

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

For the fiscal year
ended June 30, 2013

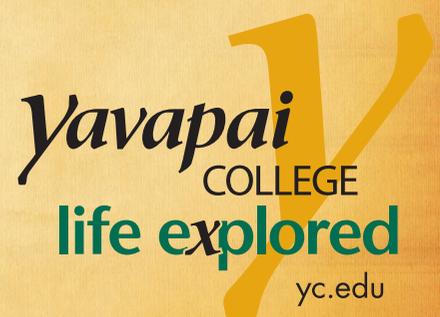
PRESCOTT

VERDE VALLEY

PRESCOTT VALLEY

CHINO VALLEY

SEDONA



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

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Yavapai College
1100 East Sheldon Street
Prescott, Arizona 86301
www.yc.edu

For the fiscal year
ended June 30, 2013

Yavapai
COLLEGE
life explored

**Yavapai County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013**

Table of Contents

Introductory Section

Letter of Transmittal	1
Government Finance Officers Association Certificate of Achievement	8
List of Principal Officers	9
Organizational Chart	10

Financial Section

Independent Auditors' Report	12
Management's Discussion and Analysis	15
Basic Financial Statements:	
Statement of Net Position – Primary Government	23
Statement of Financial Position – Component Unit	24
Statement of Revenues, Expenses, and Changes in Net Position – Primary Government	25
Statement of Activities – Component Unit	26
Statement of Cash Flows – Primary Government	27
Notes to Financial Statements	29

Statistical Section

Net Assets by Component – <i>Last Ten Fiscal Years</i>	49
Changes in Net Assets – <i>Last Ten Fiscal Years</i>	50
Expenditure Limitation - Statutory Limit to Budgeted Expenditures – <i>Last Ten Fiscal Years</i>	51
Property Tax Levies and Collections – <i>Last Ten Fiscal Years</i>	52
Assessed Value and Estimated Actual Value of Taxable Property – <i>Last Ten Fiscal Years</i>	53
Property Tax Rates, Direct and Overlapping Governments - <i>Last Ten Fiscal Years</i>	54
Assessed Valuation, Tax Rate and Levy History – <i>Last Ten Fiscal Years</i>	55
Principal Property Taxpayers – <i>Current Year and Nine Years Ago</i>	56
Tuition Schedule – <i>Last Ten Fiscal Years</i>	57
Ratios of Outstanding Debt by Type – <i>Last Ten Fiscal Years</i>	58
Legal Debt Margin – <i>Last Ten Fiscal Years</i>	59
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita – <i>Last Ten Fiscal Years</i>	60
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Operating Expenses/Expenditures – <i>Last Ten Fiscal Years</i>	61
Computation of Direct and Overlapping Debt - General Obligation Bonds	62
Revenue Bond and Pledged Revenue Obligations Coverage – <i>Last Ten Fiscal Years</i>	63
Economic Indicators for Yavapai County	64
Principal Employers in Yavapai County – <i>Current Year and Nine Years Ago</i>	65
Miscellaneous Statistics	66
Population and Personal Income for Yavapai County – <i>Last Ten Fiscal Years</i>	67
Student Enrollment, Degree and Demographic Statistics – <i>Last Ten Fiscal Years</i>	68
Historic Enrollment - <i>Last Ten Fiscal Years</i>	69
Faculty and Staff Statistics – <i>Last Ten Fiscal Years</i>	70
Capital Asset Information – <i>Last Ten Fiscal Years</i>	71

INTRODUCTORY SECTION

December 10, 2013

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, 2013, is submitted herewith.

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

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

The District is required to undergo a single audit in conformity with the provisions of 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 Finance and Administrative Services.

THE REPORTING ENTITY

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Yavapai County, financial accountability over all activities related to public community college education in Yavapai County is exercised solely by the District. In accordance with GASB Statement No. 39, the financial reporting entity consists of a primary reporting entity and its component 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 are located in Chino Valley, Prescott Valley, Sedona, and Cordes Junction, and include the Career & Technical Education Center, located near the Prescott Airport. Extension sites throughout the county complete the Yavapai District mosaic.

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

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 2012 estimated population (provided by the US Census Bureau) of 212,637 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 growing retiree population will continue to produce population growth in Yavapai County over the next decade.

The State's economy has picked up some since the prior year but growth is still at a slower rate than the past long-term trend rate. The consensus among Arizona economists continues to be for slow and slightly improved growth over the next couple of years. Population growth is an important factor to grow the economy in Arizona and it is well below average.

Yavapai County's economic condition is consistent with the state. Property taxes provide the majority of funding for the District. We expect the growth in total assessed values to increase slightly into next fiscal year and the primary property tax levy to increase moderately due to new construction. The housing market continues to improve with less inventory on the market and an increase in new construction permits. Continued improvement in the housing market is expected but at a slower rate than in the past.

The District's funding from the state has stabilized over the last several years and is currently less than 2% of the total operating budget. The state's budget health continues to improve and the District is not expecting any significant funding changes in the foreseeable future.

MAJOR PROGRAM INITIATIVES

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

Capital Improvement Projects/Planned Maintenance

The District completed a major renovation of the buildings on the Verde Valley campus in the fall of 2012. The project was funded from the District's Future Capital Projects Accumulation account. In conjunction with this renovation the District built a new central plant/warehouse on the Verde Valley campus. It was completed in early 2013 and the plant will provide all of the cooling and heating for the Verde Valley campus. The project was funded with a combination of pledged revenue obligation proceeds and the District's Future Capital Projects Accumulation monies.

The District is in the process of completing a major renovation of the Kachina and Marapai residence halls on the Prescott campus. Improvements include new heating and cooling units, new roofs, new floor coverings, interior and exterior paint, new furniture, extensive landscaping, renovated common areas and various ADA upgrades. Most of the project is being funded with revenue bond proceeds.

The District contracted with an architect and engineering company to assist with the development of a ten year Master Plan. The company will develop, with the assistance of the District, a master site plan for each of the campuses/centers and will include facility, infrastructure and land development improvements to accommodate projected growth over the next ten years. The master site plans will be used to develop a ten year Capital Improvement Plan for the District.

Enrollment

The fiscal year was characterized by steady enrollment with more than 15,000 students attending credit and non-credit classes. Individual programs with double digit FTSE enrollment increases include Administration of Justice, Agriculture, Business, Creative Writing, Fire Science, Gunsmithing, Industrial Plant Technology and Video Game Development.

Student Achievement

Student accomplishments continue to be our most important gauge of success. Four students were named to the 2013 All-Arizona Academic Team. All-Arizona Academic Team members receive tuition waivers to an Arizona University of their choice, courtesy of the Arizona Board of Regents. A total of 1,309 students earned degrees or certificates which represents an increase of 11% over the previous year. Throughout the course of the academic year, 46 students graduated from the Northern Arizona Regional Training Academy, 103 students received an Emergency Medical Technician certificate, and 96 students completed all requirements of the Nursing Program. In addition, approximately 156 students completed studies and passed the exam to earn a high school equivalency diploma.

FUTURE PROGRAM INITIATIVES

The District is offering three new associate degrees beginning in the fall of 2013. The Aviation Technology degree prepares students for careers in aviation as helicopter or airplane pilots, flight service specialists, dispatchers, instructors, and unmanned aircraft operators. The main purpose of the new Emergency Management Applications degree is to cover the needs of emergency management professionals, addressing the various aspects of natural and human caused disasters. Lastly, the Associate of Applied Science degree in Health Information Technology will prepare students to work in traditional and non-traditional leadership and supporting roles in health care settings in Health Information Management.

Beginning in the fall of 2013 the District began offering several new certificates including Exercise Science/Sports Medicine, Fire Science Community Risk Manager, Fire Science Officer/Manager and a Fitness Trainer/Instructor certificate. These new certificate programs will prepare students for various careers in these industries through a combination of lecture, group discussion and hands on skill building experiences.

Academic program reviews will be performed in all instructional degree and certificate programs.

FINANCIAL INFORMATION

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

Internal Controls

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

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

Budgetary Controls

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

The District complies with state statutes requiring that a report of the District's adopted budget be published annually with the prescribed format as required by the State of Arizona, Office of the Auditor General. The 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 Finance and Administrative Services.

