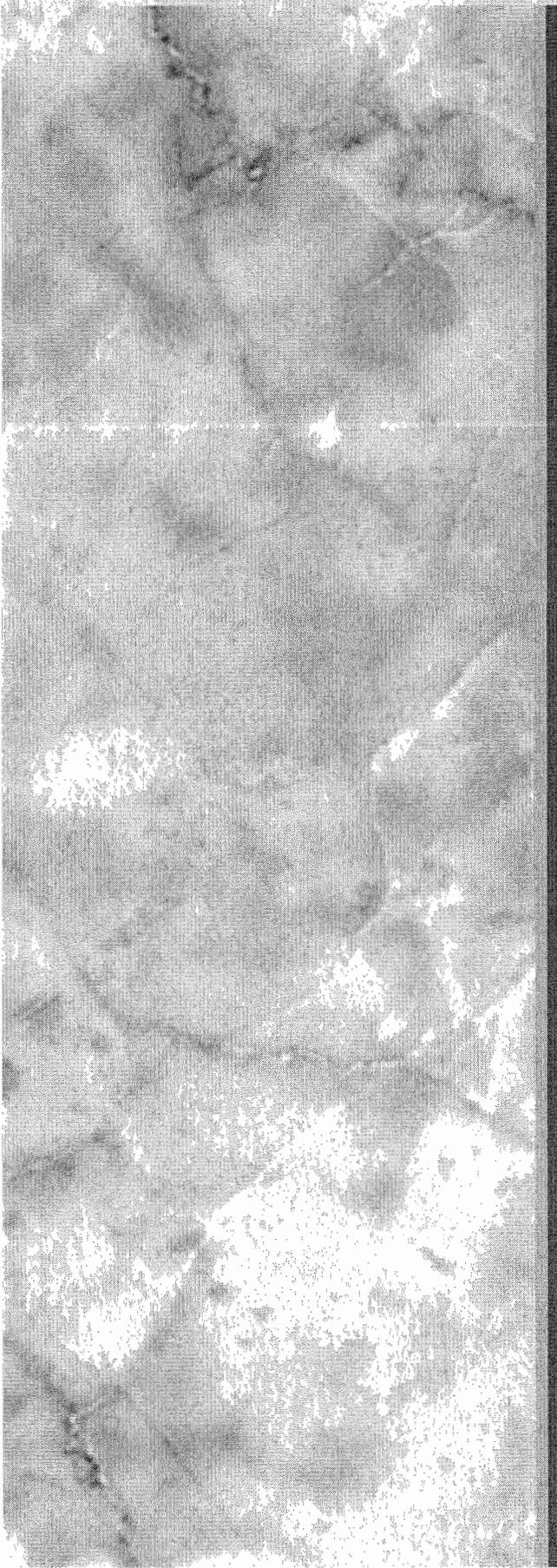


COMPREHENSIVE  
**ANNUAL  
FINANCIAL  
REPORT**

**For the fiscal year  
ended June 30, 2007**

*Yavapai*  
COLLEGE

Your community. Your college.



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Published and distributed by*  
**The Office of  
Business Services**

Yavapai College  
1100 East Sheldon Street  
Prescott, Arizona 86301  
[www.yc.edu](http://www.yc.edu)

**For the fiscal year  
ended June 30, 2007**

*Yavapai*  
COLLEGE

Your community. Your college.

**Yavapai County Community College District  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007**

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## **INTRODUCTORY SECTION**

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December 13, 2007

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, 2007, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Please read the management's discussion and analysis in conjunction with the Vice President of 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 the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this report, including the Schedule of Expenditures of Federal Awards and auditors' reports on internal controls and compliance with applicable laws and regulations will be available at a future date by contacting the Vice President of 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 units. The District is a primary government because it is a special-purpose political subdivision that has a separately elected governing body,

is legally separate, and is fiscally independent of other state and local governments.

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

## **HISTORY**

The District was established in 1966 under the Arizona Community College Law of 1966. During the first year of instruction, 1969-70, classes were held at various sites in Prescott. The first buildings were dedicated in February, 1970 on 100 acres in Prescott that were once part of historic Fort Whipple. To better serve the growing communities on the east side of Yavapai County, the Verde Valley Campus was established in 1975 on 120 acres in Clarkdale. Yavapai College education centers have been built in Chino Valley, Prescott Valley, Sedona and the new Career & Technical Education Center, located near the Prescott Airport, opened in the Fall of 2007. Extension sites throughout the county complete the Yavapai District mosaic.

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

## **SERVICE AREA**

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

The District serves a diverse student population in a rural area covering approximately 8,123 square miles (which is larger than the state of Massachusetts) with the 2006 estimated population (provided by the Department of Economic Security) of 213,285 and a population density of 26 people per square mile.

## **ECONOMIC OUTLOOK**

Yavapai County is located in the west central portion of the state. Its boundaries include the incorporated cities and towns of Camp Verde, Chino Valley, Clarkdale, Cottonwood, Dewey-Humboldt, Jerome, Prescott, Prescott Valley, and Sedona. The larger unincorporated areas of the county include the communities of Ashfork, Bagdad, Black Canyon City, Congress, Crown King, Mayer, Paulden, Seligman, and Yarnell. Small business, light industry, service trades, ranching, mining, and tourism all contribute to the economy of Yavapai County. A rapidly growing retiree population has made Yavapai County one of the fastest growing rural counties in the country with a population estimated to increase to 305,000 by the year 2020.

Property taxes provide the majority of funding for the District. The assessed value of all property will increase by 16% for fiscal year 2007-08. County-wide permits for new construction for fiscal year 2006-07 experienced a decrease of 35% over the previous fiscal year. A slowing trend has also occurred with existing home sales. The overall weak housing sector, with both new and existing homes, is expected to continue and will likely slow the rate of growth in total assessed values compared to what has been experienced in the last several years.

The national economy has slowed this year with GDP growth being the lowest since 2002. While still growing, tax collections at the state are down sharply from prior years. Sales tax growth and contracting growth both went from double digit to single digit growth rates from the prior year. The District's funding from the state will face downside risk due to the budget shortfall currently being experienced by the state. As the near-term financial outlook of the economy slows, the District will continue its efforts to improve and offer additional services to meet county needs through the careful monitoring of expenditures, innovative partnerships, and taking advantage of all cost savings.

## **MAJOR PROGRAM INITIATIVES**

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

### **Master Plan Implementation**

Implementation of the \$69.9 million master plan proceeded on schedule during the fiscal year ended June 30, 2007. Two of the last renovations scheduled for the Prescott campus were completed during the 2006-07 fiscal year. The main courtyard was reconstructed with beautiful landscaping, boulders, picnic tables and ADA friendly walkways. The renovation of Building One was completed during the fiscal year and

houses most of Student Services, the Business Office and the bookstore.

In April 2007 the District purchased a 108,000 sq. ft. building to locate its Career & Technical Education Center. Located near the Prescott Airport, the facility will house the District's Automotive Technology, Gunsmithing, Welding and Mining Technology programs. The building was purchased with lease purchase financing in the amount of \$5,000,000 with an additional \$750,000 of proceeds to be used to future renovations.

Master Plan and other capital improvement projects expected to be completed during the upcoming year include the renovations to Building L on the Verde Valley Campus expanding science labs to support expanded Allied Health program, the expansion of the Prescott Valley Center through a joint building venture with the Town of Prescott Valley and the renovations to the new Career & Technical Education Center.

## **Enrollment**

The fiscal year was characterized by strong enrollment with more than 16,300 students attending classes and an increase in full-time student equivalent (FTSE) of 8%. Divisions with double-digit increases in FTSE enrollment include Art, Education, Nursing and Physical Education. Individual programs, not included in the divisions above, with double digit FTSE enrollment increases include Accounting, Automotive, Aviation, Business Administration, Computer Networking Technology, Dance, Early Childhood Education, Emergency Medical Services, History and Paralegal Law.

## **Student Achievement**

Student accomplishments continue to be our most important gauge of success. Four students were named to the 2007 All-Arizona Academic Team. A total of 527 students earned degrees or certificates. Throughout the course of the academic year, 128 students completed the Career Skills program, 62 students graduated from the Northern Arizona Regional Training Academy, and 79 students completed all requirements of the Nursing Program. In addition, nearly 100 students completed studies and passed the exam to earn a high school equivalency diploma.

## **FUTURE PROGRAM INITIATIVES**

The implementation of the \$69.5 million voter-approved Master Plan Project of 2001 is substantially completed. Most of the Master Plan related construction projects on the Prescott, Verde Valley and Chino Valley campuses have been completed. The remaining bond proceeds will be used in the future to expand the District's services in Prescott Valley, Sedona and Campe Verde.

The District is planning to lease-purchase and begin implementing an Enterprise Resource Planning (ERP) system next fiscal year. The ERP system will be an

integrated information management solution that includes applications for admissions, academic records, billing and cash receipts, financial aid, advancement, finance and human resources, and self-service. Part of the implementation process will include examining and modifying the District's current business processes to ensure that they are as effective and efficient as possible.

Through a combination of the District tax-based dollars and the state's Proposition 301 funds (workforce development), the 2007-08 budget will support new programming in critically-needed areas of workforce development. New and expanded programs will include:

- Agribusiness Technology Program
- Independent Film Making
- Mining Program
- Nursing Program
- Science Lab – Verde Campus
- Structured English Immersion (SEI) Education Program

In the upcoming year, academic program reviews will be performed in all instructional degree and certificate programs. Auxiliary Service areas will have program reviews every two to three years.

## **FINANCIAL INFORMATION**

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

### **Internal Control**

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

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

## **Budgetary Controls**

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

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

## **Cash Management**

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility of such investments is entrusted to the District Governing Board and facilitated through the Vice President of 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 District has maintained a cash-forecasting program to obtain the highest yield on idle cash. The principal investment vehicle used during the fiscal year has been a pooled investment with the County Treasurer. The pool has provided the District with a safe, high-yielding liquid investment.

## **Financial Reporting**

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources including District records and the Yavapai County Treasurer and Assessor Offices. These statements present information on the financial condition of the District and 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, boiler and machinery insurance, workers’ compensation, and student accident coverage.

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

## **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Yavapai County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the seventh 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 principals and applicable legal requirements.

