,580</u>	<u>6,807,030</u>
Liabilities:		
Other liabilities	4,381,956	8,045,885
Long-term liabilities	<u>60,258,964</u>	<u>66,895,903</u>
Total liabilities	<u>64,640,920</u>	<u>74,941,788</u>
Deferred Inflows of Resources	<u>1,857,845</u>	<u>3,948,000</u>
Net Position:		
Net investment in capital assets	133,877,780	121,900,040
Restricted net position	1,300,234	1,276,477
Unrestricted net position	<u>(11,235,524)</u>	<u>(10,689,678)</u>
Total net position	<u>\$123,942,490</u>	<u>\$112,486,839</u>

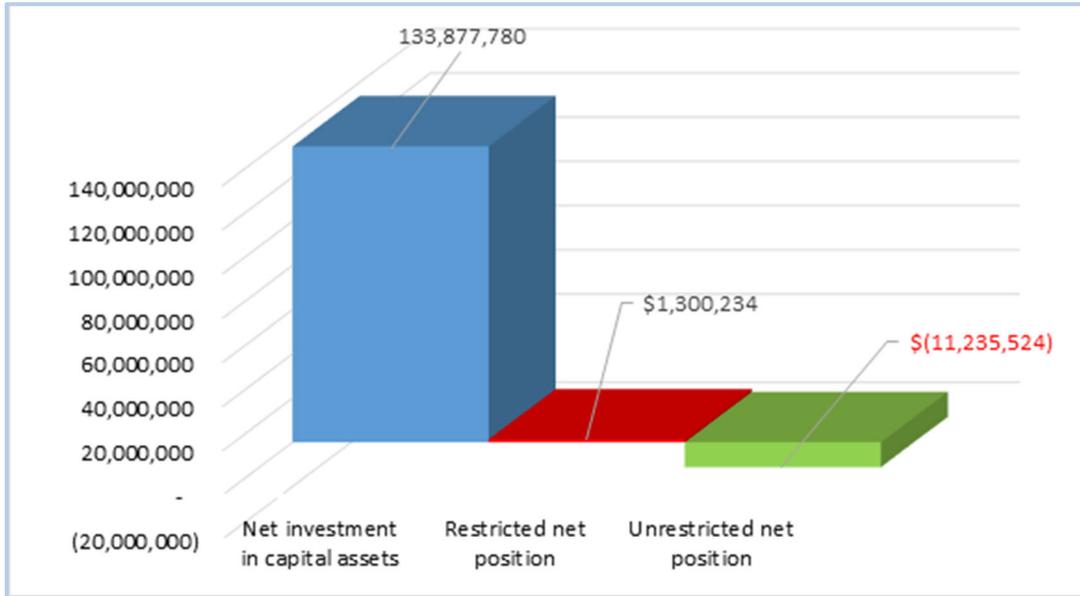
Current assets decreased by \$830,070 primarily as a result of less government grant receivables at June 30, 2018, due to timing of cash receipts. The increase in capital assets, net of depreciation, of \$1,876,554 was attributable to spending capital accumulation account monies and other funds budgeted for capital assets on building renovations, site improvements and equipment.

Deferred outflows and inflows of resources are predominantly comprised of activity relating to pensions. Deferred outflows and inflows of resources are changes in the net pension liability that will be recognized as pension expense in future years and contributions after the measurement date that will reduce the net pension liability in future years. Variances in these lines will arise from year to year due to the performance of investments, contribution changes to ASRS plans, composition of employer participants, and several other actuarial assumptions. Deferred outflows and inflows amounts are provided by the Arizona State Retirement System.

Other liabilities decreased by \$3,663,929 as there were more construction projects and related accounts payable for the projects recorded at June 2017 compared to the current year. The \$6,636,939 decrease in long-term liabilities was a result of a decrease in net pension liability and principal payments made on general obligation bonds, pledged revenue obligations and revenue bonds.

The District's net investment in capital assets increased by \$11,977,740 over the previous fiscal year. This increase was attributable to the addition of equity in the District's capital assets over the previous year and the reduction of debt acquired to pay for these assets. Restricted net position increased slightly from the prior year. The decrease in unrestricted net position of \$545,846 was primarily attributed to the use of capital accumulation account monies for capital/maintenance projects offset by a decrease in net pension liability and vacancy savings.

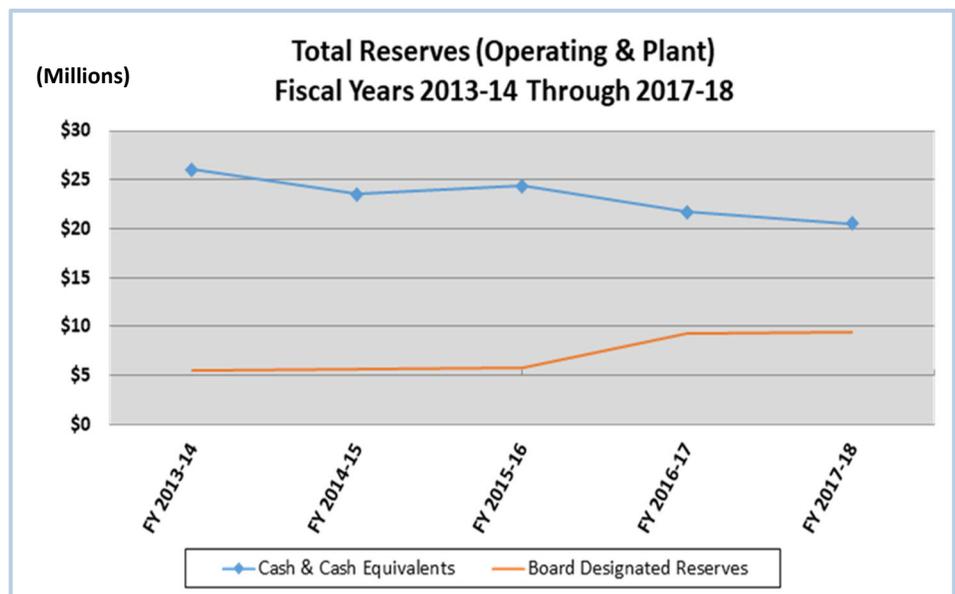
Net Position as of June 30, 2018



As noted earlier, net position reflects the financial position of the District. The largest portion of the District's net position reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, etc.), 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.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, which is unrestricted, is in a deficit due to the significant net pension liability required to be recorded beginning fiscal year 2015. Although the unrestricted net position is a deficit balance of \$(11,235,524) at June 30, 2018, the District continues to maintain sufficient cash reserves and has adequate resources to meet all current obligations. The District's cash reserves can be seen on the following chart.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations for the fiscal year ended June 30, 2018. It shows the various revenues and expenses, both operating and non-operating, reconciling the beginning net position amount to the ending net position amount as presented on the Statement of Net Position.



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

Condensed Statement of Revenues, Expenses, and Changes in Net Position

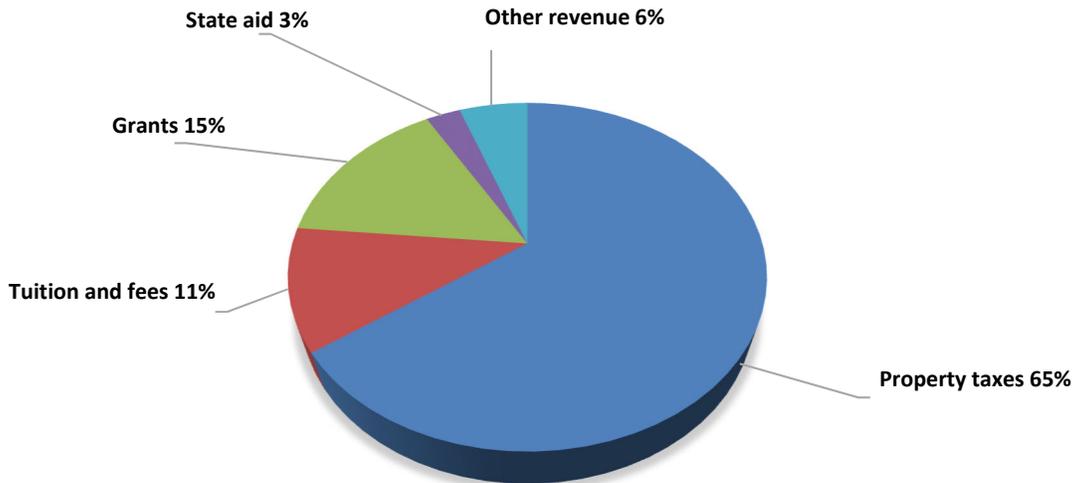
	<u>Year Ended</u>	
	<u>6/30/2018 *</u>	<u>6/30/2017</u>
Revenues		
Operating:		
Tuition and fees, net of scholarship allowances	\$8,428,264	\$8,278,893
Other	2,535,250	2,252,811
Non-operating:		
Property taxes	48,584,970	48,540,679
Government grants	11,316,220	10,937,647
State aid	2,081,410	2,271,528
Private grants and gifts	1,393,012	1,199,853
Investment earnings	195,500	110,841
Gain on disposal of capital assets	10,513	12,350
Total revenues	<u>74,545,139</u>	<u>73,604,602</u>
Expenses		
Operating:		
Educational and general:		
Instruction	18,372,048	18,094,814
Public service	1,735,370	1,772,188
Academic support	4,347,184	4,489,410
Student services	6,905,853	6,351,387
Institutional support	8,941,261	8,957,750
Operation and maintenance of plant	6,413,053	6,025,815
Scholarships	6,287,936	6,320,185
Auxiliary enterprises	1,947,162	1,923,756
Depreciation	<u>6,599,726</u>	<u>6,401,955</u>
Total operating expenses	61,549,593	60,337,260
Non-operating:		
Interest expense on debt	<u>1,101,584</u>	<u>1,249,134</u>
Total expenses	<u>62,651,177</u>	<u>61,586,394</u>
Income before other revenues, expenses, gains, or losses	11,893,962	12,018,208
Capital revenues	<u>4,429</u>	<u>110,161</u>
Increase in net position	11,898,391	12,128,369
Net position, restated, beginning of year	<u>112,044,099</u>	<u>100,358,470</u>
Net position, end of year	<u>\$123,942,490</u>	<u>\$112,486,839</u>
* <i>Net position as of July 1, 2017, was restated to remove several older, mostly prefabricated, impaired buildings that were demolished in prior years.</i>		

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

The District shows an operating loss reflective of the fact that three of the four main revenue sources - property taxes, government grants and state aid -- are considered non-operating revenues.

Overall revenues increased from the previous fiscal year by \$940,537. Tuition and fee revenues were up slightly due to a modest tuition rate increase. Property taxes were relatively flat due to new commercial and residential construction in the county being offset by several tax settlements with commercial taxpayers over property valuations and unusually strong collections of past due taxes in the prior fiscal year. Government grants increased after several years of decreases due to enrollments holding steady and more Federal Pell awards made to students. Private grants and gifts increased by \$193,159 as a result of increased scholarships provided by the Yavapai College Foundation. Lastly, interest income increased 76.4% due to the significant increase in short-term interest rates during the fiscal year.