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

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 Finance, 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 CliftonLarsonAllen 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, 2012. This was the thirteenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Clint Ewell
Vice President of Finance and Administrative
Services

Frank D'Angelo
Director of Business Services/Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Yavapai County
Community College District
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2013

DISTRICT GOVERNING BOARD

Mr. Ray Sigafoos, *Chair, District 1*

Dr. Patricia McCarver, *Secretary, District 4*

Dr. Dale Fitzner, *District 5*

Mr. Robert Oliphant, *District 3*

Mr. Herald Harrington, *District 2*

PRESIDENT

Dr. Penelope Wills

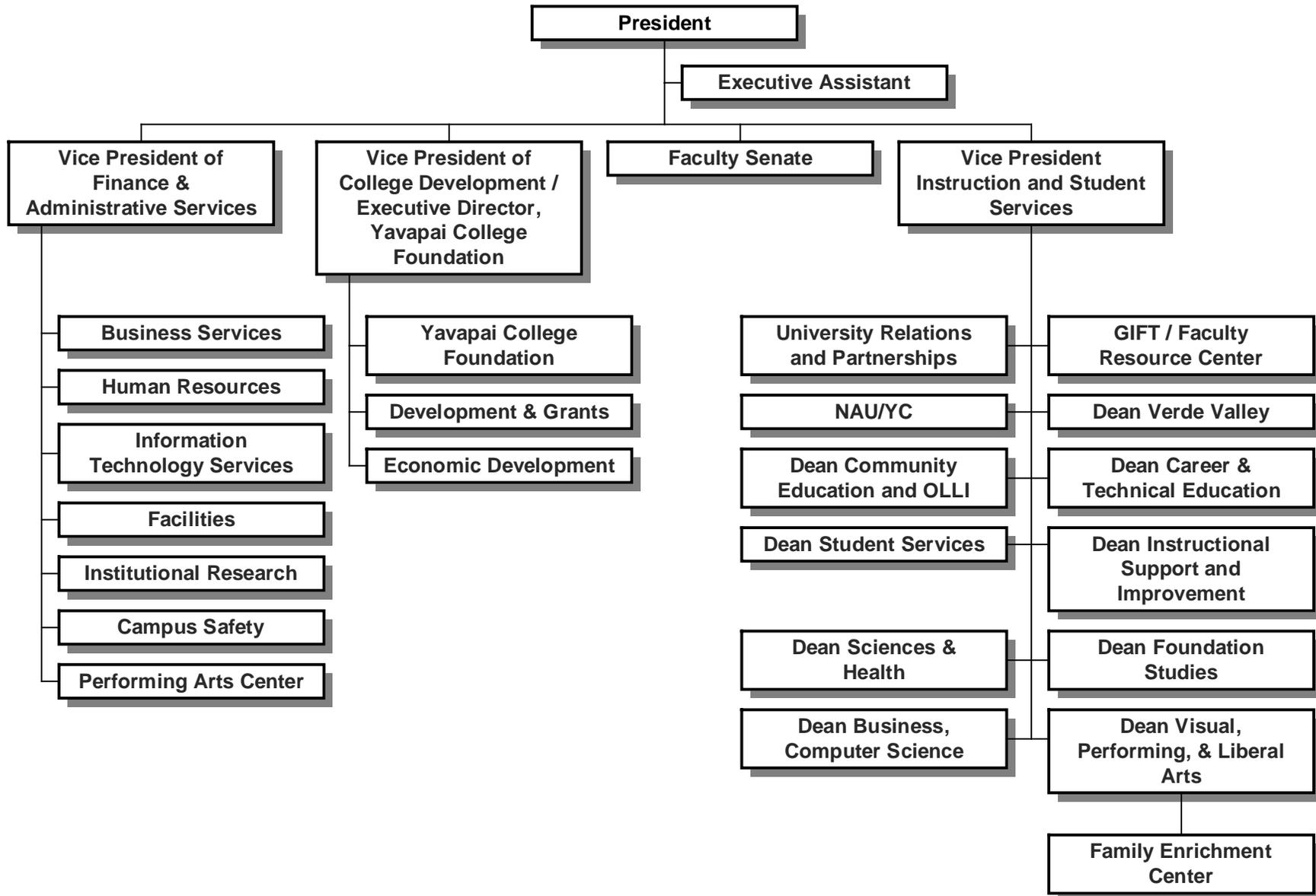
ADMINISTRATION

Dr. Greg Gillespie, *Vice President of Instruction and Student Support Services*

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

Yavapai County Community College District

Organizational Chart as of June 30, 2013



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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona
Governing Board
Yavapai County Community College District
Prescott, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Yavapai County Community College District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Yavapai County Community College District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Auditor General of the State of Arizona
Governing Board
Yavapai County Community College District

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, 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. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 10, 2013

**FINANCIAL
SECTION**

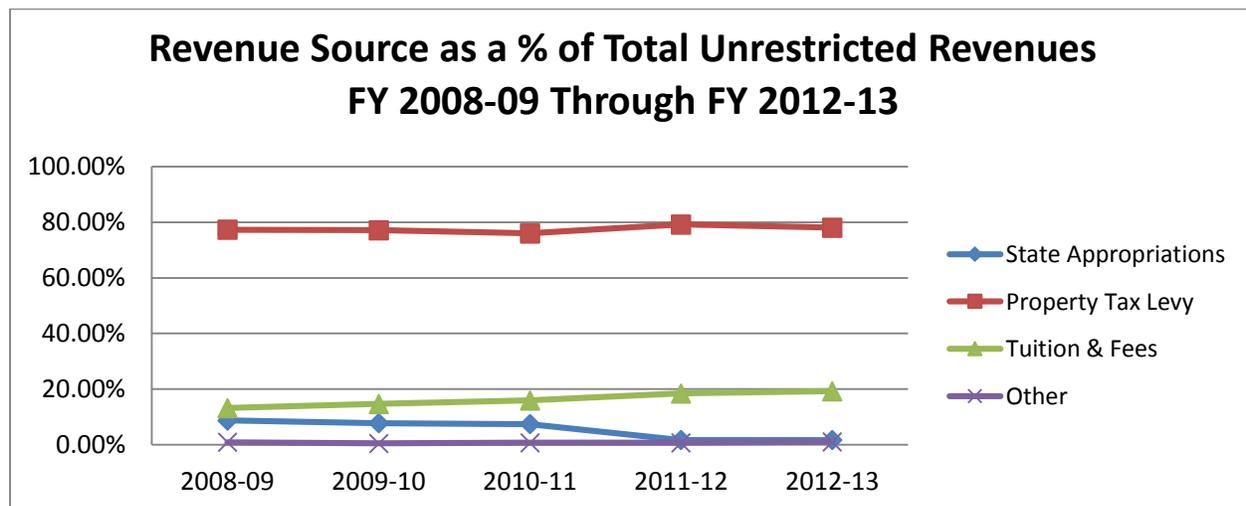
MANAGEMENT’S DISCUSSION and ANALYSIS

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, 2013. 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 23.

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

Financial Highlights

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



Over the past five years, property taxes and tuition and fees as a percent of total revenues have generally risen while the proportionate share of state appropriations has

declined. Although the state's fiscal situation has been improving the District is not expecting its appropriation to increase significantly in the foreseeable future.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$97,948,109. Of this amount, \$18,010,422 may be used to meet the District's ongoing obligations to provide educational services.

The District's net position increased from the prior year by \$12,238,677. Net investment in capital assets increased by \$10,251,049 (15.1%). Restricted net position decreased by \$42,692 (2.3%) and unrestricted net position increased by \$2,030,320 (12.7%).

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

Basic Financial Statements

The basic financial statements consist of the following:

The Statement of Net Position reflects the financial position of the District at June 30, 2013. It shows the various assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the various categories of net position. Net position is an accounting concept defined as the difference between 'assets and deferred outflows of resources' and 'liabilities and deferred inflows of resources'. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations for the fiscal year ended June 30, 2013. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount. This is shown on the Statement of Net Position described above.

The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2013. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalent amount – which is shown on the Statement of Net Position described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the Statement of Revenues, Expenses, and Changes in Net Position described above.

Condensed Financial Information

The condensed financial information below highlights the main categories of the Statement of Net Position. Assets are distinguished between capital and current or noncurrent assets and liabilities are distinguished between long-term liabilities and other liabilities. Net position is divided into three categories reflecting the institutional equity in assets by broad characteristics. In addition to the District's capital assets, the District

holds resources that have been restricted by external parties for specific programs or purposes. The remaining portion of net position is unrestricted and dedicated to the primary mission of the District.

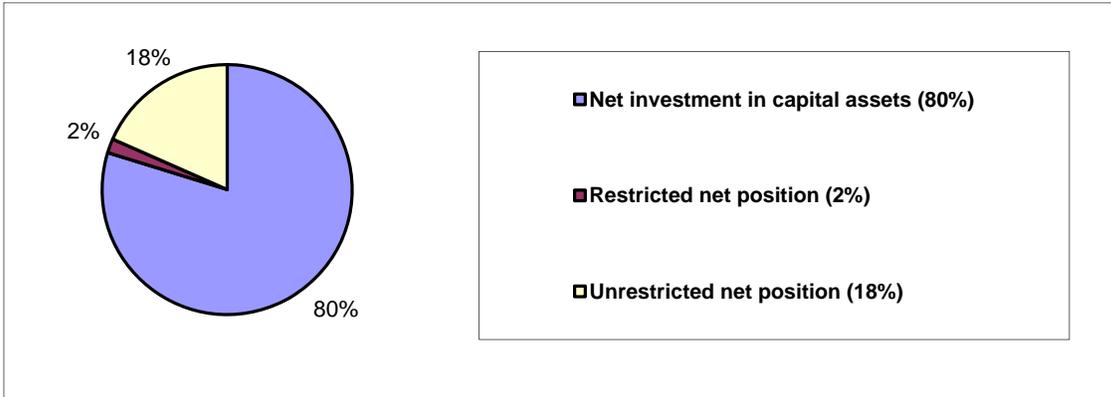
Condensed Statement of Net Position

	<u>6/30/2013</u>	<u>6/30/2012</u>
Assets:		
Current assets	\$ 27,817,333	\$ 25,861,256
Noncurrent assets, other than capital assets	5,268,310	403,605
Capital assets, net of depreciation	<u>127,710,063</u>	<u>120,442,188</u>
Total assets	<u>160,795,706</u>	<u>146,707,049</u>
Liabilities:		
Other liabilities	7,141,695	5,438,293
Long-term liabilities	<u>55,705,902</u>	<u>55,559,324</u>
Total liabilities	<u>62,847,597</u>	<u>60,997,617</u>
Net Position:		
Net investment in capital assets	78,147,428	67,896,379
Restricted net position	1,790,259	1,832,951
Unrestricted net position	<u>18,010,422</u>	<u>15,980,102</u>
Total net position	<u>\$97,948,109</u>	<u>\$85,709,432</u>

Current assets increased by \$1,956,077 as a result of increased accounts receivables related to the District's aviation programs and increased government grants receivables. The unspent proceeds from the issuance of revenue bonds caused the noncurrent assets, other than capital assets, to increase. The increase in capital assets, net of depreciation, was attributable to the increase in construction in progress, building renovations and equipment purchased during the fiscal year, offset by depreciation. The increase in other liabilities was accredited to an increase in general payables, including amounts owed to the District's aviation program partners, at year-end. The slight increase in long-term liabilities was a result of the issuance of revenue bonds, substantially off-set by principal payments made on capital leases, general obligation bonds and pledged revenue obligations.