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

## **ACKNOWLEDGEMENTS**

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

Respectfully submitted,

Robert E. Lynch  
Vice President of Administrative Services

Frank D'Angelo  
Director of Business Services/Controller

# 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, 2006

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



President

Executive Director

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**

**PRINCIPAL OFFICERS**

June 30, 2007

**DISTRICT GOVERNING BOARD**

Mr. Ray Sigafoos, *Chair, District 3*

Dr. Donna Michaels, *Secretary, District 4*

Dr. Patricia McCarver, *District 1*

Dr. Dale Fitzner, *District 2*

Mr. Herald Harrington, *District 5*

**PRESIDENT**

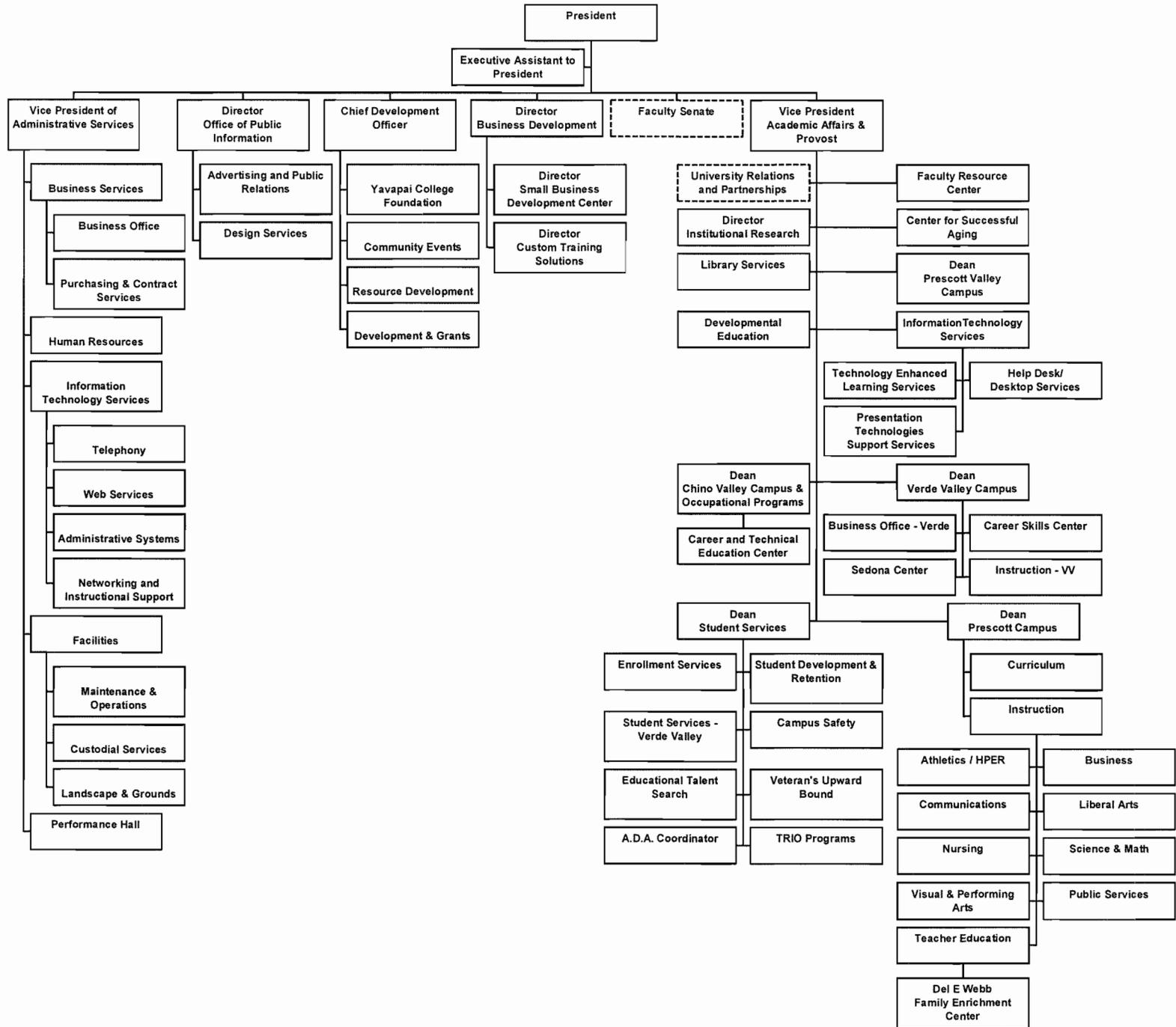
Dr. James F. Horton

**ADMINISTRATION**

Dr. Utpal Goswami, *Vice President of Academic Affairs/Provost*

Mr. Robert E. Lynch, *Vice President of Administrative Services*

# Yavapai County Community College District Organizational Chart as of June 30, 2007



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**FINANCIAL  
SECTION**

*Yavapai*  
COLLEGE  
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## Independent Auditor's Report

The Auditor General of the State of Arizona

The Governing Board of  
Yavapai County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Yavapai County Community College District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Yavapai County Community College District as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 15 through 23 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation

of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

*Miller, Allen & Co., P.C.*

December 13, 2007

December 13, 2007

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

This section of the Yavapai County Community College District (the "District"), Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2007. 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 Administrative Services and Director of Business Services/Controller's letter of transmittal beginning on page 1 and the basic financial statements beginning on page 24.

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

### **Financial Highlights**

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, tuition and fees and state appropriations. The District exercises primary and secondary tax levy authority for generation of funds for operating, capital equipment and improvements, and debt retirement purposes. Although total revenues have been increasing, in recent years the mix of funding sources has gradually been shifting. Over the past ten years, property taxes as a percent of total revenues has risen while the proportionate share of tuition and fees and state appropriations has declined.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$42,611,640. Of this amount, \$6,863,655 may be used to meet the District's ongoing obligations to provide educational services.

The District's total net assets increased from the prior year by \$4,519,973. Investments in capital assets, net of related debt, increased by \$3,085,037 (10.0%). Restricted net assets

increased by \$299,316 and unrestricted net assets increased by \$1,135,620 (19.8%).

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

### **Basic Financial Statements**

The basic financial statements consist of the following:

The Statement of Net Assets reflects the financial position of the District at June 30, 2007. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities and represents institutional equity or ownership in the total assets of the District. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations for the fiscal year ended June 30, 2007. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net asset amount to the ending net asset amount. This is shown on the Statement of Net Assets described above.

The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2007. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalent amount – which is shown on the Statement of Net Assets described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the Statement of Revenues, Expenses, and Changes in Net Assets described above.

### **Condensed Financial Information**

The condensed financial information below highlights the main categories of the Statement of Net Assets. Assets are distinguished between capital and current or noncurrent assets and liabilities are distinguished between long-term liabilities and other liabilities. Net assets

are divided into three categories reflecting the institutional equity in assets by broad characteristics. In addition to the District's capital assets, the District holds resources that have been restricted by external parties for specific programs or purposes. The remaining net assets are unrestricted but are dedicated to the primary mission of the District.

### Condensed Statement of Net Assets

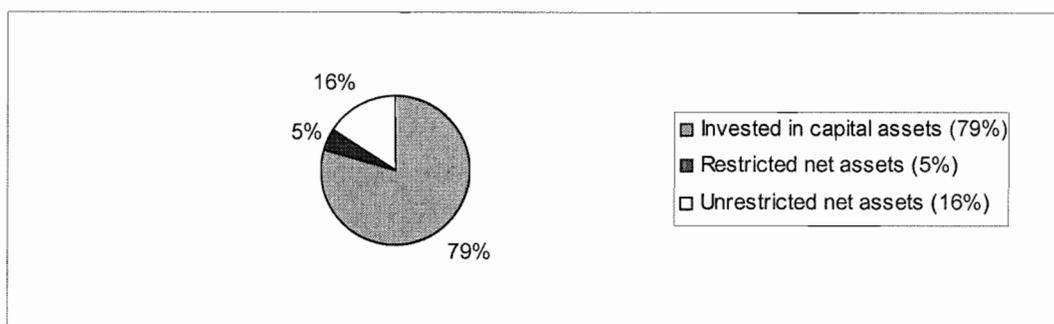
	<u>6/30/2007</u>	<u>6/30/2006 *</u>
<b>Assets:</b>		
Current assets	\$ 15,675,862	\$ 15,854,670
Noncurrent assets, other than capital assets	3,981,077	3,667,491
Capital assets, net of depreciation	<u>92,340,309</u>	<u>86,788,779</u>
Total assets	<u>111,997,248</u>	<u>106,310,940</u>
<b>Liabilities:</b>		
Other liabilities	2,523,855	4,356,787
Long-term liabilities	<u>66,861,753</u>	<u>63,862,486</u>
Total liabilities	<u>69,385,608</u>	<u>68,219,273</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	33,700,448	30,615,411
Restricted net assets	2,047,537	1,748,221
Unrestricted net assets	<u>6,863,655</u>	<u>5,728,035</u>
Total net assets	<u>\$42,611,640</u>	<u>\$38,091,667</u>

\* Reclassifications between current assets, noncurrent assets and the three net asset categories in the prior year have been made to improve the classification of assets and liabilities within these categories.

Current assets was little changed from the prior fiscal year and the increase in noncurrent assets was due to lease purchase proceeds held in escrow for future improvements to the recently purchased Career & Technical Education Center. The increase in capital assets, net of depreciation, is primarily a result of the purchase of the Career & Technical Education Center financed through a capital lease. The decrease in current liabilities was due to the payment of accrued retainage paid to contractors in relation to the District's master building plan being near completion. The increase in non-current liabilities was a result of capital lease purchases made for furniture and equipment for the Prescott and

Verde campuses and for the capital lease purchase and future improvement of the Career & Technical Education Center. This increase was partially off-set by principal payments made on capital leases, general obligation and revenue bonds. The District's capital assets, net of related debt, increased by \$3,085,037 over the previous fiscal year. This increase is attributable to the addition of equity in the District's capital assets over the previous year. Restricted net assets was slightly higher from the prior fiscal year and the increase in unrestricted net assets was related to revenues exceeding expenditures. The increase in unrestricted net assets was attributed to lower than expected expenditures relating to personnel and continued emphasis on cost control.

### Net Assets As of June 30, 2007



As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (79 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, and library collections), net of depreciation and less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$6,863,655 may be used to meet the District's ongoing mission to the public. Unrestricted net assets increased by \$1,135,620 over the previous fiscal year. At the end of the year, the District is able to report positive balances in all three categories of net assets.