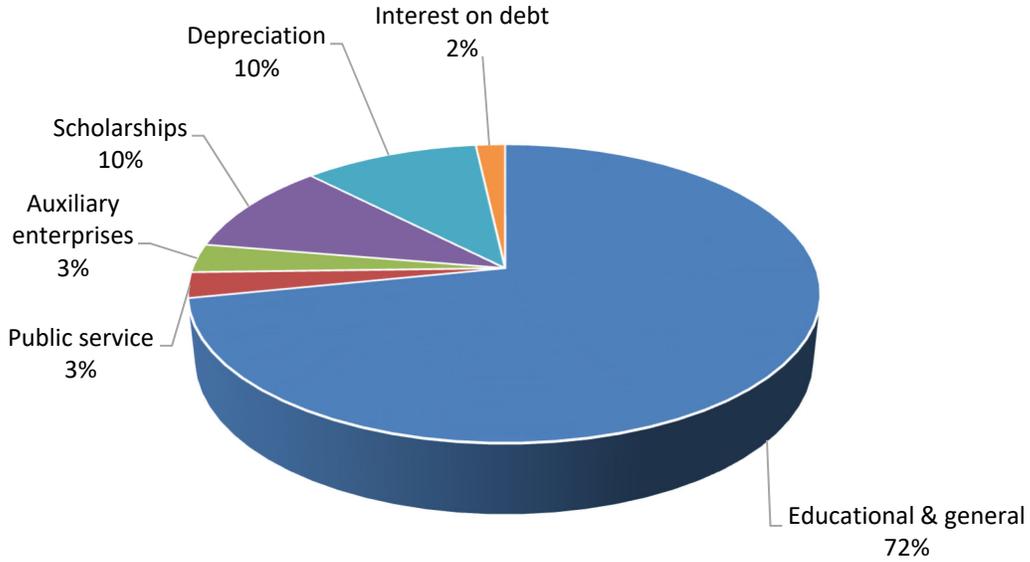
Revenues by Source Fiscal Year 2018



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, is 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 \$1,064,783 from the previous fiscal year. Increases in Instruction, Student Services, Operation and Maintenance, Auxiliary Enterprises and Depreciation were offset by small decreases in Public Service, Academic Support, Institutional Support and Scholarships. The largest increase totaling \$554,466 was in Student Services and was mainly due to annual salary increases, increased staffing to support the Pathways initiative, and higher ADA accommodation expenses. The \$387,238 increase in Operation and Maintenance was a result of raises, higher utilities, a restructuring of College Police and higher non-capital equipment and supplies compared to the prior year. Lastly, Depreciation increased 3.1% reflecting the capital asset additions related to the District's long-range Capital Improvement Plan and its continued commitment to effective asset management with the goal of having well-maintained assets for the lowest total cost of ownership.

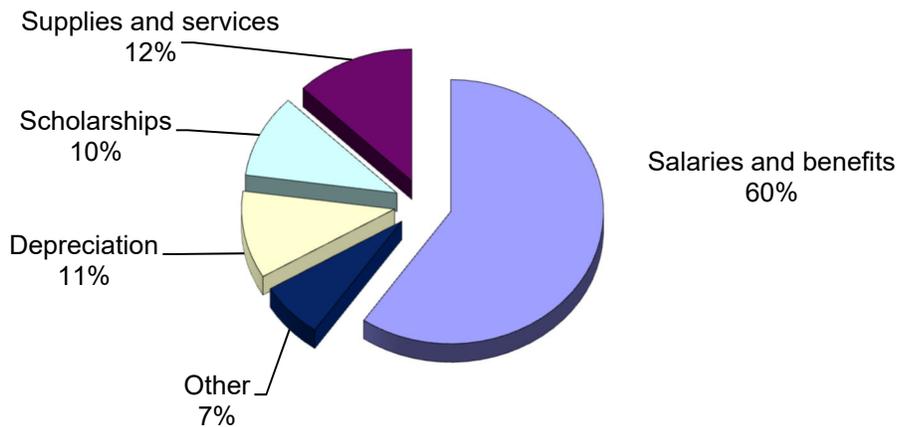
Expenses by Function Fiscal Year 2018



In addition to functional classification, a summary of the District’s operating expenses by natural classification for the years ended June 30, 2018, and 2017 follows:

	<u>FY 2018</u>	<u>FY 2017</u>	<u>% Change</u>
Salaries and benefits	\$36,697,117	\$35,901,549	2.2%
Supplies and services	7,752,462	7,656,089	1.3%
Scholarships	6,287,936	6,320,185	-.5%
Depreciation	6,599,726	6,401,955	3.1%
Other	4,212,352	4,057,482	3.8%
	\$61,549,593	\$60,337,260	2.0%

Expenses by Natural Classification Fiscal Year 2018



The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2018. 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 Position described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the Statement of Revenues, Expenses, and Changes in Net Position described above.

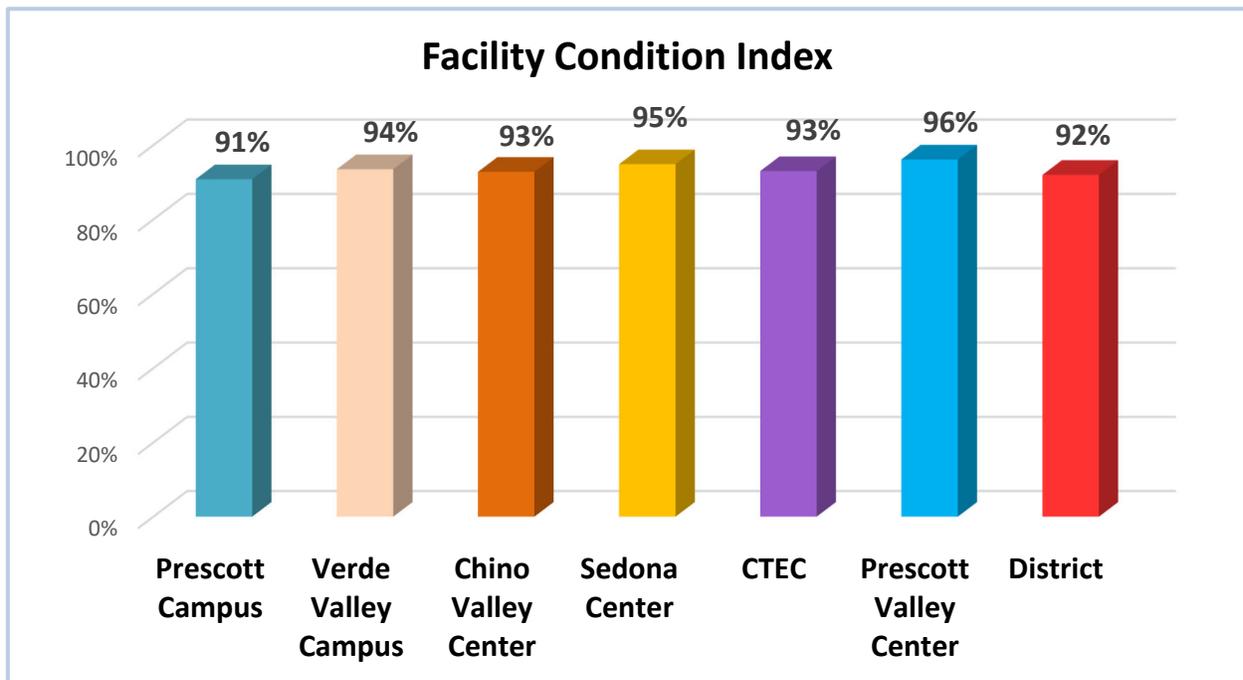
Capital Assets and Debt Management

The District had two large capital projects completed during the fiscal year. One project was the first phase of the renovation/expansion of the Prescott Valley Center, which enabled the District to consolidate all of its Allied Health programs, including Phlebotomy and Nursing Assistant. The second project was the renovation of the Performing Arts building on the Prescott campus. This building houses the District’s music, vocal, theater, acting and costume design courses. The projects were funded with the District’s Future Capital Projects Accumulation monies.

Other significant capital projects started and or completed during the fiscal year included the replacement of the building 3 roof and a portion of the main water line on the Prescott Campus, renovation of the restrooms in building I on the Verde Valley campus and the continued installation of directional and building signage on the Prescott and Verde Valley campuses.

Capital improvement and maintenance projects are primarily based upon the Campus Master Plan, and are designed to ensure effective teaching and learning spaces. The District adheres to the philosophy that preventative maintenance will extend the useful life of the assets and lower the Total Costs of Ownership. As seen below, preventative maintenance investments are keeping District facilities in excellent condition.

FY 2018 Planned and Unplanned Maintenance



The District re-invests in equipment to ensure employees have the tools needed to remain productive and students gain marketable skills relevant to the modern workforce. 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 capital assets. Depreciation totaled \$6,599,726 for the year and is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Position. Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

The District's general obligation (GO) bond debt issues are rated Aa2 and the pledged revenue obligations (PROs) are rated A1 by Moody's Investors Service and its GO bonds are rated AA- and its PROs are rated A by Standard & Poors. These high quality ratings were affirmed during fiscal year 2017-18 and are the result of the District's diverse tax base, history of operating surpluses and strong operating performance, conservative expense management and a low debt burden.

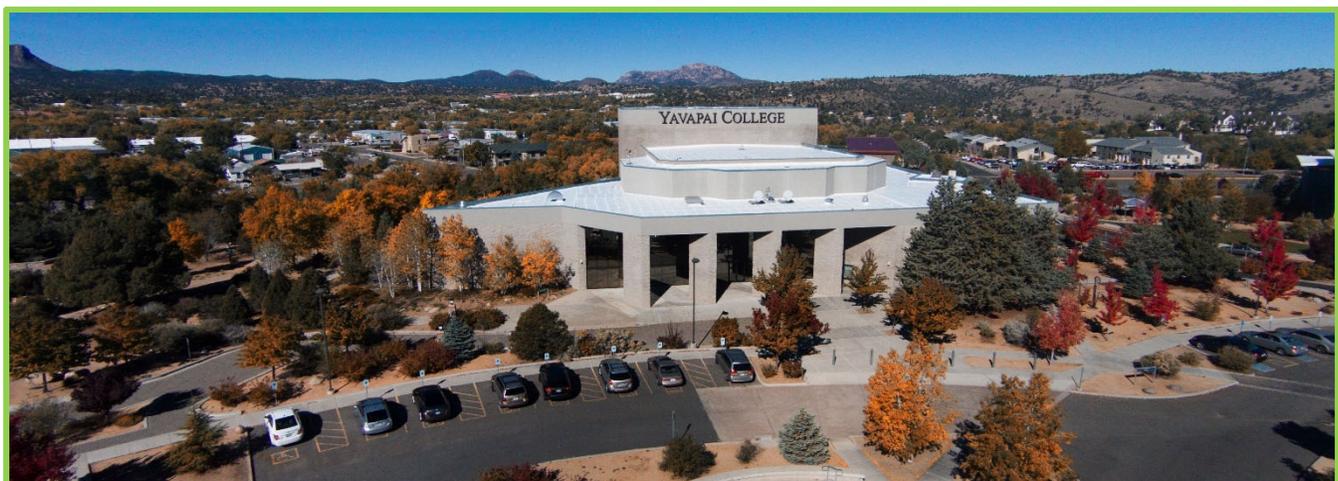
During fiscal year 2017-18, the District reduced its outstanding long-term debt by \$5,975,238. Long-term debt outstanding at June 30, 2018, is as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
GO Refunding 2011	\$ 9,640,000	7/1/19-21	3.50–4.00%	\$ 2,225,000
GO Refunding 2012	28,450,000	7/1/19-24	2.00–4.25%	13,490,000
Pledged revenue obligations				
Series 2011	14,000,000	7/1/19-25	4.00–4.88%	7,245,000
Revenue bond				
Series 2013	5,000,000	7/1/19-28	2.45%	3,535,000

Additional information on the District's outstanding debt can be found in Note 6 to the basic financial statements.