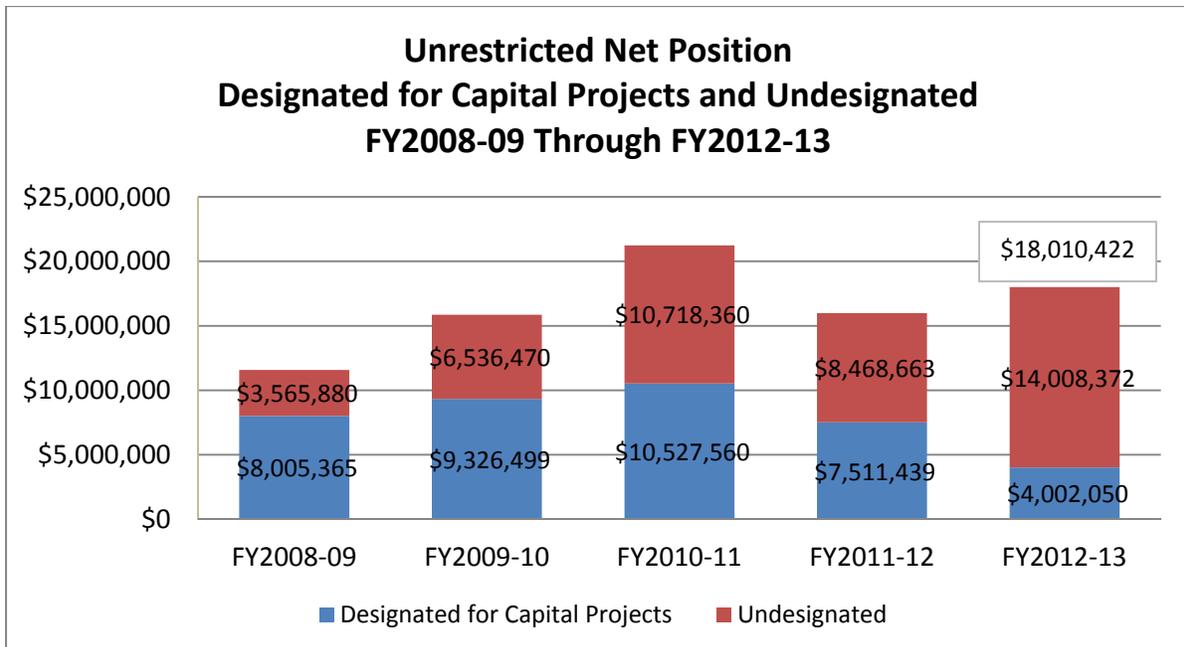
The District's net investment in capital assets increased by \$10,251,049 over the previous fiscal year. This increase was attributable to the addition of equity in the District's capital assets over the previous year. Restricted net position decreased from the prior fiscal year due to the use of carryforward balances in a number of grants. The increase in unrestricted net position was primarily attributed to the operating and facility contingency budgets which were not used during the fiscal year, a healthcare premium holiday in December, vacancy savings and the continuous efforts by departments to incorporate cost management practices in decision making.

Net Position As of June 30, 2013



As noted earlier, net position reflects the financial position of the District. The largest portion of the District's net position (80 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, etc.), net of depreciation and less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending.

An additional portion of the District's net position (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$18,010,422 may be used to meet the District's ongoing mission to the public. The District's Governing Board has designated a portion of the unrestricted net assets to be used for capital projects. The following graph illustrates the breakdown between designated and undesignated.



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

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

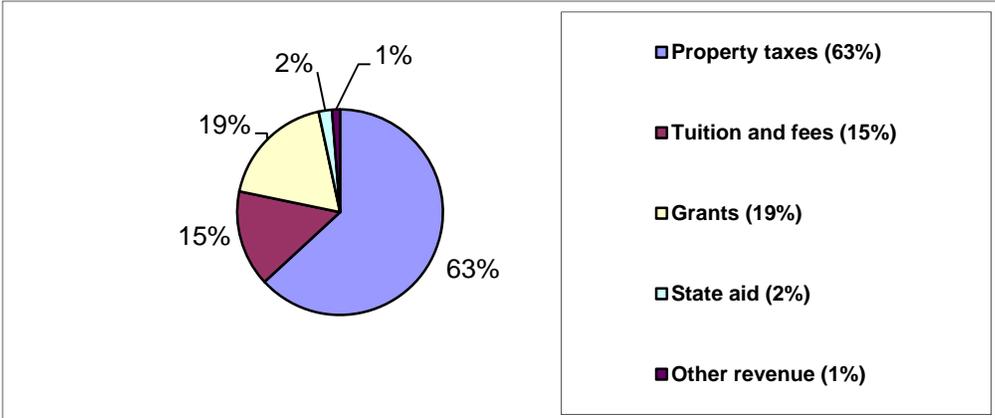
	<u>Year Ended</u>	
	<u>6/30/2013</u>	<u>6/30/2012</u>
Revenues		
Operating:		
Tuition and fees	\$ 8,610,225	\$ 7,749,248
Other	2,371,101	1,865,799
Nonoperating:		
Property taxes	45,270,751	43,701,144
Government grants	13,332,275	11,892,501
State aid	1,491,114	1,423,633
Investment earnings	61,214	100,030
Other	841,367	710,239
Gain on disposal of capital assets	2,432	17,477
Total revenues	<u>71,980,479</u>	<u>67,460,071</u>
Expenses		
Operating:		
Educational and general:		
Instruction	17,655,723	17,698,239
Public service	1,319,994	468,221
Academic support	4,114,700	5,506,885
Student services	5,139,128	4,717,637
Institutional support	8,161,909	8,322,159
Operation and maintenance of plant	5,847,012	5,658,989
Scholarships	7,792,260	6,972,898
Auxiliary enterprises	2,795,291	2,958,145
Depreciation	5,113,014	4,964,260
Other	68,974	42,246
Total operating expenses	<u>58,008,005</u>	<u>57,309,679</u>
Nonoperating		
Interest expense on debt	<u>1,737,933</u>	<u>1,533,223</u>
Total expenses	<u>59,745,938</u>	<u>58,842,902</u>
Income before other revenues, expenses, gains, or losses	12,234,541	8,617,169
Capital grants and gifts	<u>4,136</u>	<u>505,035</u>
Increase in net position	12,238,677	9,122,204
Total net position, July 1	<u>85,709,432</u>	<u>76,587,228</u>
Total net position, June 30	<u>\$97,948,109</u>	<u>\$85,709,432</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 three of the four main revenue sources -- property taxes, government grants and state aid -- are considered nonoperating revenues.

Tuition and fee revenues increased by 11.1% due to several factors including a 4.5% base tuition rate increase, the implementation of differentiated tuition including two new tuition tiers for higher cost programs, higher market based program tuition, and continued growth in the District’s aviation program. Property taxes increased 3.6% due to an increase in the primary levy, strong collections of past due accounts and as a result of new construction. Lastly, government grants increased 12.1% due to more Pell grants being awarded and the new Department of Labor Linesman grant which is a three year grant awarded to several Arizona community colleges to strengthen and broaden the region’s workforce in the growing energy and mining industries.

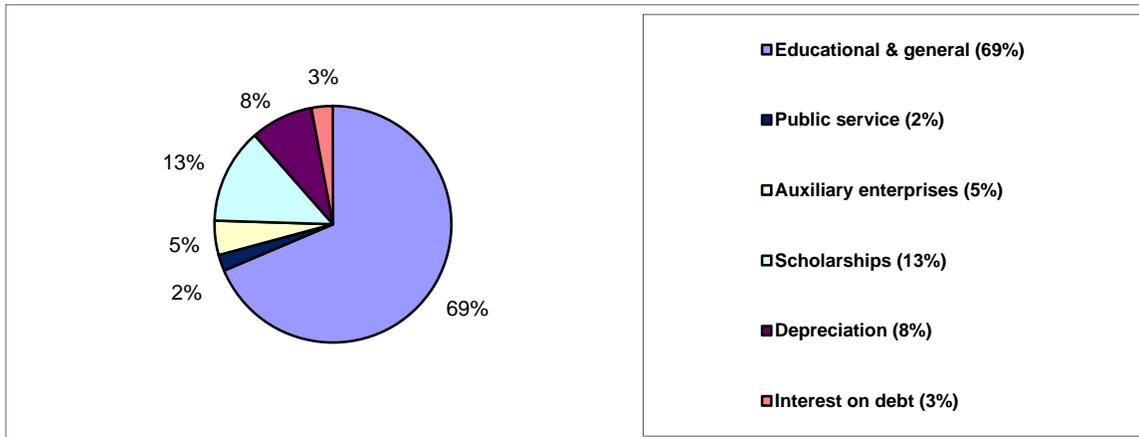
**Revenues by Source
Fiscal Year 2013**



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

Overall, expenses increased over the previous fiscal year by \$903,036. The majority of this increase was due to increased Pell awards made to students. Moderate salary increases were substantially off-set by strategic reductions throughout the District. The large increase in public service expenses is a result of allocating facility and administrative overhead to the Performing Arts Center, for the first time, and moving Community Events from auxiliary enterprises to public service. Lastly, the large decrease in academic support expenses was due to significantly less information technology expenses being allocated from institutional support to academic support.