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

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

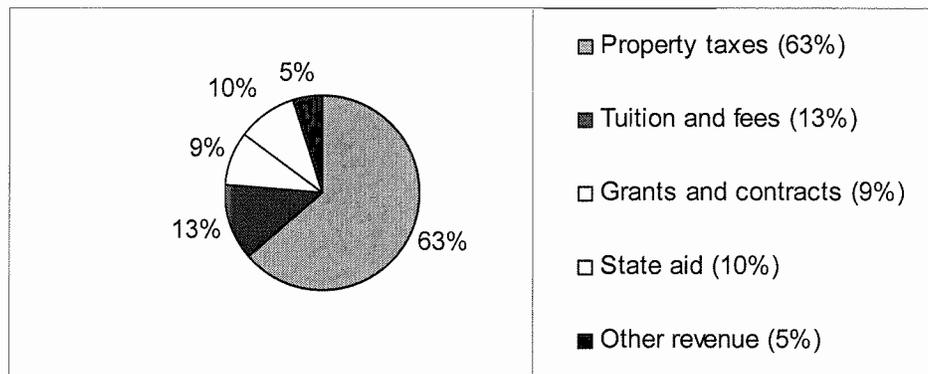
	<u>Year Ended</u>	
	<u>6/30/2007</u>	<u>6/30/2006</u>
<b>Revenues</b>		
Operating:		
Tuition and fees	\$ 7,063,707	\$ 6,543,317
Government grants and contracts	4,965,960	4,705,133
Other	1,531,752	1,999,292
Nonoperating:		
Property taxes	35,439,097	33,086,999
State aid	5,399,907	5,265,827
Investment earnings	958,016	817,166
Other	<u>258,992</u>	<u>358,063</u>
Total revenues	<u>55,617,431</u>	<u>52,775,797</u>
<b>Expenses</b>		
Operating:		
Educational and general:		
Instruction	15,175,652	14,063,388
Public service	469,694	427,283
Academic support	3,431,924	3,360,252
Student services	3,799,884	3,632,561
Institutional support	9,007,831	8,413,195
Operation and maintenance of plant	6,054,495	6,678,206
Scholarships	2,142,681	2,235,781
Auxiliary enterprises	5,735,654	5,928,988
Depreciation	<u>3,524,995</u>	<u>2,648,059</u>
Total operating expenses	49,342,810	47,387,713
Nonoperating		
Interest expense on debt	2,475,647	2,539,812
Loss on disposal of capital assets	<u>2,911</u>	<u>6,007</u>
Total expenses	<u>51,821,368</u>	<u>49,933,532</u>
Income before other revenues, expenses, gains, or losses	3,796,063	2,842,265
Capital appropriations, grants, and gifts	<u>723,910</u>	<u>686,900</u>
Increase in net assets	4,519,973	3,529,165
Total net assets, July 1	<u>38,091,667</u>	<u>34,562,502</u>
<b>Total net assets, June 30</b>	<u>\$42,611,640</u>	<u>\$38,091,667</u>

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

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

The increase in tuition and fees for the current year was attributed to an 8% increase in FTSE (full-time student equivalent) along with a 2% increase in tuition rates from the prior year. Government grants and contracts increased from the prior year due to a nursing grant received from the Arizona Department of Commerce. In November 2006 the District entered into an agreement with the Foundation whereby the Foundation receives revenues from and makes specified payments for the District's Community Events Program which provides a variety of theatrical and musical productions for the community. This resulted in a decrease in operating and non-operating other income this fiscal year. Property tax increases were credited to the continued growth in the assessed valuation. The slight increase in state aid was a result of increased Proposition 301 sales tax collections from the prior fiscal year. The increase in investment earnings was related to higher interest rates.

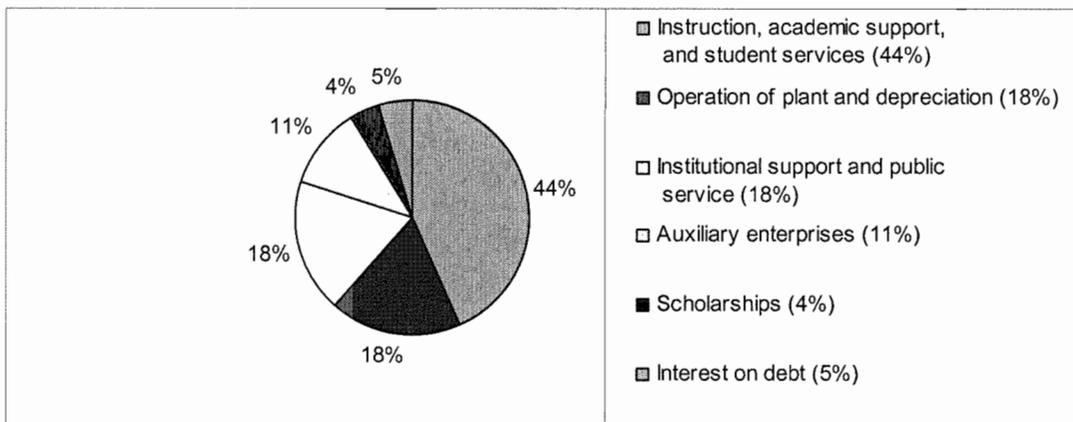
### Revenues by Source Fiscal Year 2007



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 excluding depreciation, increased over the previous fiscal year by \$1,010,900. Increases in instruction, public service, academic support, student services and institutional support operating expenses were in the area of personal services due to raises and higher retirement contribution rates, and the addition of noncapitalized equipment expenditures. The decrease in operations and maintenance of plant was attributed to a reduction in master plan project expenditures. The decrease in auxiliary fund expenses was a result of the agreement entered into with the Foundation in November 2006 whereby the Foundation receives revenues from and makes specified payments for the District's Community Events Program.

### Expenses by Function Fiscal Year 2007



### Capital Assets and Debt Management

The Master Plan construction projects that were in progress were completed during the fiscal year. The renovation to the building that houses Registration, Advising, classrooms, the Business Office and the bookstore on the Prescott campus was completed during the year. The new landscaping and renovations made to the courtyard on the Prescott campus were completed during the spring 07 semester. The majority of the funding for these renovations came from general obligation bonded debt (discussed below) with the remainder coming from the Future Capital Projects Accumulation Fund. This fund was

authorized by the board to set aside funds for the purpose of purchasing land, buildings or improvements or constructing building or improvements.

In April 2007 the District purchased a 108,000 sq. ft. building to locate its Career & Technical Education Center. Located near the Prescott Airport, the facility will house the District's Automotive Technology, Gunsmithing, Welding and Mining Technology programs. The building was purchased with lease purchase financing in the amount of \$5,000,000 with an additional \$750,000 of proceeds to be used to future renovations.

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 \$3,524,995 for the year and is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

The District's general obligation bond debt issues are rated Aaa by Moody's Investors Service and AAA by Standard & Poors. The District's revenue bond debt issue was recently upgraded from BBB to A- by Standard & Poors as a result of continued growth in the District's underlining economy, sustained operating surpluses and a limited pledge of tuition, fees and auxiliary revenues. These ratings indicate the high quality and strong credit attributes of the District's obligations. During the fiscal year, there have been no changes in credit ratings or debt limitations that may affect future financing for the District.

No new bonds were issued during the fiscal year ended June 30, 2007. Additional information on the District's outstanding debt can be found in Note 6 to the basic financial statements.

Bonds outstanding at June 30, 2007, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series A	\$25,955,000	7/1/08-22	4.13-4.75%	\$13,715,000
Project of 2001-Series B	25,000,000	7/1/08-24	3.25-4.75%	21,500,000
Project of 2001-Series C	19,500,000	7/1/08-25	3.50-5.00%	19,000,000
Series 2003-Refunding	5,175,000	7/1/08-11	2.50-3.75%	2,210,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/08-12	5.85-6.00%	1,125,000

The implementation of the \$69.5 million voter-approved Master Plan Project of 2001 is in its final stages. Most of the Master Plan related construction projects on the Prescott, Verde Valley and Chino Valley campuses have been completed. The remaining bond proceeds will be used to expand the District's services in Prescott Valley, Sedona and Campe Verde.

### **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 Assets - Primary Government  
June 30, 2007**

<b>ASSETS:</b>	<b>Business Type Activities</b>
<b>Current assets:</b>	
Cash and cash equivalents	\$ 13,769,143
Receivables (net of allowances for uncollectibles)	
Property taxes	844,392
Government grants and contracts	525,247
Student loans, current portion	95,287
Other	278,572
Prepaid expenses	163,221
Total current assets	15,675,862
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents	3,106,469
Cash and cash equivalents held by trustee	433,663
Property taxes receivable (net of allowance for uncollectibles)	219,733
Student loans receivable (net of allowance for uncollectibles)	204,640
Other receivables	16,572
Capital assets, not being depreciated	1,987,774
Capital assets, being depreciated, net	90,352,535
Total noncurrent assets	96,321,386
Total assets	111,997,248
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable	701,026
Accrued payroll and employee benefits	948,600
Interest payable	33,630
Deposits held in custody for others	105,338
Deferred revenues	681,861
Dormitory deposits	53,400
Current portion of compensated absences payable	51,034
Current portion of long-term debt	1,077,187
Current portion of long-term liabilities - other	8,302
Total current liabilities	3,660,378
<b>Noncurrent liabilities:</b>	
Compensated absences payable	1,026,308
Long-term debt	64,561,905
Other	137,017
Total noncurrent liabilities	65,725,230
Total liabilities	69,385,608
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	33,700,448
Restricted:	
Nonexpendable:	
Student loans	553,992
Expendable:	
Grants and contracts	663,255
Debt service	830,290
Unrestricted	6,863,655
Total net assets	\$ 42,611,640

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Financial Position - Component Unit  
June 30, 2007**