Request for Information

This discussion and analysis is designed to provide a general overview of the finances for the Yavapai County Community College District to 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 Position - Primary Government
June 30, 2018**

ASSETS:	Business Type Activities
Current assets:	
Cash and cash equivalents	\$ 21,765,646
Receivables (net of allowances for uncollectibles)	
Accounts	287,353
Property taxes	899,600
Government grants and contracts	421,467
Other	620,954
Prepaid expenses	1,083,211
Prepaid insurance	55,471
Total current assets	<u>25,133,702</u>
Noncurrent assets:	
Restricted assets:	
Property taxes receivable (net of allowances for uncollectibles)	99,283
Other receivables	3,305
Capital assets, not being depreciated	5,778,801
Capital assets, being depreciated, net	154,576,584
Total noncurrent assets	<u>160,457,973</u>
Total assets	<u>185,591,675</u>
Deferred Outflows of Resources:	
Deferred charge on debt refunding	1,011,525
Deferred outflows related to pensions	3,838,055
Total deferred outflows of resources	<u>4,849,580</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	788,109
Accrued payroll and employee benefits	1,988,542
Deposits held in custody for others	198,609
Unearned revenues	1,353,031
Dormitory and other deposits	53,665
Current portion of compensated absences payable	102,359
Current portion of long-term debt	6,170,236
Current portion of other long-term liabilities	17,483
Total current liabilities	<u>10,672,034</u>
Noncurrent liabilities:	
Compensated absences payable	1,677,708
Long-term debt	21,428,961
Net pension liability	30,763,535
Other	98,682
Total noncurrent liabilities	<u>53,968,886</u>
Total liabilities	<u>64,640,920</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	1,857,845
Total deferred inflows of resources	<u>1,857,845</u>
NET POSITION:	
Net investment in capital assets	133,877,780
Restricted:	
Nonexpendable:	
Employee loans	100,000
Expendable:	
Grants and contracts	576,658
Debt service	623,576
Unrestricted	(11,235,524)
Total net position	<u>\$ 123,942,490</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Financial Position - Component Unit
June 30, 2018**

	Yavapai College Foundation
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 560,643
Restricted cash	261,151
Promises to give, current portion	95,677
Prepaid expenses	125,383
Total current assets	1,042,854
Promises to give, net of current portion	43,640
Property and equipment, net	221,475
Investments	14,741,623
Beneficial interest in perpetual trust	439,742
Total assets	16,489,334
LIABILITIES AND NET ASSETS:	
Accounts payable	29,377
Due to Yavapai College	308,007
Scholarships payable	566,754
Deferred revenue	231,520
Total current liabilities	1,135,658
NET ASSETS	
Unrestricted:	
Undesignated	676,892
Designated	595,510
Total unrestricted	1,272,402
Temporarily restricted	4,166,967
Permanently restricted	9,914,307
Total net assets	15,353,676
Total liabilities and net assets	\$ 16,489,334

See accompanying notes to financial statements.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
For the Fiscal Year Ended June 30, 2018

	Business Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,557,631)	\$ 8,428,264
Bookstore income	195,656
Dormitory rentals (net of scholarship allowances of \$372,180)	796,861
Other	1,542,733
Total operating revenues	10,963,514
Operating expenses:	
Educational and general:	
Instruction	18,372,048
Public service	1,735,370
Academic support	4,347,184
Student services	6,905,853
Institutional support	8,941,261
Operation and maintenance of plant	6,413,053
Scholarships	6,287,936
Auxiliary enterprises	1,947,162
Depreciation	6,599,726
Total operating expenses	61,549,593
Operating income (loss)	(50,586,079)
Nonoperating revenues (expenses):	
Property taxes	48,584,970
State appropriations	1,356,400
Government grants	11,316,220
Share of state sales taxes	725,010
Private grants and gifts	1,393,012
Investment earnings	195,500
Interest expense on debt	(1,101,584)
Gain on disposal of capital assets	10,513
Total nonoperating revenues (expenses)	62,480,041
Income before other revenues, expenses, gains or losses	11,893,962
Capital grants and gifts	4,429
Increase in net position	11,898,391
Net position, beginning of year, as restated	112,044,099
Net position, end of year	\$ 123,942,490

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Activities - Component Unit
For the Fiscal Year Ended June 30, 2018**

	Yavapai College Foundation
Revenue and other support:	
Contributions and grants	\$ 1,160,138
Program service income	1,310
YCPAC events	708,108
Rental income	127,500
Investment return	1,149,854
Change in fair value of perpetual trust	9,767
Asset impairment loss	(4,650)
	3,152,027
Special events:	
Revenues from special events	41,784
Costs of direct donor benefits	(7,645)
	34,139
Gross profit on special events	34,139
Total revenue and other support	3,186,166
Operating expenses:	
Program expenses	
Grants and scholarships	601,842
YCPAC events	792,686
Osher Endowment for Osher Lifelong Learning Institute	100,155
Foundation Auxiliaries	37,300
Other programs	435,042
Total program expenses	1,967,025
Supporting expenses	
Administration	230,478
Fundraising	89,677
Depreciation of rental property	4,639
Total supporting expenses	324,794
Total operating expenses	2,291,819
Change in net assets	894,347
Net assets - beginning of year	14,459,329
Net assets - end of year	\$ 15,353,676

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows - Primary Government
For the Fiscal Year Ended June 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:	Business Type Activities
Tuition and fees	\$ 8,637,035
Bookstore receipts	192,634
Dormitory rentals	789,561
Other receipts	1,374,157
Payments to suppliers and providers of goods and services	(15,422,080)
Payments for employee wages and benefits	(37,572,715)
Scholarship payments to students	(6,287,936)
Net cash used for operating activities	(48,289,344)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	48,806,262
Grants	12,039,459
State appropriations	1,356,400
Share of state sales taxes	725,010
Private gifts	1,399,179
Federal direct lending receipts	4,353,660
Federal direct lending disbursements	(4,259,954)
Deposits held in custody for others received	669,991
Deposits held in custody for others disbursed	(756,328)
Net cash provided by noncapital financing activities	64,333,679
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	15,869
Principal paid on capital debt	(5,775,000)
Interest paid on capital debt	(1,125,309)
Purchases of capital assets	(9,684,946)
Net cash used for capital and related financing activities	(16,569,386)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	195,500
Net cash provided by investing activities	195,500
Net decrease in cash and cash equivalents	(329,551)
Cash and cash equivalents, beginning of year	22,095,197
Cash and cash equivalents, end of year	\$ 21,765,646
	(Continued)

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows - Primary Government
For the Fiscal Year Ended June 30, 2018
(Continued)**

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (50,586,079)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	6,599,726
Provision for uncollectible accounts	89,489
Changes in assets, deferred outflow of resources, liabilities and deferred inflows of resources:	
Increase in accounts receivables	(143,777)
Increase in other receivables	(188,769)
Increase in prepaid expenses	(156,760)
Increase in unearned revenues	244,067
Increase in accrued payroll and employee benefits	89,479
Increase in compensated absences	230,033
Increase in other liabilities (accrued retiree)	2,083
Decrease in deferred outflows of resources related to pensions	1,788,862
Decrease in accounts payable	(3,264,644)
Decrease in net pension liability	(893,817)
Decrease in dormitory & other deposits	(9,082)
Decrease in deferred inflows of resources related to pensions	(2,090,155)
Net cash used for operating activities	\$ (48,289,344)

Noncash investing, capital, and noncapital financing activities:

Amortization of prepaid bond insurance costs

The District amortized \$7,924 of prepaid bond insurance costs.

Amortization of premium on bonds and deferred charges

The District amortized \$187,906 of bond premiums, \$12,332 of pledged revenue obligation premiums and (\$168,588) of deferred charges.

Gifts of depreciable assets

The District recorded the receipt of gifts of depreciable assets of \$4,429.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Note 1 - Summary of Significant Accounting Policies

Yavapai County Community College District's accounting policies conform to Generally Accepted Accounting Principles (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The District is a special-purpose government that a separately elected governing body governs. 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 (the Foundation) is a legally separate, tax-exempt organization, formed in the State of Arizona in 1971. The Board of Directors for the Foundation is elected from the general membership at the annual meeting. The term of office for each board member is three years with overlapping terms. 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. Beginning in November 2006, the Foundation also began receiving revenue from and making specified payments for the District's Community Events Program which provides a variety of theatrical and musical productions for the community. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can be used only 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, the Foundation follows the Financial Accounting Standards Board standards for not-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 pages following the District's respective counterpart 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 GAAP for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2018, the Foundation gifted property and distributed funds in the amount of \$790,255 to or on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

Basis of Presentation and Accounting

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

A statement of net position provides information about the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net position consists of District monies restricted for the purpose of funding the employee tuition and computer loan programs, the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, 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 position 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 position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition, bookstore and dormitory charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

cash flows take place. Property taxes are recognized as revenue in the year for 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 the provider imposed 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.

Cash and Investments

For the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash and investments held by the County Treasurer. All investments are stated at fair value.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at acquisition value.

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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
Intangibles	5,000	Straight line	30 years
Library books	1	Straight line	10 years

Deferred Outflows and Inflows of Resources

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

position that applies to future periods and will be recognized as a revenue in future periods.

Postemployment benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Investment Earnings

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

Compensated Absences

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

Employees may accumulate up to twice their annual entitlement amount of vacation. The payroll system stops accruing vacation hours once an employee reaches their limit. Annual leave balances remaining when employees separate from service are paid and therefore are accrued as a liability in the financial statements.

Employees may accumulate sick leave hours based upon employee class. Unused sick leave will carry over from year to year. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. 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.

Scholarship Allowances

A scholarship allowance is the difference between the stated charge for goods and services the District provides and the amount that the student or third parties making payments on the student's behalf pays. Accordingly, some types of student financial aid,

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

such as Pell grants and scholarships the District awards, are considered scholarship allowances. These allowances are netted against tuition and fees and dormitory rental revenues in the statement of revenues, expenses, and changes in net position.

Note 2 – Restatement of Beginning Balances

The beginning balances of capital assets and net position have been restated to remove several older, mostly prefabricated, impaired buildings that were demolished in prior years. These buildings were inadvertently not removed from the District’s capital asset system.

	<u>Net Position</u>	<u>Capital Assets, net</u>
June 30, 2017, as previously reported	\$112,486,839	\$158,478,831
Prior period adjustment – loss on disposal	<u>(442,740)</u>	<u>(442,740)</u>
July 1, 2017, as restated	<u>\$112,044,099</u>	<u>\$158,036,091</u>

Note 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District’s maintenance or capital outlay with the County Treasurer. Although not statutorily required, the District has chosen to deposit other public monies in its custody with the County Treasurer. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal deposit insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District’s investments.

Deposits – At June 30, 2018, the carrying amount of the District’s deposits was \$5,563,156, and the District’s bank balance was \$6,082,852. The District does not have a formal policy with respect to custodial credit risk for deposits.