Expenses by Function Fiscal Year 2013



Capital Assets and Debt Management

The District completed several significant capital projects during the fiscal year including a complete renovation of the buildings on the Verde campus, a new central plant/warehouse on the Verde campus and a new Chilled Water Plant on the Prescott campus. The majority of the renovations to the Verde campus buildings were completed by the start of the fall 2012 semester. The Prescott campus Chilled Water Plant was completed at the beginning of the fiscal year and the Verde campus central plant/warehouse was completed in the second half of the fiscal year.

The buildings renovation project on the Verde campus was funded from the District's Future Capital Projects Accumulation account and the two chillers were funded with a combination of pledged revenue obligation proceeds and the District's Future Capital Projects Accumulation monies.

The District is in the process of completing a major renovation of the Kachina and Marapai residence halls on the Prescott campus. Most of the project is being funded with revenue bond proceeds as discussed below.

Equipment, along with all other capital assets (except land and construction in progress), is reported net of accumulated depreciation in accordance with the reporting standards issued by GASB. This has the effect of reducing the book value of capital assets. Depreciation totaled \$5,113,014 for the year and is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Position. Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

The District's general obligation bond debt issues are rated Aa2 by Moody's Investors Service and AA- by Standard & Poors. These high quality ratings are a result of the District's diverse tax base, solid financial policies and performance, including operating surpluses for the past several years and a low debt burden. The pledged revenue

obligations are rated A2 by Moody's Investors Service and A by Standard & Poors. During the fiscal year, there have been no adverse changes in credit ratings or debt limitations that may affect future financing for the District.

On June 13, 2013, the District issued \$5,000,000 of revenue bonds at a fixed interest rate of 2.45%. Bond proceeds are being used to pay the costs of renovating the Kachina and Marapai residence halls on the Prescott campus. Construction expenses include interior and exterior renovations, furnishing upgrades, and related site improvements. Final maturity of the bonds occurs in 2028.

During fiscal year 2012-13, the District added \$5,000,000 to its outstanding long-term debt and reduced it by \$4,914,095. Long-term debt outstanding at June 30, 2013, is as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2005-Series C	\$ 19,500,000	7/1/13-14	5.00%	\$ 1,070,000
GO Refunding 2011	9,640,000	7/1/13-21	3.00–5.00%	7,350,000
GO Refunding 2012	28,450,000	7/1/13-24	2.00–4.25%	28,190,000
Pledged revenue obligations				
Series 2011	14,000,000	7/1/13-25	4.00–5.00%	12,185,000
Revenue Bond				
Series 2013	5,000,000	7/1/14-28	2.45%	5,000,000
Capital leases				
Various	361,509	7/1/13-15	5.15%	118,471

Additional information on the District's outstanding debt can be found in Note 5 to the basic financial statements.

Request for Information

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Net Position - Primary Government
June 30, 2013**

ASSETS:	Business Type Activities
Current assets:	
Cash and cash equivalents	\$ 20,756,559
Receivables (net of allowances for uncollectibles)	
Accounts	2,723,820
Property taxes	1,304,542
Government grants and contracts	1,078,048
Student loans, current portion	190,513
Other	591,350
Prepaid expenses	397,188
Deferred charges	775,313
Total current assets	<u>27,817,333</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents held by trustee	4,960,500
Property taxes (net of allowances for uncollectibles)	165,816
Student loans receivable	137,618
Other receivables	4,376
Capital assets, not being depreciated	8,931,430
Capital assets, being depreciated, net	118,778,633
Total noncurrent assets	<u>132,978,373</u>
Total assets	<u>160,795,706</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	4,183,742
Retainage payable	252,716
Accrued payroll and employee benefits	1,472,159
Deposits held in custody for others	160,698
Deferred revenues	1,013,730
Dormitory deposits	58,650
Current portion of compensated absences payable	137,889
Current portion of long-term debt	5,239,613
Current portion of other long-term liabilities	27,834
Total current liabilities	<u>12,547,031</u>
Noncurrent liabilities:	
Compensated absences payable	1,265,629
Long-term debt	48,924,775
Other	110,162
Total noncurrent liabilities	<u>50,300,566</u>
Total liabilities	<u>62,847,597</u>
NET POSITION:	
Net Investment in capital assets	78,147,428
Restricted:	
Nonexpendable:	
Student loans	536,143
Expendable:	
Grants and contracts	307,052
Debt service	947,064
Unrestricted	18,010,422
Total net position	<u>\$ 97,948,109</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Financial Position - Component Unit
June 30, 2013**

	Yavapai College Foundation
ASSETS:	
CURRENT ASSETS	
Cash and cash equivalents	\$ 897,690
Restricted cash	278,470
Promises to give, current portion	97,301
Prepaid expenses	639
TOTAL CURRENT ASSETS	1,274,100
PROMISES TO GIVE, net of current portion	88,435
PROPERTY AND EQUIPMENT, net	256,375
INVESTMENTS	9,131,575
PROPERTIES HELD FOR SALE	330,000
OTHER ASSETS	18,500
TOTAL ASSETS	<u>\$ 11,098,985</u>
LIABILITIES AND NET ASSETS:	
Accounts payable	\$ 4,415
Due to Yavapai College	186,179
Scholarships payable	94,179
Deferred revenue	84,096
TOTAL CURRENT LIABILITIES	368,869
NET ASSETS	
Unrestricted:	
Undesignated	578,235
Designated	513,036
Total unrestricted	1,091,271
Temporarily restricted	2,536,149
Permanently restricted	7,102,696
TOTAL NET ASSETS	10,730,116
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,098,985</u>

See accompanying notes to financial statements.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
For the Fiscal Year Ended June 30, 2013

	Business Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,227,436)	\$ 8,610,225
Bookstore income	216,100
Dormitory rentals (net of scholarship allowances of \$257,633)	609,362
Other	1,545,639
Total operating revenues	10,981,326
Operating expenses:	
Educational and general:	
Instruction	17,655,723
Public service	1,319,994
Academic support	4,114,700
Student services	5,139,128
Institutional support	8,161,909
Operation and maintenance of plant	5,847,012
Scholarships	7,792,260
Auxiliary enterprises	2,795,291
Depreciation	5,113,014
Other	68,974
Total operating expenses	58,008,005
Operating income (loss)	(47,026,679)
Nonoperating revenues (expenses):	
Property taxes	45,270,751
State appropriations	957,600
Government grants	13,332,275
Share of state sales taxes	533,514
Private grants and gifts	841,367
Investment earnings	61,214
Interest expense on debt	(1,737,933)
Gain on disposal of capital assets	2,432
Total nonoperating revenues (expenses)	59,261,220
Income before other revenues, expenses, gains or losses	12,234,541
Capital grants and gifts	4,136
Increase in net position	12,238,677
Total net position - July 1, 2012	85,709,432
Total net position - June 30, 2013	\$ 97,948,109

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, 2013**

	Yavapai College Foundation
REVENUE AND OTHER SUPPORT:	
Contributions and grants	\$ 1,133,413
Program service income	5,777
YCPAC events	595,700
Rental income	119,016
Investment return	706,789
	2,560,695
Special events:	
Revenues from special events	15,690
Costs of direct donor benefits	(11,244)
Gross profit on special events	4,446
TOTAL REVENUE AND OTHER SUPPORT	2,565,141
OPERATING EXPENSES:	
Program expenses	
Grants and scholarships	144,769
YCPAC events	591,787
Friends of Yavapai College Art	13,493
Friends of Yavapai College Music	11,944
Friends of Yavapai College Library	383
Friends of the FEC	33,492
Roughrider Club	2,668
PACE	50,799
Greater Verde Valley Chapter	2,474
Other programs	649,908
Total program expenses	1,501,717
Supporting expenses	
Administration	167,272
Fundraising	126,049
Depreciation of rental property	9,041
Total supporting expenses	302,362
TOTAL OPERATING EXPENSES	1,804,079
CHANGE IN NET ASSETS	761,062
NET ASSETS - BEGINNING OF YEAR	9,969,054
NET ASSETS - END OF YEAR	\$ 10,730,116

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, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:	Business Type Activities
Tuition and fees	\$ 6,139,087
Bookstore receipts	216,100
Dormitory rentals	609,362
Collection of loans to students	29,885
Other receipts	1,383,980
Payments to suppliers and providers of goods and services	(8,917,914)
Payments for employee wages and benefits	(33,506,232)
Loans issued to students	(11,553)
Scholarship payments to students	(7,792,260)
Net cash used for operating activities	(41,849,545)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	45,843,836
Grants	12,810,437
State appropriations	957,600
Share of state sales taxes	533,514
Private gifts	841,367
Federal direct lending receipts	7,109,605
Federal direct lending disbursements	(7,266,700)
Deposits held in custody receipts	667,116
Deposits held in custody payments	(470,632)
Net cash provided by noncapital financing activities	61,026,143
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of capital debt	5,000,000
Proceeds from sale of capital assets	2,432
Principal paid on capital debt	(4,882,447)
Interest paid on capital debt	(1,898,948)
Purchases of capital assets	(12,963,450)
Net cash used for capital and related financing activities	(14,742,413)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	61,214
Net cash provided by investing activities	61,214
Net increase in cash and cash equivalents	4,495,399
Cash and cash equivalents, July 1, 2012	21,221,660
Cash and cash equivalents, June 30, 2013	\$ 25,717,059
	(Continued)

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows - Primary Government
For the Fiscal Year Ended June 30, 2013
(Continued)**

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (47,026,679)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	5,113,014
Provision for uncollectible accounts	39,288
Amortization of debt issuance costs	68,974
Changes in assets and liabilities:	
Increase in accounts receivables	(2,280,845)
Increase in prepaid expenses	(68,343)
Increase in other receivables	(127,613)
Increase in compensated absences	50,923
Increase in accounts payable	2,598,793
Increase in dormitory deposits	1,650
Increase in other liabilities	9,750
Decrease in student loan receivables	18,332
Decrease in accrued payroll and employee benefits	(64,806)
Decrease in deferred revenues	(181,983)
Net cash used for operating activities	<u>\$ (41,849,545)</u>

Noncash investing, capital, and noncapital financing activities:

Amortization of prepaid bond issuance costs.