	<b>Yavapai College Foundation</b>
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 823,049
Restricted cash and cash equivalents	606,792
Restricted investments	3,346,835
Unrestricted investments	99,601
Unconditional promises to give, net of unamortized discount	251,591
Prepaid expenses	3,084
Total current assets	<u>5,130,952</u>
<b>Other assets:</b>	
Works of art and historical treasures	247,400
Property and equipment, at cost, net of accumulated depreciation	394,705
Educational construction project (land and home)	174,000
Family Enrichment Center construction in process	1,932,862
Endowment investments	3,441,629
Total other assets	<u>6,190,596</u>
Total assets	<u>\$ 11,321,548</u>
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 383,254
Scholarships payable	154,068
Deferred revenue	137,019
Total current liabilities	<u>674,341</u>
<b>NET ASSETS:</b>	
Unrestricted	3,415,691
Temporarily restricted	3,735,792
Permanently restricted	3,495,724
Total net assets	<u>10,647,207</u>
Total liabilities and net assets	<u>\$ 11,321,548</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government  
For the Fiscal Year Ended June 30, 2007**

	<b>Business Type Activities</b>
<b>Operating revenues:</b>	
Tuition and fees pledged as security for revenue bonds (net of scholarship allowances \$1,457,232)	\$ 7,063,707
Government grants and contracts	4,965,960
Bookstore sales	122,752
Food service sales pledged as security for revenue bonds	185,637
Dormitory rentals pledged as security for revenue bonds (net of scholarship allowances \$384,169)	253,497
Other	969,866
Total operating revenues	13,561,419
<b>Operating expenses:</b>	
Educational and general:	
Instruction	15,175,652
Public service	469,694
Academic support	3,431,924
Student services	3,799,884
Institutional support	9,007,831
Operation and maintenance of plant	6,054,495
Scholarships	2,142,681
Auxiliary enterprises	5,735,654
Depreciation	3,524,995
Total operating expenses	49,342,810
Operating loss	(35,781,391)
<b>Nonoperating revenues(expenses):</b>	
Property taxes	35,439,097
State appropriations	4,738,700
Share of state sales taxes	661,207
Private gifts	258,992
Investment earnings	958,016
Interest expense on debt	(2,475,647)
Loss on disposal of capital assets	(2,911)
Total nonoperating revenues	39,577,454
Income before other revenues, expenses, gains or losses	3,796,063
Capital appropriations	678,500
Capital grants and gifts	45,410
Increase in net assets	4,519,973
Total net assets - July 1, 2006	38,091,667
Total net assets - June 30, 2007	\$ 42,611,640

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, 2007**

<b>SUPPORT and REVENUES:</b>	<b>Yavapai College Foundation</b>
<b>Support:</b>	
Contributions	\$ 48,613
Roughrider Club	24,774
Friends of Yavapai College Art	18,498
Total support	<u>91,885</u>
<b>Revenue:</b>	
Rental income	103,020
Program service revenue	233,995
Investment income	82,318
Unrealized gain (loss) on investments	24,122
Total revenue	<u>443,455</u>
Total support and revenue	535,340
Net assets released from restrictions	1,152,288
Total unrestricted support and net assets released from restrictions	<u>1,687,628</u>
<b>EXPENSES:</b>	
<b>Program expenses:</b>	
Scholarships	159,765
Community events	466,515
Friends of Yavapai College Art	15,373
Roughrider Club	88,672
Support for PACE	44,827
Sunderman Foundation	21,461
Aristotelian Logic	485
Gerontology	6,290
Other Programs	2,889
Total program expenses	<u>806,277</u>
Depreciation of rental property	16,064
Management and general	239,592
Fundraising	17,258
Total expenses	<u>1,079,191</u>
Increase in unrestricted net assets	<u>608,437</u>
<b>Temporarily Restricted Net Assets:</b>	
Temporarily restricted contributions	410,117
Community Events sales	615,714
Investment income	393,862
Net unrealized gains	546,767
Transfers to Permanently Restricted Assets	(175,487)
Assets released from restrictions	(1,152,288)
Increase in temporarily restricted net assets	<u>638,685</u>
<b>Permanently Restricted Net Assets:</b>	
Endowment funds contributions	1,237,079
Transfers from Temporarily Restricted Assets	175,487
Increase in permanently restricted net assets	<u>1,412,566</u>
<b>Increase in net assets:</b>	2,659,688
Net assets - beginning of year	<u>7,987,519</u>
Net assets - end of year	<u>\$ 10,647,207</u>

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, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>Business Type Activities</b>
Tuition and fees	\$ 6,841,486
Grants and contracts	4,907,334
Bookstore receipts	122,752
Food services receipts	185,637
Dormitory rentals	253,497
Collection of loans to students	66,254
Other receipts	862,786
Payments to suppliers and providers of goods and services	(14,477,741)
Payments to employees	(29,515,276)
Loans issued to students	(46,573)
Scholarship payments to students	(2,142,681)
Other payments	(14,229)
Net cash used for operating activities	(32,956,754)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Property taxes	35,335,753
State appropriations	4,738,700
Share of state sales taxes	661,207
Private gifts	258,992
Loans issued to employees	(9,953)
Collection of loans to employees	56,728
Federal direct lending receipts	1,564,817
Federal direct lending disbursements	(1,563,938)
Deposits held in custody receipts	375,201
Deposits held in custody payments	(368,922)
Net cash provided by noncapital financing activities	41,048,585
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital appropriations	678,500
Proceeds from issuance of capital debt	6,737,130
Proceeds from sale of capital assets	14,766
Principal paid on capital debt	(3,761,318)
Interest paid on capital debt	(2,627,989)
Purchases of capital assets	(9,946,097)
Net cash used for capital and related financing activities	(8,905,008)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received on investments	958,016
Net cash provided by investing activities	958,016
Net increase in cash and cash equivalents	144,839
Cash and cash equivalents, July 1, 2006	17,164,436
Cash and cash equivalents, June 30, 2007	<u>\$ 17,309,275</u>

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, 2007**

<b>Reconciliation of operating loss to net cash used for operating activities:</b>	<b>Business Type Activities</b>
Operating loss	\$ (35,781,391)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	3,524,995
Provision for uncollectible accounts	39,046
Changes in assets and liabilities:	
Decrease in government grants and contracts receivable	57,462
Increase other receivables	(179,887)
Decrease in prepaid expenses	130,638
Decrease in student loans receivable	19,681
Decrease in accrued payroll and employee benefits	(285,269)
Increase in compensated absences payable	12,885
Decrease in deferred revenues	(109,806)
Decrease in accounts payable	(399,053)
Increase in other liabilities	10,570
Increase in dormitory deposits	3,375
Net cash used for operating activities	<u>\$ (32,956,754)</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

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

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

**A. Reporting Entity**

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

The Yavapai College Foundation (the Foundation) is a legally separate, tax-exempt organization, formed in the State of Arizona in 1971. The Board of Directors for the Foundation are 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 only be used by, or for the benefit of, the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board statements 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 respective counterpart financial statements of the District. 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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2007, the Foundation distributed \$199,953 to or on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

**B. Basis of Presentation and Accounting**

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

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

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

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

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

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

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

**C. Cash and Investments**

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

**D. Capital Assets**

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

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:

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

	<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
Library books	1	Straight line	10 years

**E. Investment Earnings**

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

**F. Compensated Absences**

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

Employees may accumulate up to twice their annual entitlement amount of vacation. Annual leave balances remaining when employees separate from service are paid and therefore are accrued as a liability in the financial statements. Generally, sick leave benefits provide for ordinary sick pay and are cumulative. They do not vest with employees and, therefore, are not accrued. However, for employees who have at least 15 years of service with the District, and are eligible for retirement under the standards set by the Arizona State Retirement System, sick leave benefits do vest, and they may receive payment for up to 70 days of accumulated sick leave at \$60 a day. Accordingly, these benefits are accrued as a liability in the financial statements.

**G. Scholarship Allowances**

A scholarship allowance is the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid, such as Pell grants and scholarships awarded by the District are considered to be scholarship allowances. These allowances are netted against

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

tuition and fees and dormitory rental revenues in the statement of revenues, expenses, and changes in net assets.

**Note 2 - 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. The statutes do not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with the property of another when making investment decisions about those monies. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

**Deposits** – At June 30, 2007, the carrying amount of the District's deposits was \$695,775, and the bank balance was \$1,805,999. At June 30, 2007, \$653,096 of the District's bank balance was uninsured and uncollateralized and \$949,478 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name. The District does not have a formal policy with respect to custodial credit risk of deposits.

**Investments** – The District's investments at June 30, 2007 were as follows:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pools	\$ 7,307,099
County Treasurer's investment pool	6,153,784
Repurchase agreement	2,712,904
Bond mutual fund	433,663
Total	<u>\$16,607,450</u>

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

**Credit risk** – At June 30, 2007, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer’s investment pools	Unrated	Not applicable	\$ 7,307,099
County Treasurer’s investment pool	Unrated	Not applicable	6,153,784
Repurchase agreement	AAA	S & P	2,712,904
Bond mutual fund	Unrated	Not applicable	433,663
Total			<u>\$16,607,450</u>

**Custodial credit risk** – For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007, the District had \$433,663 of investments in a bond mutual fund that were uninsured and held by a counterparty not in the District’s name.

**Concentration of Credit Risk** – The District had an investment at June 30, 2007, of 5 percent or more in a repurchase agreement with Wells Fargo Bank. This investment was 16.3% of the District’s total investments.

**Interest rate risk** – At June 30, 2007, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer’s investment pool 7	\$ 7,307,099	1.6
County Treasurer’s investment pool	6,153,784	7.0
Repurchase agreement	2,712,904	.1
Bond mutual fund	433,663	Not available
Total	<u>\$16,607,450</u>	

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

<u>Cash, Deposits, and Investments:</u>	<u>Amount</u>	<u>Statement of Net Assets:</u>	<u>Amount</u>
Cash on hand	\$ 6,050	Cash and cash equivalents	\$13,769,143
Deposits	695,775	Restricted assets:	
Investments	16,607,450	Cash and cash equivalents	3,106,469
		Cash and cash equivalents held by trustee	433,663
Total	<u>\$17,309,275</u>	Total	<u>\$17,309,275</u>

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**Note 3 - Receivables**

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

<u>Receivables</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Property taxes			
Current	\$1,033,586	\$(189,194)	\$844,392
Noncurrent	247,227	(27,494)	219,733
Student loans			
Current	125,552	(30,265)	95,287
Noncurrent	269,639	(64,999)	204,640
Other-current	363,768	(85,196)	278,572

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

**Note 4 - Restricted Assets**

Restricted cash and cash equivalents consist of \$1,842,677 that relate to unspent general obligation bond proceeds which are limited in use by bond covenants, \$753,095 of lease purchase proceeds to be used to make improvements to the recently purchased Career & Technical Education building, and \$510,697 of secondary assessed tax proceeds to be used exclusively for debt service.