Investments – The District’s investments at June 30, 2018, were as follows:

External investment pool measured at fair value

County Treasurer’s investment pool	<u>\$16,196,470</u>
Total investments measured at fair value	<u>\$16,196,470</u>

The District’s investment in the County Treasurer’s pool is valued using the District’s proportionate participation in the pool because the pool’s structure does not provide for shares. No oversight is provided for the County Treasurer’s investment pool.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Credit risk – The District does not have a formal policy with respect to credit risk. At June 30, 2018, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer’s investment pool	Unrated	Not applicable	<u>\$16,196,470</u>
Total			<u>\$16,196,470</u>

Interest rate risk – The District does not have a formal policy with respect to interest rate risk. At June 30, 2018, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
County Treasurer’s investment pool	<u>\$16,196,470</u>	9.9
Total	<u>\$16,196,470</u>	

A reconciliation of cash, deposits and investments to amounts shown on the Statement of Net Position follows:

<u>Cash, Deposits, and Investments</u>	<u>Amount</u>	<u>Statement of Net Position</u>	<u>Amount</u>
Cash on hand	\$ 6,020	Cash and cash equivalents	<u>\$21,765,646</u>
Deposits	5,563,156	Total	<u>\$21,765,646</u>
Investments	<u>16,196,470</u>		
Total	<u>\$21,765,646</u>		

Note 4 – Receivables

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

<u>Account Name</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Accounts - current	\$ 1,065,691	\$ (778,338)	\$ 287,353
Government grants and contracts - current	421,467	-	421,467
Property taxes			
Current	1,108,362	(208,762)	899,600
Noncurrent	126,703	(27,420)	99,283

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

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 to 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 - Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017 (As restated)	Increases	Decreases	Reclassification	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 5,628,526	\$ -	\$ -	\$ -	\$ 5,628,526
Construction in progress	<u>14,601,322</u>	<u>5,102,405</u>	<u>-</u>	<u>(19,553,452)</u>	<u>150,275</u>
Total capital assets not being depreciated	<u>20,229,848</u>	<u>5,102,405</u>	<u>-</u>	<u>(19,553,452)</u>	<u>5,778,801</u>
Capital assets being depreciated:					
Buildings	168,515,843	1,048,524	-	19,360,967	188,925,334
Improvements other than buildings	23,687,737	1,472,675	-	181,695	25,342,107
Equipment	14,639,602	1,210,074	310,815	-	15,538,861
Intangibles	273,587	-	-	-	273,587
Library books	<u>2,937,129</u>	<u>101,488</u>	<u>217,501</u>	<u>-</u>	<u>2,821,116</u>
Total capital assets being depreciated	<u>210,053,898</u>	<u>3,832,761</u>	<u>528,316</u>	<u>19,542,662</u>	<u>232,901,005</u>
Less accumulated depreciation for:					
Buildings	44,640,538	4,132,606	-	-	48,773,144
Improvements other than buildings	13,126,115	1,328,380	-	-	14,454,495
Equipment	12,122,487	995,119	305,459	-	12,812,147
Intangibles	63,838	9,119	-	-	72,957
Library books	<u>2,294,677</u>	<u>134,502</u>	<u>217,501</u>	<u>-</u>	<u>2,211,678</u>
Total accumulated depreciation	<u>72,247,655</u>	<u>6,599,726</u>	<u>522,960</u>	<u>-</u>	<u>78,324,421</u>
Total capital assets being depreciated, net	<u>137,806,243</u>	<u>(2,766,965)</u>	<u>5,356</u>	<u>19,542,662</u>	<u>154,576,584</u>
Capital assets, net	<u>\$ 158,036,091</u>	<u>\$ 2,335,440</u>	<u>\$ 5,356</u>	<u>\$ (10,790)</u>	<u>\$ 160,355,385</u>

The District has an active construction project as of June 30, 2018. At year end, the District's commitments with contractors are as follows:

Project	Source of Payment	Costs-to-date Including Capitalized Interest	Remaining Commitment
PV building 40 2 nd floor Renovations	Capital Projects Accumulation Account	\$150,275	\$64,500

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Note 6 - Long-Term Liabilities

Long-term liability and obligation activity for the year ended June 30, 2018, was as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Long-term debt:					
General obligation bonds	\$ 20,110,000	\$ -	\$ 4,395,000	\$ 15,715,000	\$ 4,545,000
Premium on general obligation refunding	1,205,784	-	187,906	1,017,878	187,905
Pledged revenue obligations	8,315,000	-	1,070,000	7,245,000	1,110,000
Premium on pledged revenue obligations	98,651	-	12,332	86,319	12,331
Revenue bonds	<u>3,845,000</u>	<u>-</u>	<u>310,000</u>	<u>3,535,000</u>	<u>315,000</u>
Total long-term debt	<u>33,574,435</u>	<u>-</u>	<u>5,975,238</u>	<u>27,599,197</u>	<u>6,170,236</u>
Net pension liability	31,657,352	-	893,817	30,763,535	-
Compensated absences payable	1,550,034	999,234	769,201	1,780,067	102,359
Other	<u>114,082</u>	<u>22,833</u>	<u>20,750</u>	<u>116,165</u>	<u>17,483</u>
Total long-term liabilities	<u>\$ 66,895,903</u>	<u>\$ 1,022,067</u>	<u>\$ 7,659,006</u>	<u>\$ 60,258,964</u>	<u>\$ 6,290,078</u>

Bonds and Pledged Revenue Obligations – The District’s debt consists of various issues of general obligation bonds, pledged revenue obligations and revenue bonds that are generally callable with interest payable semiannually. Debt proceeds pay primarily for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. The District repays general obligation bonds from voter-approved property taxes. Pledged revenue obligations and revenue bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of outstanding general obligation bonds, pledged revenue obligations and revenue bonds were \$38,090,000, \$14,000,000, and \$5,000,000, respectively.

In June 2012, the District issued \$28,450,000 of general obligation refunding bonds with an average interest rate of 2.06 percent to advance refund general obligation bonds. The refunded general obligation bonds were paid in full as of July 1, 2014. The general obligation refunding bonds of 2012 are subject to early redemption prior to their stated maturity dates.

In February 2011, the District issued \$9,640,000 of general obligation refunding bonds to advance refund \$9,640,000 of general obligation bonds, Series 2001(A). The District defeased the Series 2001(A) bonds which were paid in full on July 1, 2011. The general obligation refunding bonds of 2011 are not subject to early redemption prior to their stated maturity dates.

The general obligation bond issues are subject to the federal tax code arbitrage requirements. Excess earnings resulting from arbitrage will be rebated to the federal government. The District does not have a current arbitrage liability. The District’s general

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

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 \$463,292,759 as of June 30, 2018. Of this amount, the District has \$15,715,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$447,577,759.

In April 2011, the District issued \$14,000,000 of pledged revenue obligations of which \$4,564,513 was used to prepay a capital lease with SunTrust Bank. The remaining \$9,435,487 was used to construct the Prescott Chiller Water Plant and Clarkdale Central Plant. Obligations maturing on or before July 1, 2021, are not subject to early redemption. Obligations maturing on or after July 1, 2022, are subject to early redemption.

On June 13, 2013, the District issued \$5,000,000 of revenue bonds with a fixed interest rate of 2.45 percent to construct, renovate, furnish and equip the residence halls on the Prescott Campus and to make related site improvements. Obligations maturing on or before July 1, 2023, are not subject to early redemption. Obligations maturing on or after July 1, 2024, are subject to early redemption.

The District has pledged future tuition, fees, dormitory rentals, bookstore income and other charges to students, faculty and others to repay the April 2011 pledged revenue obligations and the June 2013 revenue bonds. The pledged revenue obligations and revenue bonds are payable solely from these revenue sources and are payable through 2025 and 2028, respectively. Annual principal and interest payments on the pledged revenue obligations and bonds are expected to require less than 16.7% of tuition, fees, dormitory rentals, bookstore, and other income. In the current year, total revenues of \$11,072,125 were pledged to cover the principal and interest paid of \$1,844,509.

Bonds and pledged revenue obligations outstanding at June 30, 2018, were as follows:

<u>Description</u>	<u>Original Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
GO Refunding 2011	\$ 9,640,000	7/1/19-7/1/21	3.50-4.00%	\$ 2,225,000
GO Refunding 2012	28,450,000	7/1/19-7/1/24	2.00-4.25%	13,490,000
Pledged revenue obligations				
Series 2011	14,000,000	7/1/19-7/1/25	4.00-4.88%	7,245,000
Revenue bond				
Series 2013	5,000,000	7/1/19-7/1/28	2.45%	3,535,000

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

The following schedule details debt service requirements to maturity for the District's bonds payable and pledged revenue obligations at June 30, 2018:

Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Pledged Revenue Obligations</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 4,545,000	\$ 500,600	\$ 1,110,000	\$ 327,506	\$ 315,000	\$ 86,608
2020	4,480,000	396,650	1,160,000	283,106	325,000	78,890
2021	2,200,000	255,800	1,200,000	235,256	330,000	70,928
2022	1,640,000	184,850	1,255,000	184,032	340,000	62,842
2023	1,500,000	119,250	800,000	122,850	350,000	54,512
2024 – 28	<u>1,350,000</u>	<u>57,375</u>	<u>1,720,000</u>	<u>126,750</u>	<u>1,875,000</u>	<u>140,262</u>
Total	<u>\$15,715,000</u>	<u>\$1,514,525</u>	<u>\$ 7,245,000</u>	<u>\$1,279,500</u>	<u>\$3,535,000</u>	<u>\$ 494,042</u>

Note 7 - 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, employees' health, 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 (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 the District and employees for dependent coverage. The District's contributions are reported as expenses in the financial statements. The Trust provides coverage for claims up to \$250,000 for each insured's health claims. The Trust purchases commercial insurance coverage for claims in excess of these limits. The commercial insurance is sufficient to cover the maximum plan limits so the District is not liable for claims in excess of coverage limits and the District cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Note 8 - Pensions

District employees participate in the Arizona State Retirement System (ASRS) or one of three defined contribution plans which are described below. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Defined Benefit Plan

Plan description - The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS is a component unit of the State of Arizona.

Benefits provided - The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement	
	<u>Initial membership date:</u>	
	<u>Before July 1, 2011</u>	<u>On or after July 1, 2011</u>
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, statute required active ASRS members to contribute at the actuarially determined rate of 11.34 percent of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 10.9 percent of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.26 percent of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2018, was \$2,132,540.

Pension liability - At June 30, 2018, the District reported a liability of \$30,763,535 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017, was .1975 percent which was an increase of .0014 from its proportions measured as of June 30, 2016.

The net pension liability measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District's net pension liability as a result of these changes is not known.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2018, the District recognized pension expense for ASRS of \$1,009,898. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ -	\$ 922,461
Changes of assumptions or other inputs	1,336,131	919,885
Net difference between projected and actual earnings on plan investments	220,861	-
Changes in proportion and differences between district contributions and proportionate share of contributions	148,523	15,499
District contributions subsequent to the measurement date	<u>2,132,540</u>	<u>-</u>
Total	<u>\$3,838,055</u>	<u>\$1,857,845</u>

The \$2,132,540 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in expense as follows:

Year ending	
<u>June 30</u>	
2019	\$(1,181,171)
2020	1,346,030
2021	390,464
2022	(707,653)

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS plan investments was determined to be 8.7 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	<u>100%</u>	

Discount rate - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
District's proportionate share of Net pension liability	\$39,485,531	\$30,763,535	\$23,475,560

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Plan fiduciary net position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable - The District's accrued payroll and employee benefits included \$174,665 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2018.

Defined Contribution Plans

Plan description - In accordance with A.R.S. §15-1451, defining the authority under which benefit terms are established or may be amended, 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 VOYA Financial. 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 companies.

Funding policy - The Arizona State Legislature allows the District to establish contribution rates each year that are at least as much as the ASRS contribution amounts. For the year ended June 30, 2018, the District and employees contributed at the rate of 11.34 percent of the member's annual covered payroll. Amounts collected from both employees and the District are remitted to the three plans on a bi-weekly basis.

Pension expense - For the year ended June 30, 2018, the District recognized pension expense for defined contribution plans of \$530,448. For the year ended June 30, 2018, forfeitures reduced the District's pension expense by \$57,291.