The District amortized \$68,974 of prepaid bond issuance costs.

Gifts of depreciable assets.

The District recorded the receipt of gifts of depreciable assets of \$4,136.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The District is a special-purpose government that 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 is elected from the general membership at the annual meeting. The term of office for each board member is three years with overlapping terms. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and capital contributions. Beginning in November 2006, the Foundation also began receiving revenue from and making specified payments for the District's Community Events Program which provides a variety of theatrical and musical productions for the community. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can 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 District's respective counterpart financial statements. For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2013, the Foundation gifted property and funds in the amount of \$548,942 to or on behalf of the District for both restricted and unrestricted

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

purposes. Complete financial statements for the Foundation can be obtained from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

Basis of Presentation and Accounting

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

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

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition, bookstore, food service, and dormitory charges are considered to be operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, are not generated from exchange transactions 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.

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 for which they are levied.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

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.

Cash and Investments

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

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	None	n/a
Buildings	5,000	Straight line	40 years
Improvements other than buildings	5,000	Straight line	15 years
Equipment	5,000	Straight line	5 years
Intangibles	5,000	Straight line	30 years
Library books	1	Straight line	10 years

Investment Earnings

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Compensated Absences

Compensated absences payable consists 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 but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who have at least 15 years of service with the District, and are eligible for retirement under the standards set by the Arizona State Retirement System, sick leave benefits do vest, and they may receive payment for up to 70 days of accumulated sick leave at \$60 a day. Accordingly, these benefits are accrued as a liability in the financial statements.

Scholarship Allowances

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

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.

Deposits – At June 30, 2013, the carrying amount of the District's deposits was \$5,577,567, and the District's bank balance was \$8,095,113. At June 30, 2013, \$4,979,583 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name and \$2,865,530 was uninsured and

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

uncollateralized. The District does not have a formal policy with respect to custodial credit risk for deposits.

Investments – The District’s investments at June 30, 2013 were as follows:

<u>Investment Type</u>	<u>Amount</u>
County Treasurer’s investment pool	\$15,174,442
Government obligations money market funds	<u>4,960,500</u>
Total	<u>\$20,134,942</u>

The County Treasurer has a fiduciary responsibility to administer the District’s monies under the Treasurer’s stewardship. The County Treasurer’s investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool’s structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants’ investments.

Credit risk – The District does not have a formal policy with respect to credit risk. At June 30, 2013, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer’s investment pool	Unrated	Not applicable	\$15,174,442
Government obligations money market funds	Aaa	Moody’s	<u>4,960,500</u>
Total			<u>\$20,134,942</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 an outside party’s possession. The District does not have a formal policy with respect to custodial credit risk. At June 30, 2013, the District had \$4,960,500 of investments in government obligations money market mutual funds that were uninsured and held by a counterparty not in the District’s name.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Interest rate risk – The District does not have a formal policy with respect to interest rate risk. At June 30, 2013, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
County Treasurer's investment pool	\$15,174,442	16.8
Government obligations money market funds	<u>4,960,500</u>	1.9
Total	<u>\$20,134,942</u>	

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

<u>Cash, Deposits, and Investments:</u>		<u>Amount</u>	<u>Statement of Net Position:</u>		<u>Amount</u>
Cash on hand	\$	4,550	Cash and cash equivalents		\$20,756,559
Deposits		5,577,567	Restricted assets:		
Investments		<u>20,134,942</u>	Cash and cash equivalents held by trustee		<u>4,960,500</u>
Total		<u>\$25,717,059</u>	Total		<u>\$25,717,059</u>

Note 3 - Receivables

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

<u>Account Name</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Accounts-current	\$ 2,936,636	\$ (212,816)	\$ 2,723,820
Property taxes			
Current	1,415,918	(111,376)	1,304,542
Noncurrent	180,973	(15,157)	165,816

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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Reclassification	Balance June 30, 2013
Capital assets not being depreciated:					
Land	\$ 5,415,888	\$ -	-	-	\$ 5,415,888
Construction in progress	<u>22,042,850</u>	<u>10,470,222</u>	-	\$(28,997,530)	<u>3,515,542</u>
Total capital assets not being depreciated	<u>27,458,738</u>	<u>10,470,222</u>	-	<u>(28,997,530)</u>	<u>8,931,430</u>
Capital assets being depreciated:					
Buildings	108,127,652	675,883	-	28,997,530	137,801,065
Improvements other than buildings	16,573,720	262,638	-	-	16,836,358
Equipment	11,469,396	841,139	\$ 129,949	-	12,180,586
Intangibles	273,587	-	-	-	273,587
Library books	<u>3,087,336</u>	<u>131,007</u>	<u>179,719</u>	-	<u>3,038,624</u>
Total capital assets being depreciated	<u>139,531,691</u>	<u>1,910,667</u>	<u>309,668</u>	<u>28,997,530</u>	<u>170,130,220</u>
Less accumulated depreciation for:					
Buildings	28,000,838	2,680,685	-	-	30,681,523
Improvements other than buildings	8,182,068	892,179	-	-	9,074,247
Equipment	8,112,962	1,373,216	129,949	-	9,356,229
Intangibles	18,240	9,119	-	-	27,359
Library books	<u>2,234,133</u>	<u>157,815</u>	<u>179,719</u>	-	<u>2,212,229</u>
Total accumulated depreciation	<u>46,548,241</u>	<u>5,113,014</u>	<u>309,668</u>	-	<u>51,351,587</u>
Total capital assets being depreciated, net	<u>92,983,450</u>	<u>(3,202,347)</u>	-	<u>28,997,530</u>	<u>118,778,633</u>
Capital assets, net	<u>\$120,442,188</u>	<u>\$ 7,267,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,710,063</u>

The District has active construction projects as of June 30, 2013. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Source of Payment</u>	<u>Costs-to-date Including Capitalized Interest</u>	<u>Remaining Commitment</u>
Prescott campus residence halls	Revenue Bonds	\$1,995,728	\$1,304,625
Performing Arts Center renovation	Capital Project Accumulation Fund	916,592	518,388
CTEC classroom renovation	DOL Grant and Capital Project Accumulation Fund	205,848	153,761

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Note 5 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 1,352,595	\$ 815,040	\$ 764,117	\$ 1,403,518	\$ 137,889
Other	128,246	36,167	26,417	137,996	27,834
Total	<u>\$ 1,480,841</u>	<u>\$ 851,207</u>	<u>\$ 790,534</u>	<u>\$ 1,541,514</u>	<u>\$ 165,723</u>
Bonds payable:					
General obligation bonds	\$ 40,470,000	-	\$ 3,860,000	\$36,610,000	\$3,940,000
Premium on general obligation refunding	2,145,308	-	187,905	1,957,403	187,905
Deferred amount on general obligation refunding	(2,023,051)	-	(168,588)	(1,854,463)	(168,588)
Pledged revenue obligations	13,065,000	-	880,000	12,185,000	915,000
Premium on pledged revenue obligations	160,308	-	12,331	147,977	12,331
Revenue bonds	-	<u>\$ 5,000,000</u>	-	<u>5,000,000</u>	<u>275,000</u>
Total bonds payable	<u>53,817,565</u>	<u>5,000,000</u>	<u>4,771,648</u>	<u>54,045,917</u>	<u>5,161,648</u>
Capital leases payable	<u>260,918</u>	-	<u>142,447</u>	<u>118,471</u>	<u>77,965</u>
Total long-term debt	<u>\$ 54,078,483</u>	<u>\$ 5,000,000</u>	<u>\$ 4,914,095</u>	<u>\$54,164,388</u>	<u>\$5,239,613</u>

Bonds and Pledged Revenue Obligations – The District’s debt consists of various issues of general obligation bonds, revenue bonds and pledged revenue obligations that are generally callable with interest payable semiannually. Debt proceeds primarily pay for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. The District repays general obligation bonds from voter-approved property taxes. Pledged revenue obligations and revenue bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of outstanding general obligation bonds, revenue bonds and pledged revenue obligations were \$57,590,000, \$5,000,000 and \$14,000,000, respectively.