Cash and cash equivalents held by trustee of \$433,633 relate to a sinking fund required by revenue bond covenants as well as amounts set aside for repayment of bond principal and interest. As a result, these funds are restricted on the Statement of Net Assets.

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Property taxes receivables of \$219,733 are restricted on the Statement of Net Assets because these funds are to be used solely for the retirement of general obligation bonds.

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Increases	Decreases	Reclassification	Balance June 30, 2007
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,975,535	-	-	-	\$ 1,975,535
Construction in progress	<u>7,779,699</u>	<u>\$ 128,585</u>	<u>-</u>	<u>\$(7,896,045)</u>	<u>12,239</u>
Total capital assets not being depreciated	<u>9,755,234</u>	<u>128,585</u>	<u>-</u>	<u>(7,896,045)</u>	<u>1,987,774</u>
<b>Capital assets being depreciated:</b>					
Buildings	78,882,085	7,498,153	-	7,211,525	93,591,763
Improvements other than buildings	12,710,508	836,122	-	684,520	14,231,150
Equipment	6,568,369	469,945	\$264,570	-	6,773,744
Library books	<u>2,647,200</u>	<u>161,397</u>	<u>46,082</u>	<u>-</u>	<u>2,762,515</u>
Total capital assets being depreciated	<u>100,808,162</u>	<u>8,965,617</u>	<u>310,652</u>	<u>7,896,045</u>	<u>117,359,172</u>
Less accumulated depreciation for:					
Buildings	13,965,165	1,972,479	-	-	15,937,644
Improvements other than buildings	3,204,812	724,012	-	-	3,928,824
Equipment	4,710,888	700,204	246,893	-	5,164,199
Library books	<u>1,893,752</u>	<u>128,300</u>	<u>46,082</u>	<u>-</u>	<u>1,975,970</u>
Total accumulated depreciation	<u>23,774,617</u>	<u>3,524,995</u>	<u>292,975</u>	<u>-</u>	<u>27,006,637</u>
Total capital assets being depreciated, net	<u>77,033,545</u>	<u>5,440,622</u>	<u>17,677</u>	<u>7,896,045</u>	<u>90,352,535</u>
<b>Capital assets, net</b>	<u>\$ 86,788,779</u>	<u>\$ 5,569,207</u>	<u>\$ 17,677</u>	<u>\$ -</u>	<u>\$92,340,309</u>

The District has one active construction project which is the renovation of the new Career and Technical Education Center building, however, no purchase commitments have been made as of June 30, 2007.

**Note 6 - Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2007, was as follows:

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>	<u>Due within one year</u>
Compensated absences payable	\$1,064,457	\$870,014	\$857,129	\$1,077,342	\$51,034
Other	134,749	44,320	33,750	145,319	8,302
Total	<u>\$1,199,206</u>	<u>\$914,334</u>	<u>\$890,879</u>	<u>\$1,222,661</u>	<u>\$59,336</u>
Bonds payable:					
General obligation bonds	\$59,235,000	-	\$2,810,000	\$56,425,000	-
Revenue bonds	<u>1,280,000</u>	<u>-</u>	<u>155,000</u>	<u>1,125,000</u>	<u>\$ 160,000</u>
Total bonds payable	60,515,000	-	2,965,000	57,550,000	160,000
Capital leases payable	<u>2,148,280</u>	<u>\$6,737,130</u>	<u>796,318</u>	<u>8,089,092</u>	<u>917,187</u>
Total long-term debt	<u>\$62,663,280</u>	<u>\$6,737,130</u>	<u>\$3,761,318</u>	<u>\$65,639,092</u>	<u>\$1,077,187</u>

**Bonds** – The District's bonded debt consists of various issues of general obligation and revenue bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. Bonds have also been issued to advance-refund previously issued bonds. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of general obligation and revenue bonds outstanding at year-end and issued in prior years were \$75,630,000 and \$2,500,000, respectively.

The Series A \$25,955,000 general obligation bond issue, the Series B \$25,000,000 general obligation bond issue, and the Series C \$19,500,000 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's general obligation bond legal debt limit is 15% of the secondary assessed value of real and personal property within Yavapai County. The District's total general obligation bond debt capacity was \$345,406,941 as of June 30, 2007. Of this amount, the District has \$56,425,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$288,981,941.

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

Bonds outstanding at June 30, 2007, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series A	\$25,955,000	7/1/08-22	4.13-4.75%	\$13,715,000
Project of 2001-Series B	25,000,000	7/1/08-24	3.25-4.75%	21,500,000
Project of 2001-Series C	19,500,000	7/1/08-25	3.50-5.00%	19,000,000
Series 2003-Refunding	5,175,000	7/1/08-11	2.50-3.75%	2,210,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/08-12	5.85-6.00%	1,125,000

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2007:

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,				
2008	-	\$ 2,352,317	\$ 160,000	\$ 62,580
2009	\$ 2,915,000	2,243,767	170,000	52,800
2010	3,040,000	2,127,858	180,000	42,300
2011	3,160,000	2,001,755	195,000	31,050
2012	3,300,000	1,866,302	205,000	19,050
2013 - 17	18,860,000	6,991,484	215,000	6,450
2018 - 22	20,265,000	2,870,541	-	-
2023 - 25	4,885,000	307,578	-	-
Total	<u>\$56,425,000</u>	<u>\$20,761,602</u>	<u>\$1,125,000</u>	<u>\$214,230</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. The following schedule details all general obligation bonds considered defeased at June 30, 2007:

<u>Description</u>	<u>Amount</u>
General Obligation Bonds Project of 1988-Series B	\$1,625,000

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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June 30, 2007**

**Capital Leases** - The District has acquired various machinery, equipment and furniture items, as well as the recently purchased Career & Technical Education building, under the provisions of long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term. The capitalized assets acquired through capital leases at June 30, 2007 are as follows:

<b>Building &amp; Equipment</b>	\$5,448,058
Less: accumulated depreciation	<u>265,107</u>
<b>Carrying value</b>	<u><u>\$5,182,951</u></u>

The determination of whether equipment acquired under capital leases is capitalized is based upon the capitalization thresholds specified in Note 1 - D. Accordingly, the District owns an additional \$3,312,547 of equipment acquired through capital leases which is not capitalized and therefore not subject to depreciation.

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2007.

<b>Year ending June 30,</b>	
2008	\$1,188,086
2009	1,309,241
2010	1,079,225
2011	864,431
2012	664,442
2013-2017	2,628,392
2018-2022	<u>2,628,393</u>
Total net minimum lease payments	10,362,210
Less amount representing interest	<u>2,273,118</u>
Present value of net minimum lease payments	<u><u>\$8,089,092</u></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 and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In addition, the District purchases health care insurance from the Yavapai Combined Trust, a public entity risk pool formed to provide health care benefits to employees of

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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participating governmental units. The Trust is funded by irrevocable contributions from the District for employee coverage and from employees for dependent coverage. The District's contributions are reported as expenses in the financial statements. The Trust provides coverage for claims up to \$175,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$18,582,781. The Trust purchases commercial insurance coverage for claims in excess of these limits. Settled claims did not exceed the aggregate attachment point for the fiscal year ended June 30, 2007. The District is not liable for claims in excess of coverage limits and cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

**Note 8 - Retirement Plan**

**Defined Benefit Plan**

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

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85012-3910 or by calling (602) 240-2000 or (800) 621-3778.

**Funding Policy** - The Arizona State Legislature establishes, and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2007, active plan members and the District were each required by statute to contribute at the actuarially-determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2007, 2006, and 2005 were \$1,252,280, \$929,285, and \$751,044, respectively, which were equal to the required contributions for the year.

**Defined Contribution Plans**

**Plan Description** - In accordance with A.R.S. §15-1451, District faculty, service professionals, and administrative staff have the option of participating in defined

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

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

**Funding Policy** - The Arizona State Legislature allows the District to establish contribution rates each year, not to exceed seven percent of the member's covered payroll. For the year ended June 30, 2007, the District contributed at the rate of 7.0 percent of the member's annual covered payroll. Employees contributed 7.0 percent of covered payroll. Contributions to these plans for the year ended June 30, 2007, were as follows:

<u>Plan</u>	<u>Contribution Rate</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
TIAA/CREF	7.0%	\$268,035	\$268,035	\$536,070
VALIC	7.0%	53,731	53,731	107,462
ING	7.0%	41,718	41,718	83,436

**Note 9 – Operating Expenses**

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

Personal services	\$29,242,638
Contract services	3,600,794
Supplies and other services	4,861,729
Communications and utilities	2,556,902
Scholarships	2,142,681
Depreciation	3,524,995
Other	<u>3,413,071</u>
Total	<u>\$49,342,810</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

**Note 10 – Discretely Presented Component Unit Disclosure**

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

**Organization and Nature of Activities**

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

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

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

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

The mission of Roughrider Club is to provide support to the Yavapai College Intercollegiate Athletics Program through fundraising and promotional activities. The RRC raises money through memberships and other activities such as its golf tournament. It uses the money to pay expenses related to the athletics program. These expenses include the purchase of championship rings, contributions toward capital items such as the baseball building and baseball scoreboard, and certain transportation expenses not covered by the regular athletic budget.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

The purpose of the Performing Arts Charitable Endowment (PACE) is to support Yavapai College Community Events' ability to maintain affordable ticket prices and offer high caliber entertainment to more than 60,000 patrons each year. PACE also supports the Artists in Residence Program, which brings artistic programs to Yavapai County students and special-needs audiences.

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

On March 1, 2007, the Marilyn Sunderman Foundation signed a Letter Agreement with Yavapai College Foundation to confirm its intention to form an Arizona non-profit corporation (the Sunderman Foundation Corporation) and file an application for tax exemption on behalf of such corporation with the Internal Revenue Service. Upon receipt of the IRS Determination Letter, Sunderman shall terminate its status as an auxiliary of Yavapai College Foundation and the Foundation shall distribute all of Sunderman's assets held by the Foundation to the Sunderman Foundation Corporation. At June 30, 2007, these assets were cash and cash equivalents of \$91,718 and remaining unsold paintings valued at \$187,400. As of June 30, 2007, the IRS Determination Letter had not yet been received.