Pension contributions payable - The District's accrued payroll and employee benefits included \$45,993 of outstanding pension contribution amounts payable to TIAA/CREF, VALIC, and Voya Financial for the year ended June 30, 2018.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Note 9 - Operating Expenses

The District's operating expenses are presented by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position – Primary Government. The operating expenses by natural classification consist of the following:

Salaries and benefits	\$ 36,697,117
Contract services	3,000,135
Supplies and other services	2,572,631
Communications and utilities	2,179,696
Scholarships	6,287,936
Depreciation	6,599,726
Other	<u>4,212,352</u>
Total	<u>\$61,549,593</u>

A.R.S. §35-391, requires the disclosure of the amount of any reward, discount, incentive or other financial consideration received resulting from the use of credit card payments by governmental entities. During the current fiscal year, the District received \$41,152 in rebates from the use of credit cards.

Note 10 – Contingencies

A former employee has filed a lawsuit against the District seeking reimbursement, on behalf of the federal government, of tuition payments the District received from the Veteran's Administration. There is a reasonable possibility that a loss may be incurred but an estimate cannot be made at this time. The District contests the liability and is vigorously defending the lawsuit.

Note 11 – Subsequent Event

On October 30, 2018, the District used \$4,410,000 of proceeds from the sale of its Prescott Valley Civic Circle building to fund an irrevocable trust to defease a portion of its outstanding 2012 GO Refunding Bonds. Cash was invested in U.S. Government Securities that will be used to pay future debt service payments on the defeased issues. The District in effect reduced its aggregate debt service payments by \$4,861,000 over the next six years and obtained an economic gain of approximately \$455,000.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Note 12 - Discretely Presented Component Unit Disclosure

Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Yavapai College Foundation (the "Foundation") was formed in 1971 as an Arizona not-for-profit Corporation. The Foundation's mission and purpose is to support the programs and activities of Yavapai College (the "College"). The Foundation supports student scholarships, faculty development and programs that enrich both campus and community life.

The major activities of the Foundation include providing scholarships to College students, capital additions to the College, administrative and financial services to the Yavapai College Performing Arts Center ("YCPAC") program for the College and financial resources for many academic and career and technical programs offered at the College. Resources to fund these activities are provided mainly from investment income, contributions, grants and rents.

The bylaws of the Foundation allow for the creation of auxiliaries when a group of people demonstrate a need and desire to support the Foundation's mission in a particular area of interest. There are three auxiliaries as follows:

- FRIENDS of Performing Arts – The purpose of this group is to support Yavapai College performing arts programs and students, including student scholarships.
- FRIENDS of the Family Enrichment Center – The purpose of this group is to support and raise funds for the Family Enrichment Center (FEC). The FEC offers quality learning experiences to a diverse group of children while providing invaluable hands-on teacher training to the College's early and elementary education students.
- FRIENDS of the Southwest Wine Center – The purpose of this group is to support the viticulture and enology program.

In addition, program expenses include activities relating to the following fund:

- Performing Arts Center – The Performing Arts Charitable Endowment (PACE), through its annual disbursements, makes it possible to continue to offer spectacular seasons of music, dance and theater in the Yavapai College Performing Arts Center.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Basis of Accounting and Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are composed of assets that have been restricted by the donors and contain either time or purpose restrictions plus unspent accumulated investment income on the permanently restricted endowments.

Fair Value Measurements

A framework for measuring fair value has been established by Accounting Standards and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under Accounting Standards are as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Foundation's own assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair value as determined by quoted prices in active markets or other valuation inputs. Investment income or loss (including realized and unrealized gains and losses) is included in the change in unrestricted net assets in the accompanying statement of activities, unless the income or loss is restricted by donor or law.

The Foundation invests most of the endowments in an investment pool which is managed by an investment advisor to the Foundation. Investment return and investment fees within the investment pool are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the pool as adjusted for additions to or distributions from those funds.

Endowment Funds

The Foundation's endowment funds consist of 153 funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors as endowments. Net assets associated with these endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Foundation to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continue in perpetuity.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for the expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

In accordance with MCFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Foundation's other resources, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The Foundation's primary objective is to obtain the best possible return on investments with the appropriate degree of risk and to meet the priorities of the Foundation and Yavapai College over time. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce results that exceed the price and yield results of a custom index made up of approximately 70% equities and 30% fixed income. Actual returns may vary from year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Foundation appropriates for distribution each year up to 4% of its endowment funds' average fair value of the prior 28 quarters through December 31 for any funds that are above the historic dollar value. The Foundation may elect, on a case by case basis, to approve an allocation expenditure in excess of 4% but not exceeding 7% for selected funds. In establishing this practice, the Foundation considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending practice to allow its endowment funds to grow over time as described above.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Investments

The following is a summary of the value of investments at June 30, 2018:

Cash	\$ 75
Fixed income	4,137,079
Equity funds	6,500,849
International equity funds	<u>4,103,620</u>
	<u>\$14,741,623</u>

The following schedule summarizes the investment return for the year ended June 30, 2018:

Interest and dividend income	\$ 336,820
Net realized gains	38,424
Net unrealized gains	784,578
Income distribution from perpetual trust	17,025
Investment fees	<u>(26,993)</u>
	<u>\$1,149,854</u>

The substantial changes in realized and unrealized gains and losses are more a reflection of market timing issues than a significant change in investment policies.

Fair Value of Financial Instruments

Investments with readily determinable fair values are measured at fair value in the statements of financial position as determined by quoted market prices in active markets (Level 1) or measured based on prices for identical assets in non-active markets (Level 3).

Other assets which include artwork have been valued using a market approach.

The following is a summary of these fair values at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Measured at fair value on a recurring basis:				
Cash	\$ 75	\$ -	\$ -	\$ 75
Fixed income	4,137,079	-	-	4,137,079
Equity funds	6,500,849	-	-	6,500,849
International equity funds	<u>4,103,620</u>	<u>-</u>	<u>-</u>	<u>4,103,620</u>
Total investments	14,741,623	-	-	14,741,623
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>439,742</u>	<u>439,742</u>
	<u>\$14,741,623</u>	<u>\$ -</u>	<u>\$ 439,742</u>	<u>\$15,181,365</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2018**

Endowment Funds

Endowment funds include funds restricted in perpetuity by the donors, funds restricted for a specified period (term endowments) and a board designated fund.

Endowment net asset composition by type of fund as of June 30, 2018, is as follow:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total Endowment <u>Funds</u>
Permanently restricted funds	\$ (2,243)	\$1,847,310	\$ 9,474,565	\$ 11,319,632
Term funds	-	1,059,264	-	1,059,264
Board designated fund	<u>185,934</u>	<u>-</u>	<u>-</u>	<u>185,934</u>
	<u>\$183,691</u>	<u>\$2,906,574</u>	<u>\$ 9,474,565</u>	<u>\$ 12,564,830</u>

Changes in endowment funds are as follows:

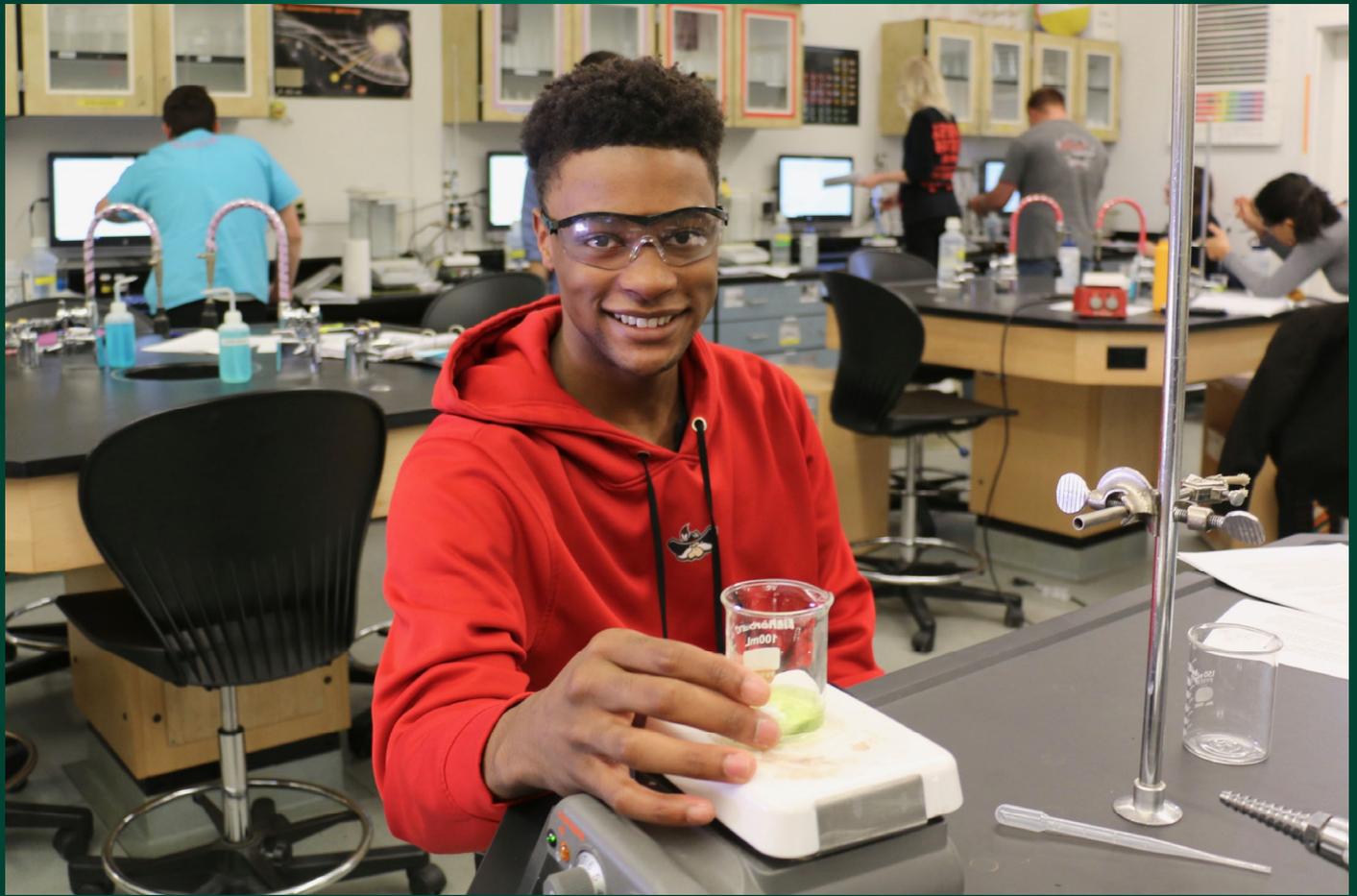
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total Endowment <u>Funds</u>
Balance, June 30, 2017	\$ 174,669	\$2,435,474	\$ 8,904,963	\$ 11,515,106
Contributions	-	15,888	569,602	585,490
Board designations	2,594	-	-	2,594
Interest and dividend income	3,721	286,734	-	290,455
Realized gains	424	32,844	-	33,268
Unrealized gains	6,984	663,626	-	670,610
Amounts appropriated for expenditure	<u>(4,701)</u>	<u>(527,992)</u>	<u>-</u>	<u>(532,693)</u>
Balance, June 30, 2018	<u>\$ 183,691</u>	<u>\$2,906,574</u>	<u>\$ 9,474,565</u>	<u>\$ 12,564,830</u>

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Page Intentionally Left Blank

Required Supplementary Information Section



YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 PROPORTIONATE SHARE OF NET PENSION LIABILITY
 June 30, 2018