In June 2012, the District issued \$28,450,000 of general obligation refunding bonds with an average interest rate of 2.06 percent to advance refund general obligation bonds. The general obligation refunding bonds of 2012 are subject to early redemption prior to their stated maturity dates. The net proceeds were placed in the Depository Trust Fund and will be held uninvested or used to acquire Government Obligations, the maturing principal of and interest income with respect to which are calculated to be sufficient to pay, when due, the principal of and interest on the bonds being refunded. As a result, the refunded debt liability as of June 30, 2013 for those refunded is considered to be defeased and the liability for those bonds is not included in the financial statements. The principal amount of the defeased bonds outstanding at June 30, 2013 was \$28,450,000.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

In February 2011, the District issued \$9,640,000 of general obligation refunding bonds to advance refund \$9,640,000 of general obligation bonds, Series 2001(A). The District defeased these bonds by placing the proceeds in the Depository Trust Fund which were used to refund the bonds being refunded on July 1, 2011. The liabilities for the defeased bonds are not included in the financial statements. The general obligation refunding bonds of 2011 are not subject to early redemption prior to their stated maturity dates

The general obligation bond issues are subject to the federal tax code arbitrage requirements. Excess earnings resulting from arbitrage will be rebated to the federal government. The District'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 \$362,223,761 as of June 30, 2013. Of this amount, the District has \$36,610,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$325,613,761.

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

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

The District has pledged future tuition, fees, dormitory rentals, bookstore income and other charges to students, faculty and others to repay the April 2011 pledged revenue obligations and the June 2013 revenue bonds. The pledged revenue obligations and revenue bonds are payable solely from these revenue sources and are payable through 2025 and 2028, respectively. Annual principal and interest payments on the pledged revenue obligations and bonds are expected to require less than 13.3% of tuition, fees, dormitory rentals, and bookstore income. In the current year, total revenues of \$10,864,393 were pledged to cover the principal and interest paid of \$1,440,406.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Bonds and pledged revenue obligations outstanding at June 30, 2013, were as follows:

<u>Description</u>	<u>Original Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2005-Series C	\$ 19,500,000	7/1/13-7/1/14	5.00%	\$ 1,070,000
GO Refunding 2011	9,640,000	7/1/13-7/1/21	3.00-5.00%	7,350,000
GO Refunding 2012	28,450,000	7/1/13-7/1/24	2.00-4.25%	28,190,000
Pledged revenue obligations				
Series 2011	14,000,000	7/1/13-7/1/25	4.00-5.00%	12,185,000
Revenue bond				
Series 2013	5,000,000	7/1/14-7/1/28	2.45%	5,000,000

The following schedule details debt service requirements to maturity for the District's bonds payable and pledged revenue obligations at June 30, 2013:

Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Pledged Revenue Obligations</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,940,000	\$1,109,600	\$ 915,000	\$ 528,356	\$ 275,000	\$ 128,625
2015	4,070,000	965,400	945,000	491,756	285,000	115,763
2016	4,195,000	850,850	985,000	453,956	295,000	108,780
2017	4,295,000	756,750	1,025,000	414,556	300,000	101,553
2018	4,395,000	660,800	1,070,000	370,306	310,000	94,202
2019 – 23	14,365,000	1,457,150	5,525,000	1,152,751	1,660,000	353,780
2024 – 28	<u>1,350,000</u>	<u>57,375</u>	<u>1,720,000</u>	<u>126,750</u>	<u>1,875,000</u>	<u>140,262</u>
Total	<u>\$36,610,000</u>	<u>\$5,857,925</u>	<u>\$12,185,000</u>	<u>\$3,538,431</u>	<u>\$5,000,000</u>	<u>\$1,042,965</u>

Capital Leases - The District has acquired various items of machinery, furniture and equipment 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, 2013, are as follows:

Equipment	\$232,910
Less: accumulated depreciation	<u>163,037</u>
Carrying value	<u>\$ 69,873</u>

The determination of whether equipment acquired under capital leases is capitalized is based upon the capitalization thresholds specified in Note 1. Accordingly, the District

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

owns an additional \$128,599 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, 2013:

Year ending June 30,		
2014		\$ 82,578
2015		<u>41,289</u>
Total minimum lease payments		123,867
Less amount representing interest		<u>5,396</u>
Present value of net minimum lease payments		<u>\$118,471</u>

Note 6 - Risk Management

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

In addition, the District purchases health care insurance from the Yavapai Combined Trust, a public entity risk pool formed to provide health care benefits to employees of participating governmental units. The Trust is funded by irrevocable contributions from the District for employee coverage and from the District and employees for dependent coverage. The District's contributions are reported as expenses in the financial statements. The Trust provides coverage for claims up to \$250,000 for each insured's health claims. The Trust purchases commercial insurance coverage for claims in excess of these limits, and this coverage is payable to a maximum of \$2,000,000 per individual per policy year. The commercial insurance is sufficient to cover the maximum plan limits of \$2,000,000 per individual per plan year, so the District is not liable for claims in excess of coverage limits and the District cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

Note 7 - Pension and Other Postemployment Benefits

Defined Benefit Plan

Plan Description - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System (the

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

System). The System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. 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 is available on its website at www.azasrs.gov or by writing the Arizona State Retirement System, 3300 N. Central Ave., P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy - The Arizona State Legislature establishes, and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2013, active plan members were required by statute to contribute at the actuarially-determined rate of 11.14 percent (10.9 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially-determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll.

The District's contributions, including the retirement incentive payment, for the current and two preceding years, all of which were equal to the required contributions, were as follows:

Years ended June 30,	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2013	\$1,816,850	\$115,147	\$41,721
2012	1,824,631	109,470	43,189
2011	1,580,602	105,373	43,906

Defined Contribution Plans

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

earned on the investment of those contributions. Contributions made by employees vest immediately, and District contributions vest after three years of full-time employment. Employee and District contributions and associated returns earned on investments may be withdrawn starting upon termination of employment, death, or retirement. The distribution of employee and District contributions and associated investment earnings are made in accordance with the employee's contract with the applicable insurance and annuity companies.

Funding Policy - The Arizona State Legislature allows the District to establish contribution rates each year, that are at least as much as the ASRS contribution amounts. For the year ended June 30, 2013, the District and employees contributed at the rate of 10.9 percent of the member's annual covered payroll. Contributions to these plans for the year ended June 30, 2013, were as follows:

<u>Plan</u>	<u>Contribution Rates District/Employee</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
TIAA/CREF	10.9%/10.9%	\$340,186	\$340,186	\$680,372
ING	10.9%/10.9%	114,974	114,974	229,948
VALIC	10.9%/10.9%	46,051	46,051	92,102

Note 8 - Operating Expenses

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

Personal services	\$33,492,349
Contract services	2,779,269
Supplies and other services	2,471,324
Communications and utilities	2,324,245
Scholarships	7,792,260
Depreciation	5,113,014
Other	4,035,544
Total	<u>\$58,008,005</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Note 9 - Contingencies

The College is a defendant in a lawsuit. The suit is in its early stages and an estimate of the College's potential liability is not available.

Note 10 - Discretely Presented Component Unit Disclosure

Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

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

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

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

- FRIENDS of Yavapai College Art – The purpose of this group is to assist Yavapai College art department programs, including the art gallery functions and Sculpture Garden, as a cultural benefit to the students and to the community at large.
- FRIENDS of Yavapai College Music – The purpose of this group is to support Yavapai College music programs and students, including student scholarships, instrumental and choral needs.
- FRIENDS of the Yavapai College Library – The purpose of this group is to support the Yavapai College library, providing programs and services that connect the community to the library as a cultural and literary center.
- FRIENDS of the Family Enrichment Center – The purpose of this group is to support and raise funds for the Family Enrichment Center (FEC). The FEC offers quality learning experiences to a diverse group of children while providing invaluable hands-on teacher training to YC early and elementary education students.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

- Roughrider Club – The purpose of this group is to support the Yavapai College intercollegiate athletics program, including paying expenses relating to the athletic program not covered by the regular College athletic budget. This is done through fundraising and promotional activities. This group discontinued its relationship with the Foundation during the year ended June 30, 2013 and its activities will be carried on in the future by the Yavapai College Athletics department with the help of volunteers and alumni.

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

- Performing Arts Center – The Performing Arts Charitable Endowment (PACE) through its annual disbursements makes it possible to continue to offer spectacular seasons of music, dance and theater in the Yavapai College Performing Arts Center.
- Greater Verde Valley Chapter – The bylaws of the Foundation allow for the creation of chapters when a group of people in a specific geographic area demonstrate a need and desire to support the Foundation’s mission. The volunteer board of the Greater Verde Valley Chapter operates under the Foundation’s Board of Directors to strengthen and support Yavapai College programs offered in Clarkdale, Cottonwood, Camp Verde and Sedona, Arizona.

Basis of Accounting and Financial Statement Presentation

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

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

Fair Value Measurements

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

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

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Foundation's own assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

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

Investments

Investment income or loss (including realized and unrealized gains and losses) is included in the change in unrestricted net assets in the accompanying statement of activity, unless the income or loss is restricted by donor or law.

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

Endowment Funds

The Foundation's endowment funds consist of approximately 110 funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors as endowments. Net assets associated with these endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

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

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

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

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The Foundation's primary objective is to obtain the best possible return on investments with the appropriate degree of risk and to meet the priorities of the Foundation and Yavapai College over time. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3%, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce results that exceed the price and yield results of a custom index made up of approximately 60% equities, 10% alternative investments and 30% fixed income. Actual returns may vary from year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

Spending Policy. For the year ended June 30, 2013, the Foundation has a practice of appropriating for distribution each year approximately 3% of its endowment funds' average fair value of the prior 28 quarters through December 31 for any funds that are above the historic dollar value. Prior to the year ended June 30, 2013 the practice was to distribute approximately 4%. In establishing this practice, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending practice to allow its endowment funds to grow over time as described above.