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

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

**Accounting Basis and Estimates**

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

**Revenue Recognition**

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

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

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

**Endowments**

The Foundation maintains significant endowments and temporarily restricted funds that are used for scholarships, support of certain academic and athletic programs at Yavapai College and support of entertainment programs held in the Yavapai College Performance Hall. Disbursements from investment earnings for these programs are determined by the Foundation Board of Directors based on recommendations from its advisory committees. The Scholarship committee makes recommendations to the Foundation Board of the amount and type of scholarships to be awarded each year. The PACE committee makes recommendations to the Foundation Board for the year's allocation to Community Events programming. Investment income is used as the donor designates. In the absence of any donor designations, the Foundation's practice is to use investment income according to the purpose of each endowment.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

**B. – Cash and Investments**

The Foundation maintains several bank accounts at local banks. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000, and the balances in the bank accounts will exceed \$100,000 at times during the year. At June 30, 2007, the Foundation had demand, savings and money market accounts as follows:

	<u>Amount</u>
Cash on hand	\$ 186
Checking, savings and money market accounts	
Unrestricted balances	822,863
Restricted balances	<u>606,792</u>
Total cash and cash equivalents	<u>\$1,429,841</u>

Investments, stated at fair value, none of which are held for trading purposes, consist of the following American Fund mutual funds at June 30, 2007:

	<u>Amount</u>
Balances by investment	
The Investment Company of America	\$ 707,325
Bond Fund of America, Inc.	2,302,363
Growth Fund of America	1,905,785
Europacific Growth Fund	979,767
SmallCap World Fund	992,788
Cash Management Trust of America	<u>37</u>
Total	<u>\$6,888,065</u>
Balances by restriction	
Permanent restricted investments (Endowments)	\$3,441,629
Temporarily restricted investments (Current Assets)	3,346,835
Unrestricted investments	<u>99,601</u>
Total	<u>\$6,888,065</u>

**C. – Investment Return**

For the year ended June 30, 2007, the Foundation had investment returns as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Dividends, interest, and other gains	\$ 82,318	\$ 393,862
Net unrealized gains	<u>24,122</u>	<u>546,767</u>
Total	<u>\$106,440</u>	<u>\$ 940,629</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2007**

**D. – Temporary Restricted Net Assets**

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

Purpose restriction accomplished:	<u>Amount</u>
Support for College programs and scholarships	<u>\$1,152,288</u>
Total restrictions released	<u>\$1,152,288</u>

Temporarily restricted net assets of \$3,735,792 have been set aside for scholarships and programs of Yavapai College at June 30, 2007.



## **STATISTICAL SECTION**

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
NET ASSETS by COMPONENT  
Last Six Fiscal Years

	2006/07	2005/06 (2)	2004/05 (1)	2003/04	2002/03	2001/02
Invested in capital assets, net of related debt	\$33,700,448	\$30,615,411	\$26,666,133	\$25,726,907	\$ 22,543,558	\$17,826,836
Restricted - expendable	1,493,545	1,193,320	3,417,689	2,621,323	1,792,072	2,039,017
Restricted - nonexpendable	553,992	554,901	542,806	556,339	582,022	622,759
Unrestricted	6,863,655	5,728,035	3,935,874	2,600,345	2,025,154	1,624,642
Total net assets	\$42,611,640	\$38,091,667	\$34,562,502	\$31,504,914	\$ 26,942,806	\$22,113,254

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

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

Note 1: FY2004/05 amounts were restated in FY2005/06 to capitalize interest for assets constructed from the proceeds of bonds issued in accordance with the District's Master Plan.

Note 2: FY2005/06 amounts were reclassified between invested in capital assets - net of related debt, restricted - expendable and unrestricted to improve the classification of assets and liabilities within these categories. The fiscal years prior to FY05/06 have not been restated.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
CHANGES in NET ASSETS  
Last Six Fiscal Years

	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Operating expenses:</b>						
Educational and general:						
Instruction	\$ 15,175,652	\$ 14,063,388	\$ 13,501,501	\$ 12,118,617	\$ 11,642,200	\$ 11,601,616
Public service	469,694	427,283	536,325	645,631	529,506	536,281
Academic support	3,431,924	3,360,252	3,745,522	3,122,713	3,256,483	3,108,890
Student services	3,799,884	3,632,561	3,553,447	2,439,897	3,506,706	3,336,776
Institutional support	9,007,831	8,413,195	8,241,986	6,603,761	7,792,981	7,470,555
Operation and maintenance of plant	6,054,495	6,678,206	7,791,233	8,822,310	3,794,370	4,180,510
Scholarships	2,142,681	2,235,781	2,420,745	2,024,227	2,047,934	1,618,905
Auxiliary enterprises	5,735,654	5,928,988	4,755,382	5,709,607	5,593,274	6,253,473
Depreciation	3,524,995	2,648,059	2,073,464	1,715,650	1,602,905	1,499,182
Total operating expenses	49,342,810	47,387,713	46,619,605	43,202,413	39,766,359	39,606,188
<b>Operating revenues:</b>						
Tuition and fees pledged as security for revenue bonds	7,063,707	6,543,317	5,920,182	5,815,139	5,092,023	5,743,255
Government grants and contracts	4,965,960	4,705,133	4,967,630	5,677,475	5,121,854	4,262,416
Bookstore sales	122,752	109,525	112,407	152,844	122,549	111,627
Food service sales pledged as security for revenue bonds	185,637	256,930	270,131	394,890	410,905	431,637
Dormitory rentals pledged as security for revenue bonds	253,497	289,668	262,246	323,650	317,225	326,812
Other	969,866	1,343,169	1,251,091	1,428,657	1,447,689	1,400,640
Total operating revenues	13,561,419	13,247,742	12,783,687	13,792,655	12,512,245	12,276,387
Operating loss	(35,781,391)	(34,139,971)	(33,835,918)	(29,409,758)	(27,254,114)	(27,329,801)
<b>Nonoperating revenues (expenses):</b>						
Property taxes	35,439,097	33,086,999	31,369,540	28,782,021	27,659,035	25,163,069
State appropriations	4,738,700	4,738,700	4,724,400	4,589,100	4,589,100	4,895,200
Share of state sales taxes	661,207	527,127	505,338	483,665	457,449	409,676
Private gifts	258,992	358,063	297,474	251,758	71,519	31,900
Investment earnings	958,016	817,166	399,527	498,605	128,400	682,068
Interest expense on debt	(2,475,647)	(2,539,812)	(1,676,842)	(1,712,315)	(1,394,172)	(1,501,070)
Gain (loss) on disposal of capital assets	(2,911)	(6,007)	-	-	4,935	5,771
Total nonoperating revenues	39,577,454	36,982,236	35,619,437	32,892,834	31,516,266	29,686,614
Income before other revenues, expenses, gains or losses	3,796,063	2,842,265	1,783,519	3,483,076	4,262,152	2,356,813
Capital appropriations	678,500	686,900	683,800	567,400	567,400	605,900
Capital grants and gifts	45,410	-	-	28,977	-	5,867
Increase in net assets	\$ 4,519,973	\$ 3,529,165	\$ 2,467,319	\$ 4,079,453	\$ 4,829,552	\$ 2,968,580

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

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

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

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT (3)
1997/98	\$ 22,144,594	\$ 21,869,276	\$ 275,318
1998/99	23,499,973	23,305,953	194,020
1999/00	24,703,216	24,703,215	1
2000/01	24,653,913	26,257,047	(1,603,134)
2001/02	26,177,568	27,410,674	(1,233,106)
2002/03	28,336,441	29,965,000	(1,628,559)
2003/04	30,888,344	29,769,557	1,118,787
2004/05	31,084,322	30,936,096	148,226
2005/06	29,756,503	29,756,502	1
2006/07	31,866,200	31,866,199	1

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

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

Note 2: Budgeted expenditures are net of allowable exclusions.

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

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

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1997/98	\$ 13,844,471	\$ 12,986,420	93.80%	\$ 795,379	\$ 13,781,799	99.55%
1998/99	14,637,304	13,811,366	94.36%	723,762	14,535,128	99.30%
1999/00	15,983,219	15,185,729	95.01%	766,258	15,951,987	99.80%
2000/01	16,596,181	15,792,827	95.16%	690,636	16,483,463	99.32%
2001/02	25,228,424	23,985,546	95.07%	895,273	24,880,819	98.62%
2002/03	27,716,262	26,566,640	95.85%	1,019,845	27,586,485	99.53%
2003/04	28,748,709	27,766,489	96.58%	1,039,416	28,805,905	100.20%
2004/05	31,323,257	30,320,499	96.80%	1,071,005	31,391,504	100.22%
2005/06	33,058,979	32,138,159	97.21%	1,028,578	33,166,737	100.33%
2006/07	35,442,857	34,480,667	97.29%	825,402	35,306,069	99.61%

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

Note 1: All amounts shown are for the General Fund only through fiscal year 2000-01. Thereafter, amounts are presented district-wide, in accordance with GASB Statement Number 35. In addition, amounts presented are the original levies, prior to any adjustments.

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

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

Fiscal Year/Levy Type (1)	Net Assessed Value	Full Cash Value (2)	Percentage of Net Assessed to Full Cash Value
1997/98 primary	\$ 961,650,156	\$ 7,378,952,854	13.03%
1997/98 secondary	1,006,364,142	7,706,940,981	13.06%
1998/99 primary	1,023,772,206	7,855,389,589	13.03%
1998/99 secondary	1,048,350,566	8,028,603,293	13.06%
1999/00 primary	1,097,131,069	8,515,260,240	12.88%
1999/00 secondary	1,186,775,025	9,244,835,021	12.84%
2000/01 primary	1,181,301,079	9,312,109,194	12.69%
2000/01 secondary	1,247,635,912	9,849,696,850	12.67%
2001/02 primary	1,280,950,405	10,130,049,480	12.65%
2001/02 secondary	1,344,616,822	10,623,825,910	12.66%
2002/03 primary	1,388,092,520	11,042,983,587	12.57%
2002/03 secondary	1,450,497,580	11,527,745,675	12.58%
2003/04 primary	1,516,807,417	12,071,754,471	12.56%
2003/04 secondary	1,602,480,129	12,668,564,990	12.65%
2004/05 primary	1,674,843,192	13,416,406,081	12.48%
2004/05 secondary	1,783,988,336	14,194,061,201	12.57%
2005/06 primary	1,877,847,425	15,045,533,581	12.48%
2005/06 secondary	2,020,575,209	16,183,588,648	12.49%
2006/07 primary	2,125,710,207	17,098,083,909	12.43%
2006/07 secondary	2,302,712,940	18,547,141,546	12.42%

Source: Yavapai County Assessor's Office.