	Reporting Fiscal Year (Measurement Date)				
	2017/18 (2016/17)	2016/17 (2015/16)	2015/16 (2014/15)	2014/15 (2013/14)	2013/14 through 2008/09
District's proportion of the net pension liability	0.1975%	0.1961%	0.1963%	0.1968%	Information not available
District's proportionate share of the net pension liability	\$ 30,763,535	\$ 31,657,352	\$ 30,574,152	\$ 29,124,740	
District's covered payroll	18,617,192	18,437,842	18,155,456	17,826,189	
District's proportion share of the net pension liability as a percentage of its covered payroll	165.24%	171.70%	168.40%	163.38%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS
 Last Eight Fiscal Years

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10 through 2008/09
Statutorily required contributions	\$ 2,132,540	\$ 2,003,934	\$ 2,007,043	\$ 1,976,968	\$ 1,905,579	\$ 1,816,850	\$ 1,824,631	\$ 1,580,602	Information not available
Contributions in relation to the statutorily required contribution	(2,132,540)	(2,003,934)	(2,007,043)	(1,976,968)	(1,905,579)	(1,816,850)	(1,824,631)	(1,580,602)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 19,631,503	\$ 18,617,192	\$ 18,437,842	\$ 18,155,456	\$ 17,826,189	\$ 17,799,555	\$ 17,988,825	\$ 16,883,148	
Contributions as a percentage of covered payroll	10.86%	10.76%	10.89%	10.89%	10.69%	10.21%	10.14%	9.36%	

Statistical Section



STATISTICAL SECTION

This part of the Yavapai County Community College District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	57
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	60
These schedules contain trend information to help the reader assess the District's most significant revenue sources, property tax, and tuition.	
Debt Capacity	66
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	72
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	77
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2017/18	2016/17 (1)	2015/16	2014/15	2013/14 (2)	2012/13	2011/12	2010/11	2009/10	2008/09
Net investment in capital assets	\$ 133,877,780	\$ 121,457,300	\$ 107,845,781	\$ 97,808,266	\$ 86,471,782	\$ 78,147,428	\$ 67,896,379	\$ 52,993,496	\$ 47,354,377	\$ 44,715,778
Restricted - expendable	1,200,234	1,076,477	1,203,553	1,369,160	1,310,624	1,254,116	1,277,411	1,766,629	1,463,530	1,332,000
Restricted - nonexpendable	100,000	200,000	200,462	495,124	516,894	536,143	555,540	581,183	608,637	617,676
Unrestricted	(11,235,524)	(10,689,678)	(8,891,326)	(10,746,840)	(11,174,451)	18,010,422	15,980,102	21,245,920	15,862,969	11,571,245
Total net position	\$ 123,942,490	\$ 112,044,099	\$ 100,358,470	\$ 88,925,710	\$ 77,124,849	\$ 97,948,109	\$ 85,709,432	\$ 76,587,228	\$ 65,289,513	\$ 58,236,699

Source: Audited financial statements for the past ten fiscal years.

Note 1: The balance of net investment in capital assets has been restated and reduced by \$442,740 to remove several older, mostly prefabricated, impaired buildings that were demolished in prior years.

Note 2: Balances prior to FY 2013/14 have not been adjusted for the implementation of GASB Statements No. 65, *Items Previously Reported as Assets and Liabilities* and No. 68, *Accounting and Financial Reporting for Pensions*.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10 (1)	2008/09
Operating expenses:										
Educational and general:										
Instruction	\$ 18,372,048	\$ 18,094,814	\$ 17,901,745	\$ 18,066,535	\$ 17,783,284	\$ 17,655,723	\$ 17,698,239	\$ 18,775,348	\$ 18,706,094	\$ 17,525,630
Public service	1,735,370	1,772,188	1,591,489	1,474,787	1,499,841	1,319,994	468,221	417,983	422,084	445,716
Academic support	4,347,184	4,489,410	4,904,174	4,268,016	4,211,551	4,114,700	5,506,885	5,163,892	5,305,978	3,877,549
Student services	6,905,853	6,351,387	6,322,124	6,116,857	5,886,627	5,139,128	4,717,637	4,799,851	4,488,132	4,423,646
Institutional support	8,941,261	8,957,750	8,648,787	8,670,047	8,759,934	8,161,909	8,322,159	8,048,375	8,040,029	10,472,894
Operation and maintenance of plant	6,413,053	6,025,815	6,267,373	6,527,970	6,177,478	5,847,012	5,658,989	5,085,259	4,929,835	5,241,506
Scholarships	6,287,936	6,320,185	6,712,073	7,611,455	8,180,284	7,792,260	6,972,898	8,246,942	6,880,339	3,244,248
Auxiliary enterprises	1,947,162	1,923,756	1,880,689	1,752,743	1,472,356	2,795,291	2,958,145	3,272,931	3,156,306	3,149,945
Depreciation	6,599,726	6,401,955	6,118,198	5,731,591	5,780,151	5,113,014	4,964,260	4,747,968	4,667,983	4,251,835
Other	-	-	-	-	-	68,974	42,246	-	-	-
Total operating expenses	61,549,593	60,337,260	60,346,652	60,220,001	59,751,506	58,008,005	57,309,679	58,558,549	56,596,780	52,632,969
Operating revenues:										
Tuition and fees pledged as security for revenue bonds	8,428,264	8,278,893	8,308,480	8,930,193	8,799,116	8,610,225	7,749,248	7,453,699	6,853,199	5,395,124
Bookstore income	195,656	180,954	196,417	209,632	211,418	216,100	212,952	99,668	105,060	127,093
Food service sales pledged as security for revenue bonds	-	-	-	-	-	-	-	40,077	33,454	189,630
Dormitory rentals pledged as security for revenue bonds	796,861	828,212	773,805	779,073	619,166	609,362	661,380	706,427	615,223	311,967
Other	1,542,733	1,243,645	1,143,191	1,242,302	1,069,747	1,545,639	991,467	990,130	865,619	802,981
Total operating revenues	10,963,514	10,531,704	10,421,893	11,161,200	10,699,447	10,981,326	9,615,047	9,290,001	8,472,555	6,826,795
Operating loss	(50,586,079)	(49,805,556)	(49,924,759)	(49,058,801)	(49,052,059)	(47,026,679)	(47,694,632)	(49,268,548)	(48,124,225)	(45,806,174)
Nonoperating revenues (expenses):										
Property taxes	48,584,970	48,540,679	47,420,835	45,967,654	45,571,425	45,270,751	43,701,144	43,357,697	41,853,443	40,242,345
Government grants	11,316,220	10,937,647	11,573,903	12,610,675	13,241,015	13,332,275	11,892,501	12,132,545	9,945,752	7,764,046
State appropriations	1,356,400	1,574,600	1,696,000	1,689,900	893,900	957,600	899,200	4,196,000	4,196,000	4,523,974
Share of state sales taxes	725,010	696,928	682,641	666,264	597,221	533,514	524,433	504,545	525,705	575,637
Private grants and gifts	1,393,012	1,199,853	1,254,889	1,056,495	761,844	841,367	710,239	866,820	691,196	368,773
Investment earnings	195,500	110,841	100,452	93,256	91,630	61,214	100,030	96,181	85,984	327,532
Interest expense on debt	(1,101,584)	(1,249,134)	(1,389,862)	(1,544,711)	(1,695,668)	(1,737,933)	(1,533,223)	(2,388,920)	(2,442,999)	(2,554,248)
Settlement of litigation	-	-	-	-	-	-	-	1,800,000	-	-
Gain (loss) on disposal of capital assets	10,513	12,350	(11,504)	10,766	8,389	2,432	17,477	1,395	3,590	1,035,796
Total nonoperating revenues	62,480,041	61,823,764	61,327,354	60,550,299	59,469,756	59,261,220	56,311,801	60,566,263	54,858,671	52,283,855
Income before other revenues, expenses, gains or losses	11,893,962	12,018,208	11,402,595	11,491,498	10,417,697	12,234,541	8,617,169	11,297,715	6,734,446	6,477,681
Capital appropriations	-	-	-	-	248,600	-	-	-	-	-
Capital grants and gifts	4,429	110,161	30,165	309,363	475,770	4,136	505,035	-	318,368	65,182
Increase in net position	\$ 11,898,391	\$ 12,128,369	\$ 11,432,760	\$ 11,800,861	\$ 11,142,067	\$ 12,238,677	\$ 9,122,204	\$ 11,297,715	\$ 7,052,814	\$ 6,542,863

Source: Audited financial statements for the past ten fiscal years.

Note 1: The increases in instruction and academic support expenses and decrease in institutional support expenses from FY2008/09 to FY2009/10 were due to functional category changes made when the District set up the new chart of accounts in the new finance system.

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
2008/09	\$ 37,614,068	\$ 37,614,067	\$ 1
2009/10	40,285,827	40,285,826	1
2010/11	40,776,721	40,776,720	1
2011/12	47,208,739	47,208,738	1
2012/13	43,278,034	43,278,033	1
2013/14	43,747,725	43,747,724	1
2014/15	42,036,867	42,036,866	1
2015/16	42,312,883	41,937,884	374,999
2016/17	41,393,014	39,317,198	2,075,816
2017/18	45,586,098	44,870,438	715,660

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.

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

Fiscal Year	Original Tax Levy	Adjustments	Adjusted Levy	Collections Initial Tax Year	Percentage of Original Tax Levy	Collections in Subsequent Years	Total Collections To Date	Percent of Total Tax Collections to Adjusted Levy
2008/09	\$ 40,572,257	\$ (115,547)	\$ 40,456,709	\$ 38,855,855	95.77%	\$ 1,584,000	\$ 40,439,855	99.96%
2009/10	42,031,687	(120,399)	41,911,289	40,105,227	95.42%	1,784,324	41,889,551	99.95%
2010/11	43,495,629	(203,577)	43,292,052	41,545,863	95.52%	1,722,288	43,268,151	99.94%
2011/12	43,804,957	(202,440)	43,602,517	41,965,795	95.80%	1,607,537	43,573,332	99.93%
2012/13	45,420,203	(305,958)	45,114,245	43,997,586	96.87%	1,086,902	45,084,488	99.93%
2013/14	45,703,933	(267,790)	45,436,143	44,576,740	97.53%	809,030	45,385,770	99.89%
2014/15	46,090,787	(225,783)	45,865,004	44,829,589	97.26%	1,007,642	45,837,231	99.94%
2015/16	47,551,324	(78,540)	47,472,784	46,611,360	98.02%	826,600	47,437,960	99.93%
2016/17	48,568,511	(82,300)	48,486,211	47,542,093	97.89%	892,788	48,434,881	99.89%
2017/18	48,727,642	(76,744)	48,650,898	47,816,314	98.13%	-	47,816,314	98.28%

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

Note 1: Includes both primary and secondary taxes.

Note 2: Amounts collected are on a cash basis.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year	Primary Assessed Value (1)				Total Direct Tax Rate (2)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential and Vacant Property	Commercial Property	Unattached Personal Property	Total Taxable Assessed Value			
2008/09	\$ 2,094,798,703	\$ 803,911,861	\$ 55,888,168	\$ 2,954,598,732	1.3394	\$ 23,973,791,761	12.32%
2009/10	2,373,124,327	841,667,070	59,286,950	3,274,078,347	1.2617	26,993,826,530	12.13%
2010/11	2,357,527,484	767,441,706	62,608,487	3,187,577,677	1.3609	26,602,931,420	11.98%
2011/12	2,007,011,632	623,434,540	81,731,709	2,712,177,881	1.6175	22,580,984,308	12.01%
2012/13	1,748,825,220	573,976,929	82,671,574	2,405,473,723	1.8875	20,142,814,909	11.94%
2013/14	1,819,990,776	325,100,587	87,538,236	2,232,629,599	2.0468	19,088,929,991	11.70%
2014/15	1,840,982,742	295,068,513	81,221,556	2,217,272,811	2.0837	19,418,863,184	11.42%
2015/16	1,929,113,529	263,001,270	87,068,649	2,279,183,448	2.0901	20,061,477,030	11.36%
2016/17	2,012,130,501	251,908,085	80,371,356	2,344,409,942	2.0561	21,142,413,672	11.09%
2017/18	2,131,382,392	238,029,643	93,738,001	2,463,150,036	1.9828	22,327,112,822	11.03%

Source: Yavapai County Assessor's Office.