Investments

The following is a summary of the value of investments at June 30, 2013:

Cash	\$ 487,855
Corporate bonds	1,192,924
Government bonds	32,968
Mortgage backed securities	264,825
Municipal bonds	502,442
Mutual funds	6,184,606
Mutual funds - held with Arizona Community Foundation (ACF)	73,459
Collateralized mortgage obligations	76,683
U.S. Treasury notes	<u>315,813</u>
	<u>\$ 9,131,575</u>

The following schedule summarizes the investment return for the year ended June 30, 2013:

Interest and dividend income	\$ 256,468
Net realized gains	69,389
Net unrealized gains (losses)	439,199
Investment fees	<u>(58,267)</u>
	<u>\$ 706,789</u>

Fair Value of Financial Instruments

Investments with readily determinable fair values are measured at fair value in the statement of financial position as determined by quoted market prices in active markets (Level 1) or measured based on prices for identical assets in non-active markets (Level 2). Investments in mutual funds held with Arizona Community Foundation (ACF) are

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2013**

valued based on observable inputs, which include the fair value of the underlying assets held by ACF and the Foundation's percentage interest in ACF's investments (Level 2).

Properties held for sale and other assets (which include artwork) have been valued using a market approach. Property held for sale at June 30, 2013 and 2012 includes a property that is valued based on assumptions used for a real estate broker's quote.

The following is a summary of these fair values at June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Measured at fair value on a recurring basis:				
Cash	\$ 487,855	\$ -	\$ -	\$ 487,855
Corporate bonds	-	1,192,924	-	1,192,924
Governments bonds	32,968	-	-	32,968
Mortgage backed securities	-	264,825	-	264,825
Municipal bonds	-	502,442	-	502,442
Mutual funds	6,184,606	-	-	6,184,606
Mutual funds - held by ACF	-	73,459	-	73,459
Collateralized mortgage obligations	-	76,683	-	76,683
U.S. Treasury notes	<u>315,813</u>	<u>-</u>	<u>-</u>	<u>315,813</u>
Total investments	7,021,242	2,110,333	-	9,131,575
Other assets	<u>-</u>	<u>18,500</u>	<u>-</u>	<u>18,500</u>
	<u>\$ 7,021,242</u>	<u>\$ 2,128,833</u>	<u>\$ -</u>	<u>\$ 9,150,075</u>
Measured at fair value on a non-recurring basis:				
Properties held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ 330,000</u>

**STATISTICAL
SECTION**

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	49
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	52
These schedules contain trend information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	58
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	64
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	69
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

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

	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06 (2)	2004/05 (1)	2003/04
Net Investment in capital assets	\$ 78,147,428	\$ 67,896,379	\$ 52,993,496	\$ 47,354,377	\$ 44,715,778	\$ 40,432,861	\$ 33,700,448	\$ 30,615,411	\$ 26,666,133	\$ 25,726,907
Restricted - expendable	1,254,116	1,277,411	1,766,629	1,463,530	1,332,000	1,171,953	1,493,545	1,193,320	3,417,689	2,621,323
Restricted - nonexpendable	536,143	555,540	581,183	608,637	617,676	559,175	553,992	554,901	542,806	556,339
Unrestricted	18,010,422	15,980,102	21,245,920	15,862,969	11,571,245	9,529,847	6,863,655	5,728,035	3,935,874	2,600,345
Total net position	\$ 97,948,109	\$ 85,709,432	\$ 76,587,228	\$ 65,289,513	\$ 58,236,699	\$ 51,693,836	\$ 42,611,640	\$ 38,091,667	\$ 34,562,502	\$ 31,504,914

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

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 net investment in capital assets, restricted - expendable and unrestricted to improve the classification of assets and liabilities within these categories. The fiscal years prior to FY2005/06 have not been restated.

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

	2012/13	2011/12	2010/11	2009/10 (1)	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Operating expenses:										
Educational and general:										
Instruction	\$ 17,655,723	\$ 17,698,239	\$ 18,775,348	\$ 18,706,094	\$ 17,525,630	\$ 16,216,739	\$ 15,175,652	\$ 14,063,388	\$ 13,501,501	\$ 12,118,617
Public service	1,319,994	468,221	417,983	422,084	445,716	482,123	469,694	427,283	536,325	645,631
Academic support	4,114,700	5,506,885	5,163,892	5,305,978	3,877,549	3,550,891	3,431,924	3,360,252	3,745,522	3,122,713
Student services	5,139,128	4,717,637	4,799,851	4,488,132	4,423,646	4,423,089	3,799,884	3,632,561	3,553,447	2,439,897
Institutional support	8,161,909	8,322,159	8,048,375	8,040,029	10,472,894	9,680,826	9,007,831	8,413,195	8,241,986	6,603,761
Operation and maintenance of plant	5,847,012	5,658,989	5,085,259	4,929,835	5,241,506	5,699,368	6,054,495	6,678,206	7,791,233	8,822,310
Scholarships	7,792,260	6,972,898	8,246,942	6,880,339	3,244,248	2,385,237	2,142,681	2,235,781	2,420,745	2,024,227
Auxiliary enterprises	2,795,291	2,958,145	3,272,931	3,156,306	3,149,945	4,087,342	5,735,654	5,928,988	4,755,382	5,709,607
Depreciation	5,113,014	4,964,260	4,747,968	4,667,983	4,251,835	4,009,537	3,524,995	2,648,059	2,073,464	1,715,650
Other	68,974	42,246	-	-	-	-	-	-	-	-
Total operating expenses	58,008,005	57,309,679	58,558,549	56,596,780	52,632,969	50,535,152	49,342,810	47,387,713	46,619,605	43,202,413
Operating revenues:										
Tuition and fees pledged as security for revenue bonds	8,610,225	7,749,248	7,453,699	6,853,199	5,395,124	6,402,070	7,063,707	6,543,317	5,920,182	5,815,139
Bookstore income	216,100	212,952	99,668	105,060	127,093	127,202	122,752	109,525	112,407	152,844
Food service sales pledged as security for revenue bonds	-	-	40,077	33,454	189,630	196,719	185,637	256,930	270,131	394,890
Dormitory rentals pledged as security for revenue bonds	609,362	661,380	706,427	615,223	311,967	308,994	253,497	289,668	262,246	323,650
Other	1,545,639	991,467	990,130	865,619	802,981	883,519	969,866	1,343,169	1,251,091	1,428,657
Total operating revenues	10,981,326	9,615,047	9,290,001	8,472,555	6,826,795	7,918,504	8,595,459	8,542,609	7,816,057	8,115,180
Operating loss	(47,026,679)	(47,694,632)	(49,268,548)	(48,124,225)	(45,806,174)	(42,616,648)	(40,747,351)	(38,845,104)	(38,803,548)	(35,087,233)
Nonoperating revenues (expenses):										
Property taxes	45,270,751	43,701,144	43,357,697	41,853,443	40,242,345	38,126,821	35,439,097	33,086,999	31,369,540	28,782,021
Government grants	13,332,275	11,892,501	12,132,545	9,945,752	7,764,046	5,567,413	4,965,960	4,705,133	4,967,630	5,677,475
State appropriations	957,600	899,200	4,196,000	4,196,000	4,523,974	4,820,400	4,738,700	4,738,700	4,724,400	4,589,100
Share of state sales taxes	533,514	524,433	504,545	525,705	575,637	645,345	661,207	527,127	505,338	483,665
Private grants and gifts	841,367	710,239	866,820	691,196	368,773	1,036,345	258,992	358,063	297,474	251,758
Investment earnings	61,214	100,030	96,181	85,984	327,532	726,726	958,016	817,166	399,527	498,605
Interest expense on debt	(1,737,933)	(1,533,223)	(2,388,920)	(2,442,999)	(2,554,248)	(2,726,727)	(2,475,647)	(2,539,812)	(1,676,842)	(1,712,315)
Settlement of litigation	-	-	1,800,000	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	2,432	17,477	1,395	3,590	1,035,796	-	(2,911)	(6,007)	-	-
Total nonoperating revenues	59,261,220	56,311,801	60,566,263	54,858,671	52,283,855	48,196,323	44,543,414	41,687,369	40,587,067	38,570,309
Income before other revenues, expenses, gains or losses	12,234,541	8,617,169	11,297,715	6,734,446	6,477,681	5,579,675	3,796,063	2,842,265	1,783,519	3,483,076
Capital appropriations	-	-	-	-	-	703,900	678,500	686,900	683,800	567,400
Capital grants and gifts	4,136	505,035	-	318,368	65,182	2,798,621	45,410	-	-	28,977
Increase in net position	\$ 12,238,677	\$ 9,122,204	\$ 11,297,715	\$ 7,052,814	\$ 6,542,863	\$ 9,082,196	\$ 4,519,973	\$ 3,529,165	\$ 2,467,319	\$ 4,079,453

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

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

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

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT (3)
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
2007/08	35,640,999	35,640,998	1
2008/09	37,614,068	37,614,067	1
2009/10	40,285,827	40,285,826	1
2010/11	40,776,721	40,776,720	1
2011/12	47,208,739	47,208,738	1
2012/13	43,155,948	43,155,947	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 year 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	Original Tax Levy	Adjustments	Adjusted Levy	Collections Initial Tax Year	Percentage of Original Tax Levy	Collections in Subsequent Years	Total Collections To Date	Percent of Total Tax Collections to Adjusted Levy
2003/04	\$ 28,748,709	\$ (57,725)	\$ 28,690,984	\$ 27,766,489	96.58%	\$ 912,068	\$ 28,678,557	99.96%
2004/05	31,323,257	(139,478)	31,183,779	30,320,499	96.80%	847,622	31,168,121	99.95%
2005/06	33,058,979	(169,159)	32,889,820	32,138,159	97.21%	740,490	32,878,649	99.97%
2006/07	35,442,857	(168,597)	35,274,260	34,480,667	97.29%	782,377	35,263,044	99.97%
2007/08	38,171,659	(193,765)	37,977,894	36,874,670	96.60%	1,084,566	37,959,236	99.95%
2008/09	40,572,257	(132,085)	40,440,172	38,855,855	95.77%	1,552,911	40,408,766	99.92%
2009/10	42,031,687	(114,803)	41,916,884	40,105,227	95.42%	1,771,970	41,877,197	99.91%
2010/11	43,495,629	(98,545)	43,397,084	41,545,863	95.52%	1,799,675	43,345,538	99.88%
2011/12	43,804,957	(83,029)	43,721,928	41,965,795	95.80%	1,673,764	43,639,559	99.81%
2012/13	45,420,203	(157,267)	45,262,936	43,997,586	96.87%	-	43,997,586	97.20%

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

Note 1: Includes both primary and secondary taxes.