Note 1: Primary - Taxes levied to pay for current operation and maintenance expenses.  
 Secondary - Taxes levied to pay principal and interest on bonded indebtedness.

Note 2: Full cash value approximates market value.

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	Yavapai County	Cities/Towns and Special Districts		School Districts	
			From	To	From	To
1997/98	1.4589(p)	2.3363(p)	.4152(p)	1.5951(p)	2.1269(p)	8.7736(p)
	.1055(s)	.4097(s)	.1285(s)	9.5182(s)	.1857(s)	2.1236(s)
1998/99	1.4631(p)	2.2768(p)	.3822(p)	1.4973(p)	2.1831(p)	8.2203(p)
	.1058(s)	.4354(s)	.1463(s)	8.4556(s)	.2062(s)	2.1147(s)
1999/00	1.5294(p)	2.2374(p)	.3169(p)	1.5382(p)	2.3038(p)	7.3800(p)
	.0956(s)	.4452(s)	.1273(s)	5.0680(s)	.1853(s)	2.1583(s)
2000/01	1.5330(p)	2.1283(p)	.2906(p)	1.6280(p)	1.2996(p)	7.0338(p)
	.0875(s)	.4354(s)	.1475(s)	4.0624(s)	.2810(s)	2.1201(s)
2001/02	1.5325(p)	2.1040(p)	.2627(p)	1.5235(p)	.9900(p)	7.8089(p)
	.4163(s)	.4286(s)	.1482(s)	3.8269(s)	.3658(s)	2.2354(s)
2002/03	1.5835(p)	2.0961(p)	.2522(p)	1.1617(p)	2.1632(p)	6.6490(p)
	.3954(s)	.4297(s)	.4707(s)	.4707(s)	.7546(s)	2.0801(s)
2003/04	1.5672(p)	2.1525(p)	.2415(p)	1.2461(p)	.4839(p)	8.2795(p)
	.3106(s)	.4307(s)	.3235(s)	3.3000(s)	.2947(s)	2.5992(s)
2004/05	1.5626(p)	2.1568(p)	.2383(p)	1.1904(p)	1.2362(p)	8.2761(p)
	.2888(s)	.4069(s)	.2118(s)	3.3000(s)	.2857(s)	2.3333(s)
2005/06	1.4900(p)	1.7008(p)	.2245(p)	1.1134(p)	1.7992(p)	10.4246(p)
	.2614(s)	.4034(s)	.1894(s)	3.4285(s)	.2687(s)	1.9800(s)
2006/07	1.4308(p)	1.6552(p)	.2182(p)	1.1281(p)	1.7979(p)	9.4606(p)
	.2265(s)	.3898(s)	.2523(s)	3.4491(s)	.2353(s)	1.9165(s)

(p) - primary tax levy  
(s) - secondary tax levy

Source: Yavapai County Board of Supervisors.

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
1997/98	\$ 961,650,156	1.4589	14,029,805	\$ 1,006,364,142	.1055	\$ 1,061,930
1998/99	1,023,772,206	1.4631	14,978,983	1,048,350,566	.1058	1,109,134
1999/00	1,097,131,069	1.5294	16,779,826	1,186,775,025	.0956	1,135,081
2000/01	1,181,301,079	1.5330	18,109,635	1,247,635,912	.0875	1,091,840
2001/02	1,280,950,405	1.5325	19,630,398	1,344,616,822	.4163	5,598,026
2002/03	1,388,092,520	1.5835	21,980,482	1,450,497,580	.3954	5,735,780
2003/04	1,516,807,417	1.5672	23,771,406	1,602,480,129	.3106	4,977,303
2004/05	1,674,843,192	1.5626	26,171,099	1,785,174,684	.2888	5,155,584
2005/06	1,877,847,425	1.4900	27,979,927	2,020,575,209	.2614	5,281,784
2006/07	2,125,710,207	1.4308	30,414,662	2,302,712,940	.2265	5,215,645

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

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

Taxpayer	2006 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2006/07 Primary Assessed Valuation	1999 Primary Assessed Valuation (1)	Rank	Percent of Yavapai County's 1999/00 Primary Assessed Valuation
Arizona Public Service	\$ 65,988,184	1	3.10%	\$ 49,460,669	1	4.51%
Phelps Dodge Bagdad Copper Company	47,416,032	2	2.23%	28,881,927	2	2.63%
Salt River Pima-Maricopa Indian Community	26,177,076	3	1.23%	-	-	-
Qwest	18,317,702	4	0.86%	17,756,120	3	1.62%
Unisource Energy Corporation	12,574,177	5	0.59%	7,875,102	4	0.72%
Burlington Northern Santa Fe Railroad	12,013,893	6	0.57%	5,375,550	7	0.49%
TWC II - Prescott Mall LLC	9,982,086	7	0.47%	-	-	-
El Paso Natural Gas Company	9,759,694	8	0.46%	6,859,805	6	0.63%
Transwestern Pipeline Company	7,198,193	9	0.34%	7,331,832	5	0.67%
New Enchantment LP	6,387,569	10	0.30%	-	-	-
ACE Hardware	-	-	-	3,667,110	8	0.33%
Printpak	-	-	-	2,647,015	9	0.24%
Rams Shopping Center LLC	-	-	-	2,201,776	10	0.20%
Total Top Ten	<u>\$ 215,814,606</u>		<u>10.15%</u>	<u>\$ 132,056,906</u>		<u>12.04%</u>

Source: Yavapai County Assessor.

Note 1: Principal property taxpayer information was not available prior to fiscal year 1998/99.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 TUITION SCHEDULE  
 Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
1997/98	\$ 930	\$ 31
1998/99	930	31
1999/00	930	31
2000/01	930	31
2001/02	930	31
2002/03	930	31
2003/04	1,140	38
2004/05	1,140	38
2005/06	1,320	44
2006/07	1,350	45

Source: District records.

Note 1: Tuition based on one year of full-time equivalent credit for in-state students.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
RATIOS of OUTSTANDING DEBT by TYPE  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Pledged Revenue Obligations	Capital Lease Obligations	Total Outstanding Debt	Percentage of personal Income (1)	Per Capita (1)
1997/98	\$ 9,178,478	\$ 2,245,000		\$ 147,324	\$ 11,570,802	0.37%	\$ 73
1998/99	8,624,272	2,145,000		522,052	11,291,324	0.34%	69
1999/00	8,009,171	2,040,000	\$ 4,425,000	756,236	15,230,407	0.43%	90
2000/01	7,363,705	1,930,000	4,110,000	443,671	13,847,376	0.37%	80
2001/02	28,161,225	1,815,000	-	314,631	30,290,856	0.79%	169
2002/03	23,865,000	1,690,000	-	153,344	25,708,344	0.63%	139
2003/04	45,680,000	1,560,000	-	320,864	47,560,864	1.05%	249
2004/05	61,725,000	1,425,000	-	826,824	63,976,824	1.31%	322
2005/06	59,235,000	1,280,000	-	2,148,280	62,663,280	1.22%	306
2006/07	56,425,000	1,125,000	-	8,089,092	65,639,092	1.22%	308

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

Note 1: See the Population and Personal Income Schedule for Yavapai County on page 66 for data.

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

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Secondary Assessed Value</b>	\$ 1,006,364,142	\$ 1,048,350,566	\$ 1,186,775,025	\$ 1,247,635,912	\$ 1,344,616,822	\$ 1,450,497,580	\$ 1,602,480,129	\$ 1,783,988,336	\$ 2,020,575,209	\$ 2,302,712,940
<b>Legal Debt Margin</b>										
Debt limit - 15% of secondary assessed value	150,954,621	157,252,585	178,016,254	187,145,387	201,692,523	217,574,637	240,372,019	267,598,250	303,086,281	345,406,941
Amount of debt applicable to debt limit:										
General obligation bonded debt	(9,178,478)	(8,624,272)	(8,009,171)	(7,363,705)	(28,161,225)	(23,865,000)	(45,680,000)	(61,725,000)	(59,235,000)	(56,425,000)
Legal debt margin	\$ 141,776,143	\$ 148,628,313	\$ 170,007,083	\$ 179,781,682	\$ 173,531,298	\$ 193,709,637	\$ 194,692,019	\$ 205,873,250	\$ 243,851,281	\$ 288,981,941
Total general obligation bonded debt as a percentage of legal debt limit	6.08%	5.48%	4.50%	3.93%	13.96%	10.97%	19.00%	23.07%	19.54%	16.34%

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)	Secondary Assessed Value of Real Estate	Bonds Payable	Amount Available For Retirement of General Obligation Bond Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1997/98	157,686	\$ 1,006,364,142	\$ 9,178,478	\$173,710	\$ 9,004,768	0.89%	\$ 57.11
1998/99	162,943	1,048,350,566	8,624,272	237,515	8,386,757	0.80%	51.47
1999/00	168,981	1,186,775,025	8,009,171	320,344	7,688,827	0.65%	45.50
2000/01	173,703	1,247,635,912	7,363,705	451,270	6,912,435	0.55%	39.79
2001/02	179,071	1,344,616,822	28,161,225	454,103	27,707,122	2.06%	154.73
2002/03	184,464	1,450,497,580	23,865,000	466,245	23,398,755	1.61%	126.85
2003/04	190,737	1,602,480,129	45,680,000	442,460	45,237,540	2.82%	237.17
2004/05	196,760	1,785,174,684	61,725,000	443,359	61,281,641	3.44%	311.45
2005/06	205,105	2,020,575,209	59,235,000	583,290	58,651,710	2.90%	285.96
2006/07	213,285	2,302,712,940	56,425,000	664,470	55,760,530	2.42%	261.44

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses/ Expenditures (1)	Percentage of Debt Service to Operating Expenses/ Expenditures
1997/98	\$ 595,000	\$ 466,930	\$ 1,061,930	\$ 28,895,259	3.68%
1998/99	635,000	429,605	1,064,605	30,743,524	3.46%
1999/00	700,000	390,130	1,090,130	32,407,067	3.36%
2000/01	715,000	370,680	1,085,680	34,937,931	3.11%
2001/02	4,255,000	1,373,823	5,628,823	39,606,188	14.21%
2002/03	4,296,225	1,394,172	5,690,397	39,766,359	14.31%
2003/04	3,185,000	2,015,630	5,200,630	43,202,413	12.04%
2004/05	3,455,000	1,809,834	5,264,834	46,619,605	11.29%
2005/06	2,490,000	2,697,539	5,187,539	47,387,713	10.95%
2006/07	2,810,000	2,404,983	5,214,983	49,342,810	10.57%

Source: District records.