Note 1: Property in the County is reassessed each year. Tax rates are per \$100 of assessed value.

Note 2: Includes both primary and secondary tax rates. See Property Tax Rates, Direct and Overlapping Governments schedule on page 62.

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			Overlapping Rates (2)						
	Primary Levy	Secondary Levy	Total	Yavapai County	Cities and Towns From To		Fire and Special Districts From To		School Districts From To	
2008/09	1.1989	0.1405	1.3394	1.7148	0.4235	0.7600	0.0711	3.4200	1.2310	8.4913
2009/10	1.1250	0.1367	1.2617	1.9627	0.3697	0.9120	0.0401	7.3600	1.1824	8.1837
2010/11	1.2046	0.1563	1.3609	2.1083	0.0109	1.4401	0.0492	9.6600	0.2436	7.7525
2011/12	1.4274	0.1901	1.6175	2.3431	0.0142	1.4400	0.0642	11.4000	1.2605	7.9313
2012/13	1.6725	0.2150	1.8875	2.6766	0.4083	1.4400	0.0437	13.6892	1.2727	7.2224
2013/14	1.8241	0.2227	2.0468	2.9084	0.3351	1.6000	0.0622	16.2403	1.1401	7.8940
2014/15	1.8606	0.2231	2.0837	2.9305	0.3149	1.5739	0.0627	16.5100	2.4776	7.7759
2015/16	1.8721	0.2180	2.0901	2.9098	0.3047	1.7165	0.0642	17.1800	2.3885	7.7757
2016/17	1.8439	0.2122	2.0561	2.8920	0.3025	1.7316	0.0616	19.9088	2.0177	7.7737
2017/18	1.7827	0.2001	1.9828	2.8431	0.2821	1.6612	0.0583	8.3655	2.0537	8.5411

Source: Yavapai County Assessor's Office.

Note 1: Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all District property owners (e.g., the rates for fire districts apply only to the proportion of the District's owners whose property is located within the geographic boundaries of the fire district).

Note 2: Rates include primary and secondary.

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

Fiscal Year	Primary			Secondary		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
2008/09	\$ 2,954,598,732	1.1989	\$ 35,422,684	\$ 3,746,625,208	.1405	\$ 5,264,008
2009/10	3,274,078,347	1.1250	36,833,381	3,824,935,514	.1367	5,228,687
2010/11	3,187,577,677	1.2046	38,397,561	3,350,111,921	.1563	5,236,225
2011/12	2,712,177,881	1.4274	38,713,627	2,753,690,772	.1901	5,234,766
2012/13	2,405,473,723	1.6725	40,231,548	2,414,825,073	.2150	5,191,874
2013/14	2,232,629,599	1.8241	40,725,397	2,279,676,521	.2227	5,076,840
2014/15	2,217,272,811	1.8606	41,254,578	2,267,389,484	.2231	5,058,546
2015/16	2,279,183,448	1.8721	42,668,593	2,279,183,448	.2180	4,968,620
2016/17	2,344,409,942	1.8439	43,228,575	2,344,409,942	.2122	4,974,838
2017/18	2,463,150,036	1.7827	43,910,576	2,463,150,036	.2001	4,928,763

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Taxpayer	2017 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2017/18 Primary Assessed Valuation	2008 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2008/09 Primary Assessed Valuation
Arizona Public Service	\$ 90,956,756	1	3.69%	\$ 75,291,721	2	2.55%
Phelps Dodge Bagdad Inc./Bagdad Mine	62,900,088	2	2.55%	179,506,958	1	6.08%
Transwestern Pipeline Company	23,480,784	3	0.95%			
Drake Cement	19,894,011	4	0.81%			
Phoenix Cement Co./ Salt River Materials	18,487,966	5	0.75%			
Unisource Energy Corporation	17,651,896	6	0.72%	13,669,841	5	0.46%
Burlington Northern Santa Fe Railway Company	13,787,173	7	0.56%	9,136,504	9	0.31%
Sturm Ruger & Co. Inc.	8,608,611	8	0.35%			
Kinder Morgan	8,088,710	9	0.33%			
Qwest Corporation	7,137,569	10	0.29%	16,895,362	4	0.57%
Salt River Pima-Maricopa Indian Community	-	-	-	30,017,712	3	1.02%
TWC II-Prescott Mall LLC	-	-	-	10,118,002	6	0.34%
El Paso Natural Gas Company	-	-	-	9,995,330	7	0.34%
New Enchantment LP	-	-	-	9,780,077	8	0.33%
Wal-Mart Stores Inc.	-	-	-	8,756,686	10	0.30%
Total Top Ten	<u>\$ 270,993,564</u>		<u>11.00%</u>	<u>\$ 363,168,193</u>		<u>12.30%</u>

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
TUIITION SCHEDULE
Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
2008/09	\$ 1,560	\$ 52
2009/10	1,740	58
2010/11	1,860	62
2011/12	2,010	67
2012/13	2,100	70
2013/14	2,100	70
2014/15	2,160	72
2015/16	2,250	75
2016/17	2,370	79
2017/18	2,490	83

Source: District records.

Note 1: Tuition based on one year of full-time equivalent credit for in-state students at District's base tuition rate. Beginning fiscal year 2012-13, the District implemented a differentiated tuition model. For FY 2017-18, tier 1 classes were \$95 per credit hour and tier 2 classes were \$105 per credit hour.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Revenue Bonds (1)	Pledged Revenue Obligations (1)	Capital Lease Obligations	Total Outstanding Debt	Percentage of Personal Income (2)	Per Capita (2)
2008/09	\$ 50,470,000	\$ 795,000	-	\$ 9,140,549	\$ 60,405,549	0.91%	\$ 286
2009/10	47,310,000	615,000	-	7,912,310	55,837,310	0.93%	264
2010/11	46,329,967	420,000	\$ 14,082,639	1,787,090	62,619,696	1.04%	297
2011/12	42,615,307	-	13,225,308	260,918	56,101,533	0.90%	265
2012/13	38,567,403	5,000,000	12,332,977	118,471	56,018,851	0.90%	263
2013/14	34,439,498	4,725,000	11,405,646	40,505	50,610,649	0.75%	235
2014/15	30,181,593	4,440,000	10,448,313	-	45,069,906	0.64%	206
2015/16	25,798,688	4,145,000	9,450,982	-	39,394,670	0.47%	177
2016/17	21,315,784	3,845,000	8,413,651	-	33,574,435	0.40%	149
2017/18	16,732,878	3,535,000	7,331,319	-	27,599,197	0.33%	121

Source: District Records, Bureau of Economic Analysis and Arizona Department of Economic Security.

Note 1: Presented net of original issuance discounts and premiums.

Note 2: See the Population and Personal Income Schedule for Yavapai County on page 75 for data.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
LEGAL DEBT MARGIN
Last Ten Fiscal Years**

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Secondary Assessed Value	\$3,088,618,394	\$ 2,881,978,619	\$ 2,727,473,819	\$ 2,553,473,159	\$ 2,279,676,521	\$ 2,414,825,073	\$ 2,753,690,772	\$ 3,350,111,921	\$ 3,824,935,514	\$ 3,746,625,208
Legal Debt Margin										
Debt limit - 15% of secondary assessed value	463,292,759	432,296,793	409,121,073	383,020,974	341,951,478	362,223,761	413,053,616	502,516,788	573,740,327	561,993,781
Amount of debt applicable to debt limit:										
General obligation bonded debt	(15,715,000)	(20,110,000)	(24,405,000)	(28,600,000)	(32,670,000)	(36,610,000)	(40,470,000)	(43,935,000)	(47,310,000)	(50,470,000)
Legal debt margin	\$ 447,577,759	\$ 412,186,793	\$ 384,716,073	\$ 354,420,974	\$ 309,281,478	\$ 325,613,761	\$ 372,583,616	\$ 458,581,788	\$ 526,430,327	\$ 511,523,781
Total general obligation bonded debt as a percentage of legal debt limit	3.39%	4.65%	5.97%	7.47%	9.55%	10.11%	9.80%	8.74%	8.25%	8.98%

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

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 (Yavapai County) (1)	Secondary Assessed Value of Real Estate	General Obligation Bonds (2)	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
2008/09	211,211	\$ 3,746,625,208	\$ 50,470,000	\$ 929,506	\$ 49,540,494	1.32%	\$ 234.55
2009/10	211,172	3,824,935,514	47,310,000	948,903	46,361,097	1.21%	219.54
2010/11	211,139	3,350,111,921	46,329,967	1,171,570	45,158,397	1.35%	213.88
2011/12	211,138	2,753,690,772	42,615,307	945,695	41,669,612	1.51%	197.36
2012/13	212,350	2,414,825,073	38,567,403	947,064	37,620,339	1.56%	177.16
2013/14	215,027	2,279,676,521	34,439,498	964,317	33,475,181	1.47%	155.68
2014/15	218,405	2,267,389,484	30,181,593	892,170	29,289,423	1.29%	134.11
2015/16	221,584	2,279,183,448	25,798,688	783,958	25,014,730	1.10%	112.89
2016/17	225,562	2,344,409,942	21,315,784	747,020	20,568,764	0.88%	91.19
2017/18	228,168	2,463,150,036	16,732,878	623,576	16,109,302	0.65%	70.60

Source: District Records, Yavapai County Assessor's Office, and Arizona Department of Economic Security.

Note 1: See the Population and Personal Income Schedule for Yavapai County on page 75 for data.

Note 2: Presented net of original issuance discounts and premiums.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 RATIO OF ANNUAL DEBT SERVICE EXPENSES FOR GENERAL BONDED DEBT
 TO OPERATING EXPENSES

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Percentage of Debt Service to Operating Expenses
2008/09	\$ 3,040,000	\$ 2,187,883	\$ 5,227,883	\$ 52,632,969	9.93%
2009/10	3,160,000	2,067,833	5,227,833	56,596,780	9.24%
2010/11	3,375,000	1,859,646	5,234,646	58,558,549	8.94%
2011/12	3,465,000	1,183,518	4,648,518	57,309,679	8.11%
2012/13	3,860,000	1,328,668	5,188,668	58,008,005	8.94%
2013/14	3,940,000	1,109,600	5,049,600	59,759,430	8.45%
2014/15	4,070,000	965,400	5,035,400	60,220,001	8.36%
2015/16	4,195,000	850,850	5,045,850	60,346,652	8.36%
2016/17	4,295,000	756,750	5,051,750	60,337,260	8.37%
2017/18	4,395,000	660,800	5,055,800	61,549,593	8.21%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 GENERAL OBLIGATION BONDS

June 30, 2018

Jurisdiction	Debt Outstanding
<u>Direct Debt(1):</u>	
Yavapai County Community College District GO Bonds	\$ 16,732,878
Total direct debt	16,732,878
<u>Overlapping Debt(2):</u>	
School Districts	108,680,000
Fire Districts	12,287,460
Total overlapping debt	120,967,460
Total direct and overlapping debt	\$ 137,700,338

Source: Yavapai County Treasurer's Office and City of Prescott.

Note 1: Net of original issuance discounts and premiums.

Note 2: Excludes improvement districts.