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 COMPUTATION OF DIRECT and OVERLAPPING DEBT  
 GENERAL OBLIGATION BONDS  
 June 30, 2007

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
Direct:	
Yavapai County Community College District	\$ 56,425,000
Overlapping (1):	
School Districts	75,240,000
Jail District	8,285,000
Water Districts	<u>45,000</u>
Total direct and overlapping debt	<u>\$ 139,995,000</u>

Source: Yavapai County Treasurer's Office.

Note 1: Excludes improvement districts.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
1997/98	\$ 8,438,057	\$ 100,000	\$ 131,370	\$ 231,370	36.47
1998/99	8,967,443	105,000	123,245	228,245	39.29
1999/00	9,340,604	110,000	117,995	227,995	40.97
2000/01	9,418,594	115,000	112,275	227,275	41.44
2001/02	8,686,966	125,000	106,180	231,180	37.58
2002/03	7,595,245	130,000	99,430	229,430	33.10
2003/04	8,133,022	135,000	92,215	227,215	35.79
2004/05	7,963,710	145,000	84,588	229,588	34.69
2005/06	8,942,844	155,000	76,250	231,250	38.67
2006/07	9,137,014	160,000	67,260	227,260	40.21

Source: District records.

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

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ECONOMIC INDICATORS for YAVAPAI COUNTY  
 June 30, 2007

Employment by Sector	Employees
Mining and Construction	9,200
Education and Health Services	8,900
Financial Activities	2,400
Government	11,500
Leisure and Hospitality	7,900
Manufacturing	3,800
Professional and Business Services	5,200
Trade, Transportation and Utilities	12,300
Information	600

Employment by Occupation	Percent of Total
Retail Trade	16.5%
Health Care and Social Assistance	15.2%
Construction	14.8%
Accommodation and Food Services	13.3%
Educational Services	10.6%
Public Administration	8.5%
Manufacturing	7.4%
Administrative and Waste Services	6.0%
Finance, Insurance and Real Estate Services	4.5%
Professional and Technical Services	3.2%

**Unemployment Rate** 3.6%

**Labor Force** 94,942

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 PRINCIPAL EMPLOYERS in YAVAPAI COUNTY  
 Current Year and Eight Years Ago

Major Employers	FY 2006/07			FY 1998/1999		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai Regional Medical Center	1,850	1	1.95%	730	3	1.10%
Yavapai County	1,800	2	1.90%	1,213	1	1.83%
Wal-Mart	1,035	3	1.09%	-	-	
Cyprus Bagdad Copper Mine	884	4	0.93%	535	6	0.81%
Prescott Unified School District	700	5	0.74%	573	4	0.87%
Veterans Medical Center	700	6	0.74%	550	5	0.83%
Yavapai College	691	7	0.73%	468	7	0.71%
Verde Valley Medical Center	674	8	0.71%	351	9	0.53%
City of Prescott	545	9	0.57%	385	8	0.58%
State of Arizona	438	10	0.46%	330	10	0.50%
Sturm Ruger & Company	-	-	-	1,176	2	1.78%
<b>Total</b>	<b>9,317</b>		<b>9.82%</b>	<b>6,311</b>		<b>9.54%</b>

Source: City of Prescott and District records.

Note: Principal employer information was not available prior to fiscal year 1998/99.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 MISCELLANEOUS STATISTICS  
 June 30, 2007

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

Population	1990	2000	2007
Yavapai County	107,714	167,517	213,285
State of Arizona	3,665,228	5,130,632	6,305,210

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

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

\* Population composition is based on 2000 census - estimated for 2006.

Source: Arizona Department of Commerce 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)
1997/98	157,686	\$ 3,144,911	\$ 19,944
1998/99	162,943	3,315,373	20,347
1999/00	168,999	3,574,050	21,148
2000/01	173,726	3,701,821	21,308
2001/02	179,095	3,853,070	21,514
2002/03	184,346	4,049,851	21,969
2003/04	190,685	4,518,554	23,696
2004/05	198,841	4,875,841	24,521
2005/06	205,105	5,119,947	24,963
2006/07	213,285	5,364,052	25,150

Source: Bureau of Economic Analysis and Arizona  
 Department of Economic Security.

Note 1: Personal Income and Per Capita Personal Income were not available  
 for fiscal years 2005/06 and 2006/07. Amounts were estimated based  
 upon the prior 10 year average increase.

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
1997/98	20.0%	80.0%	37.2%	62.8%	87.1%	7.4%	4.7%	0.8%
1998/99	18.2%	81.8%	37.0%	63.0%	87.6%	7.0%	4.8%	0.6%
1999/00	16.8%	83.2%	37.9%	62.1%	88.0%	6.5%	5.0%	0.5%
2000/01	16.6%	83.4%	36.8%	63.2%	89.4%	5.8%	4.2%	0.6%
2001/02	17.3%	82.7%	36.6%	63.4%	88.8%	5.5%	5.0%	0.7%
2002/03	18.0%	82.0%	37.3%	62.7%	88.1%	5.6%	5.8%	0.5%
2003/04	18.0%	82.0%	37.1%	62.9%	88.6%	5.4%	5.5%	0.5%
2004/05	19.0%	81.0%	38.2%	61.8%	84.7%	5.1%	9.8%	0.4%
2005/06	17.8%	82.2%	38.1%	61.9%	82.5%	4.5%	12.6%	0.4%
2006/07	15.3%	84.7%	38.9%	61.1%	82.9%	4.2%	12.5%	0.4%

Fiscal Year	Degrees Awarded	Certificates Awarded
1997/98	251	39
1998/99	246	98
1999/00	246	83
2000/01	234	98
2001/02	252	149
2002/03	276	145
2003/04	288	169
2004/05	304	161
2005/06	340	210
2006/07	344	183

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
1997/98	36	39	2.4%	1.0%	4.2%	0.7%	83.8%	7.9%
1998/99	37	39	2.8%	0.8%	4.2%	0.7%	83.3%	8.2%
1999/00	38	40	2.4%	0.9%	4.3%	0.5%	82.7%	9.2%
2000/01	40	38	2.1%	1.0%	5.0%	0.6%	80.7%	10.6%
2001/02	38	40	1.9%	1.0%	5.2%	0.5%	81.0%	10.4%
2002/03	37	39	2.4%	1.0%	5.0%	0.9%	79.0%	11.7%
2003/04	36	39	2.9%	1.0%	5.3%	0.8%	77.8%	12.2%
2004/05	35	39	3.1%	1.0%	5.4%	0.9%	77.6%	12.0%
2005/06	35	39	2.7%	1.0%	5.9%	0.8%	76.2%	13.4%
2006/07	36	39	2.5%	1.2%	6.6%	0.8%	74.4%	14.5%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 HISTORIC ENROLLMENT  
 Last Ten Fiscal Years

	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98
<b>Headcount</b>	16,312	15,936	13,398	14,463	14,212	14,426	13,838	11,645	10,073	10,280

<b>FTSE by Campus</b>	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98
Prescott	2,141	1,954	1,882	1,962	2,047	1,944	1,800	1,825	1,884	1,881
Verde	701	692	624	549	551	537	559	514	526	514
Sedona	135	129	125	136	123	112	97	74	66	72
Prescott Valley	364	269	290	273	220	214	171	214	183	161
Chino Valley	133	127	121	109	80	77	67	57	61	40
Elderhostel	72	112	95	146	136	169	166	117	-	-
Other (1)	71	69	94	96	99	57	76	84	80	95
<b>Total District</b>	<b>3,617</b>	<b>3,352</b>	<b>3,231</b>	<b>3,271</b>	<b>3,256</b>	<b>3,110</b>	<b>2,936</b>	<b>2,885</b>	<b>2,800</b>	<b>2,763</b>

Source: District records.

Note 1: Other includes Adult Basic Education (ABE), Skill Center, and courses at non-campus locations.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 FACULTY and STAFF STATISTICS  
 Last Eight Fiscal Years

	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
<b>Faculty</b>								
Regular	102	97	97	92	95	93	87	86
Adjunct	474	330	342	368	572	572	547	530
<b>Staff</b>								
Regular	317	284	307	318	288	289	258	237
Temporary (1)	177	188	198	230	224	200	147	73

Source: District records.

Note: District information was not available prior to fiscal year 1999/00.

Note 1: Temporary staff amounts are based on full-time equivalents.

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

Asset Type	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Computers and Peripherals	\$ 1,161,346	\$ 1,173,513	\$ 979,865	\$ 885,220	\$ 742,745	\$ 946,837
Network Equipment	1,118,033	1,155,303	1,144,747	1,193,463	1,153,467	1,015,399
Audio Visual Equipment	481,299	506,007	541,896	541,896	561,457	487,272
Office Equipment & Furniture	2,624,374	2,386,269	2,081,358	1,433,432	990,060	915,841
Telephone Equipment	252,283	252,283	252,283	628,136	628,136	609,430
Vehicles	1,136,409	1,094,994	1,089,436	1,064,419	1,011,240	855,814
Library Books	2,762,515	2,647,200	2,528,669	2,473,365	2,347,696	2,259,848
Buildings	93,591,763	78,882,085	64,944,116	44,835,295	33,948,681	33,293,833
Construction in Progress	12,239	7,779,699	18,097,827	21,560,868	10,288,928	-
Site Improvements	14,231,150	12,710,508	4,729,052	4,605,295	4,025,390	4,025,390
Land	1,975,535	1,975,535	1,975,535	1,975,535	1,975,536	964,383
	<b>\$ 119,346,946</b>	<b>\$ 110,563,396</b>	<b>\$ 98,364,784</b>	<b>\$ 81,196,924</b>	<b>\$ 57,673,336</b>	<b>\$ 45,374,047</b>

Source: District records.