Note 3: All jurisdictions are within the boundaries of the District.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
2008/09	\$ 7,025,586	\$ 170,000	\$ 52,800	\$ 222,800	31.53
2009/10	8,521,468	180,000	42,300	222,300	38.33
2010/11	9,290,001	285,000	158,529	443,529	20.95
2011/12	9,644,951	1,265,000	613,256	1,878,256	5.14
2012/13	10,864,393	880,000	560,406	1,440,406	7.54
2013/14	10,751,131	1,190,000	656,981	1,846,981	5.82
2014/15	11,214,479	1,230,000	607,518	1,837,518	6.10
2015/16	10,479,162	1,280,000	562,736	1,842,736	5.69
2016/17	10,579,821	1,325,000	516,109	1,841,109	5.75
2017/18	11,072,125	1,380,000	464,509	1,844,509	6.00

Source: District records.

Note 1: Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, and other income and are reported net of scholarships and allowances per GASB Statement Number 35.

Note 2: Pledged revenue obligations issued April 16, 2011, and revenue bond issued June 13, 2013.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 ECONOMIC INDICATORS FOR YAVAPAI COUNTY
 June 30, 2018

Employment by Sector	Employees
Trade, Transportation and Utilities	12,700
Education and Health Services	12,700
Leisure and Hospitality	10,700
Government	10,400
Mining and Construction	5,800
Manufacturing	4,100
Professional and Business Services	3,800
Financial Activities	2,100
Other Services	2,000
Information	600

Employment by Occupation	Percent of Total
Office and Administrative	14.9%
Food Preparation and Serving Related	13.2%
Sales and Related	11.4%
Healthcare Practitioners and Technical	7.2%
Transportation and Material Moving	6.4%
Management	5.9%
Education, Training, and Library	5.7%
Construction and Extraction	4.8%
Production	4.4%
Installation, Maintenance, and Repair	4.1%
Other	4.0%
Building, Grounds and Maintenance	3.7%
Healthcare Support	3.4%
Personal Care and Service	3.3%
Protective Service	3.2%
Business and Financial Operations	2.7%
Community and Social Services	1.9%

Unemployment Rate	4.4%
--------------------------	------

Labor Force	104,237
--------------------	---------

Source: Arizona Department of Commerce and United States Department of Labor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 PRINCIPAL EMPLOYERS IN YAVAPAI COUNTY
 Current Year and Nine Years Ago

Major Employers	FY 2017/18			FY 2008/09		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai Regional Medical Center	1,722	1	1.65%	1,491	2	1.47%
Yavapai County	1,493	2	1.43%	1,505	1	1.48%
Veterans Medical Center	1,050	3	1.01%	823	4	0.81%
Walmart	1,000	4	0.96%	806	5	0.79%
Freeport McMoRan	971	5	0.93%	800	6	0.79%
Verde Valley Medical Center	952	6	0.91%	850	3	0.84%
Humbolt Unified School District	732	7	0.70%	-	-	-
State of Arizona	574	8	0.55%	438	10	0.43%
Yavapai College	566	9	0.54%	726	8	0.72%
Embry-Riddle University	540	10	0.52%	-	-	-
Prescott Unified School District	-	-	-	754	7	0.74%
City of Prescott	-	-	-	504	9	0.50%
Total	9,600		9.20%	8,697		8.57%

Source: District and the listed employers records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 MISCELLANEOUS STATISTICS
 June 30, 2018

Established	July 1, 1966
Geographical Location	West Central portion of Arizona
County Seat	Prescott

Population	2000	2010	2017
Yavapai County	167,517	211,144	228,168
State of Arizona	5,130,632	6,392,017	7,016,270

Age Distribution	% of Total
0-14	13.6%
15-24	9.6%
25-44	17.9%
45-64	28.2%
65+	30.7%

Population Composition	% of Total
<u>RACE</u>	
White	79.1%
Hispanic	14.5%
African American	0.9%
Native American	2.1%
Asian or Pacific Islander	1.2%
Other	2.2%
TOTAL	100.0%

Source: US Census Bureau and Arizona Department of Economic Security.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 POPULATION AND PERSONAL INCOME FOR YAVAPAI COUNTY
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)
2008/09	211,211	\$ 6,501,350	\$ 30,781
2009/10	211,172	6,301,415	29,840
2010/11	211,139	6,141,108	29,086
2011/12	211,138	6,387,827	30,254
2012/13	212,350	6,623,513	31,191
2013/14	215,027	6,936,360	32,258
2014/15	218,405	7,482,253	34,259
2015/16	221,584	7,888,490	35,600
2016/17	225,562	8,199,948	36,353
2017/18	228,168	8,412,273	36,869

Source: Bureau of Economic Analysis and US Census Bureau.

Note 1: Personal Income and Per Capita Personal Income were not available for fiscal year 2017/18. Amounts were estimated based upon the prior years average net change.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
STUDENT ENROLLMENT, DEGREE AND 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
2008/09	17.7%	82.3%	40.2%	59.8%	82.4%	4.4%	12.8%	0.4%
2009/10	23.2%	76.8%	40.7%	59.3%	90.4%	4.9%	4.7%	0.0%
2010/11	22.9%	77.1%	42.9%	57.1%	87.5%	6.9%	5.5%	0.1%
2011/12	26.9%	73.1%	43.0%	57.0%	86.4%	6.9%	6.6%	0.1%
2012/13	21.0%	79.0%	43.7%	56.3%	85.9%	11.5%	2.5%	0.1%
2013/14	20.0%	80.0%	44.0%	56.0%	85.9%	11.4%	2.6%	0.1%
2014/15	22.0%	78.0%	43.0%	57.0%	85.6%	11.6%	2.7%	0.1%
2015/16	26.0%	74.0%	44.9%	55.1%	83.7%	14.1%	2.1%	0.1%
2016/17	24.0%	76.0%	45.4%	54.6%	82.3%	15.2%	2.4%	0.1%
2017/18	23.0%	77.0%	46.3%	53.7%	87.7%	9.2%	3.0%	0.1%

Fiscal Year	Degrees Awarded	Certificates Awarded
2008/09	423	399
2009/10	458	594
2010/11	454	623
2011/12	518	608
2012/13	486	823
2013/14	536	933
2014/15	535	939
2015/16	527	1027
2016/17	500	1073
2017/18	477	1029

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
2008/09	30	36	3.0%	1.4%	8.2%	1.0%	80.4%	6.0%
2009/10	30	36	2.2%	1.2%	6.5%	0.9%	76.5%	12.7%
2010/11	26	33	2.6%	0.9%	8.9%	0.9%	65.5%	21.2%
2011/12	27	33	2.2%	0.9%	10.2%	0.9%	62.7%	23.1%
2012/13	26	32	2.1%	1.1%	11.4%	0.8%	57.4%	27.2%
2013/14	25	33	2.0%	0.9%	12.4%	0.9%	53.3%	30.5%
2014/15	26	33	2.0%	0.9%	12.4%	0.9%	53.2%	30.6%
2015/16	25	32	2.0%	1.1%	14.0%	0.8%	53.1%	29.0%
2016/17	24	32	2.1%	1.1%	14.7%	0.8%	55.0%	26.3%
2017/18	23	32	2.1%	1.2%	16.2%	0.9%	57.4%	22.2%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
HISTORIC ENROLLMENT
Last Ten Fiscal Years

Headcount	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Credit	10,116	10,000	10,245	10,970	11,518	11,764	11,616	12,973	13,493	14,139
Non-Credit	4,185	4,680	4,126	4,348	4,013	3,344	3,086	Info not available		

FTSE by Campus	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Prescott	1,154	1,149	1,229	1,357	1,446	1,479	1,605	1,894	2,396	2,317
Verde	242	262	270	271	278	289	337	453	652	690
Sedona	22	1	1	1	21	42	25	40	90	102
Prescott Valley	125	134	155	135	208	175	198	220	265	330
Chino Valley	60	66	70	85	79	101	106	120	108	114
CTEC	267	272	287	298	305	250	196	152	138	137
Online (1)	1,205	1,163	1,111	1,183	1,162	1,143	1,095	915	-	-
Dual enrollment	324	339	341	323	331	321	245	200	140	170
Other (2)	72	60	84	153	173	184	167	212	131	25
Total District	3,471	3,446	3,548	3,806	4,003	3,984	3,974	4,206	3,920	3,885

Source: District records.

Note 1: Beginning in Fiscal Year 2010-11 FTSE from online classes is being counted as a separate campus. In previous years online courses were credited to the campus that originated the course.

Note 2: Other primarily includes courses held at non-campus locations.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 FACULTY AND STAFF STATISTICS
 Last Ten Fiscal Years

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Faculty										
Regular	97	97	101	104	106	111	111	107	104	104
Adjunct (1)	93	90	98	96	99	97	405	394	448	476
Staff										
Regular	319	301	306	300	297	298	295	303	334	329
Temporary (1)	57	58	56	64	58	58	119	119	160	182

Source: District records.

Note 1: Beginning FY 2012-13 Adjunct and Temporary are calculated on a full-time equivalent basis.
 The FTE for Adjuncts is based upon a full-time teaching load of 30 credit hours per year.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
CAPITAL ASSET INFORMATION
Last Ten Fiscal Years

Asset Type	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Computers and Peripherals	\$ 1,295,356	\$ 1,142,010	\$ 1,150,495	\$ 1,233,762	\$ 1,196,160	\$ 1,238,803	\$ 1,279,780	\$ 1,316,755	\$ 1,316,755	\$ 1,225,045
Network Equipment	3,064,437	2,913,689	2,654,860	2,677,376	2,359,675	2,255,702	1,979,635	1,568,339	1,056,006	754,356
Audio Visual Equipment	1,296,684	1,249,516	1,229,944	1,225,266	831,455	755,579	624,112	503,250	396,971	175,567
Office Equipment & Furniture	5,545,699	5,197,832	4,811,720	4,904,479	4,435,695	4,397,372	4,216,286	4,163,415	3,680,275	3,773,462
Software	2,149,149	2,149,149	2,149,149	2,149,148	2,149,148	2,149,148	2,149,148	2,149,148	2,022,682	1,918,654
Vehicles	2,187,536	1,987,405	1,928,094	1,702,607	1,597,998	1,383,983	1,220,435	1,295,120	1,224,785	1,182,290
Intangibles	273,587	273,587	273,587	273,587	273,587	273,587	273,587	273,587	273,587	-
Library Books	2,821,116	2,937,130	2,943,627	2,911,534	2,931,383	3,038,624	3,087,336	3,116,031	3,055,742	2,981,169
Buildings ⁽¹⁾	188,925,334	168,515,842	168,842,849	153,119,356	146,564,885	137,801,065	108,127,652	103,095,447	102,836,523	98,435,112
Construction in Progress	150,275	14,601,323	1,041,996	10,889,328	6,072,505	3,515,542	22,042,850	4,427,807	613,644	2,927,638
Site Improvements	25,342,107	23,687,737	21,081,294	20,032,047	17,367,536	16,836,358	16,573,720	15,973,540	15,630,928	14,981,222
Land	5,628,526	5,628,526	5,628,526	5,628,526	5,415,888	5,415,888	5,415,888	5,015,888	5,015,888	5,015,888
	\$ 238,679,806	\$ 230,283,746	\$ 213,736,141	\$ 206,747,016	\$ 191,195,915	\$ 179,061,651	\$ 166,990,429	\$ 142,898,327	\$ 137,123,786	\$ 133,370,403

Source: District records.

Note 1: The balance of buildings for FY 2016/17 has been restated and reduced by \$1,300,990 to remove several older, mostly prefabricated, impaired buildings that were demolished in prior years.