Note 2: Amounts collected are on a cash basis.

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

Fiscal Year	Primary Assessed Value			Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential and Vacant Property	Commercial Property	Unattached Personal Property				
2003/04	\$ 1,055,971,160	\$ 415,043,260	\$ 45,792,997	\$ 1,516,807,417	1.8778	\$ 12,071,754,471	12.56%
2004/05	1,178,680,548	452,777,214	44,571,778	1,676,029,540	1.8514	13,416,406,081	12.49%
2005/06	1,322,060,791	506,417,682	49,368,952	1,877,847,425	1.7514	15,045,533,581	12.48%
2006/07	1,511,362,543	566,635,332	47,712,332	2,125,710,207	1.6573	17,098,083,909	12.43%
2007/08	1,754,125,017	664,163,807	51,977,047	2,470,265,871	1.5225	20,111,624,109	12.28%
2008/09	2,094,798,703	803,911,861	55,888,168	2,954,598,732	1.3394	23,973,791,761	12.32%
2009/10	2,373,124,327	841,667,070	59,286,950	3,274,078,347	1.2617	26,993,826,530	12.13%
2010/11	2,357,527,484	767,441,706	62,608,487	3,187,577,677	1.3609	26,602,931,420	11.98%
2011/12	2,007,011,632	623,434,540	81,731,709	2,712,177,881	1.6175	22,580,984,308	12.01%
2012/13	1,748,825,220	573,976,929	82,671,574	2,405,473,723	1.8875	20,142,814,909	11.94%

Source: Yavapai County Assessor's Office.

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

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

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

Fiscal Year	Yavapai College	Overlapping Rates						
		Yavapai County	Cities and Towns		Fire and Special Districts		School Districts	
			From	To	From	To	From	To
2003/04	1.8778	2.5832	0.6487	1.2461	0.3235	3.3000	1.2516	8.2795
2004/05	1.8514	2.5637	0.6146	1.1904	0.3744	3.3000	1.2362	9.5346
2005/06	1.7514	2.1042	0.5658	1.1134	0.1894	3.4285	1.8496	10.4246
2006/07	1.6573	2.0450	0.5275	1.1281	0.2523	3.4491	1.8190	9.4606
2007/08	1.5225	1.8860	0.4973	0.8977	0.2130	3.4108	1.3621	9.4004
2008/09	1.3394	1.7148	0.4235	0.7600	0.0711	3.4200	1.2310	8.4913
2009/10	1.2617	1.9627	0.3697	0.9120	0.0401	7.3600	1.1824	8.1837
2010/11	1.3609	2.1083	0.0109	1.4401	0.0492	9.6600	0.2436	7.7525
2011/12	1.6175	2.3431	0.0142	1.4400	0.0642	11.4000	1.2605	7.9313
2012/13	1.8875	2.6766	0.4083	1.4400	0.0437	13.6892	1.2727	7.2224

Source: Yavapai County Assessor's Office.

Note 1: Rates include primary and secondary.

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

Fiscal Year	Primary			Secondary		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
2003/04	\$ 1,516,807,417	1.5672	\$ 23,771,406	\$ 1,602,480,129	.3106	\$ 4,977,303
2004/05	1,676,029,540	1.5626	26,189,638	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
2007/08	2,470,265,871	1.3397	33,094,152	2,853,059,731	.1828	5,215,393
2008/09	2,954,598,732	1.1989	35,422,684	3,746,625,208	.1405	5,264,008
2009/10	3,274,078,347	1.1250	36,833,381	3,824,935,514	.1367	5,228,687
2010/11	3,187,559,879	1.2046	38,397,561	3,350,111,921	.1563	5,235,677
2011/12	2,712,177,881	1.4274	38,713,627	2,753,690,772	.1901	5,234,766
2012/13	2,405,473,723	1.6725	40,231,548	2,414,825,073	.2150	5,191,874

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

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

Taxpayer	2012 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2012/13 Primary Assessed Valuation	2003 Primary Assessed Valuation (1)	Rank	Percent of Yavapai County's 2003/04 Primary Assessed Valuation
Phelps Dodge Bagdad Copper Company	\$ 161,545,894	1	6.72%	\$ 16,146,767	4	1.06%
Arizona Public Service	87,247,487	2	3.63%	55,172,666	1	3.64%
Transwestern Pipeline Company	30,190,221	3	1.26%	7,715,449	8	0.51%
Phoenix Cement Co / Salt River Materials	27,309,650	4	1.14%	-	-	-
Drake Cement	19,979,189	5	0.83%	-	-	-
Unisource Energy Corporation	14,489,419	6	0.60%	-	-	-
Qwest	11,478,653	7	0.48%	22,631,795	2	1.49%
Burlington Northern Santa Fe Railroad	10,119,508	8	0.42%	8,853,353	7	0.58%
El Paso Natural Gas Company	9,039,557	9	0.38%	9,383,995	6	0.62%
TWC II - Prescott Mall LLC	5,897,740	10	0.25%	-	-	-
Citizens Utility Company	-	-	-	16,221,352	3	1.07%
Salt River Pima-Maricopa Indian Community	-	-	-	12,106,537	5	0.80%
New Enchantment LP	-	-	-	5,506,754	9	0.36%
Cyprus Bagdad Copper Company	-	-	-	4,584,531	10	0.30%
Total Top Ten	<u>\$ 377,297,318</u>		<u>15.71%</u>	<u>\$ 158,323,199</u>		<u>10.43%</u>

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 TUITION SCHEDULE
 Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
2003/04	\$ 1,140	\$ 38
2004/05	1,140	38
2005/06	1,320	44
2006/07	1,350	45
2007/08	1,470	49
2008/09	1,560	52
2009/10	1,740	58
2010/11	1,860	62
2011/12	2,010	67
2012/13	2,100	70

Source: District records.

Note 1: Tuition based on one year of full-time equivalent credit for in-state students at District's base tuition rate. Beginning fiscal year 2012-13, the District implemented a differentiated tuition model; tier 1 classes - \$76 per credit hour and tier 2 classes - \$85 per credit hour.

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

Fiscal Year	General Obligation Bonds (1)	Revenue Bonds (1)	Pledged Revenue Obligations (1)	Capital Lease Obligations	Total Outstanding Debt	Percentage of personal Income (2)	Per Capita (2)
2003/04	\$ 45,680,000	\$ 1,560,000	\$ -	\$ 320,864	\$ 47,560,864	1.13%	\$ 261
2004/05	61,725,000	1,425,000	-	826,824	63,976,824	1.37%	341
2005/06	59,235,000	1,280,000	-	2,148,280	62,663,280	1.19%	321
2006/07	56,425,000	1,125,000	-	8,089,092	65,639,092	1.13%	322
2007/08	53,510,000	965,000	-	10,952,114	65,427,114	1.03%	313
2008/09	50,470,000	795,000	-	9,140,549	60,405,549	0.91%	286
2009/10	47,310,000	615,000	-	7,912,310	55,837,310	0.93%	264
2010/11	44,300,173	420,000	14,082,639	1,787,090	60,589,902	1.01%	287
2011/12	40,592,257	-	13,225,308	260,918	54,078,483	0.87%	255
2012/13	36,712,940	5,000,000	12,332,977	118,471	54,164,388	0.87%	255

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

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

Note 2: See the Population and Personal Income Schedule for Yavapai County on page 66 for data.

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

	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Secondary Assessed Value	\$ 2,414,825,073	\$ 2,753,690,772	\$ 3,350,111,921	\$ 3,824,935,514	\$ 3,746,625,208	\$ 2,853,059,731	\$ 2,302,712,940	\$ 2,020,575,209	\$ 1,783,988,336	\$ 1,602,480,129
Legal Debt Margin										
Debt limit - 15% of secondary assessed value	362,223,761	413,053,616	502,516,788	573,740,327	561,993,781	427,958,960	345,406,941	303,086,281	267,598,250	240,372,019
Amount of debt applicable to debt limit:										
General obligation bonded debt	(36,610,000)	(40,470,000)	(43,935,000)	(47,310,000)	(50,470,000)	(53,510,000)	(56,425,000)	(59,235,000)	(61,725,000)	(45,680,000)
Legal debt margin	\$ 325,613,761	\$ 372,583,616	\$ 458,581,788	\$ 526,430,327	\$ 511,523,781	\$ 374,448,960	\$ 288,981,941	\$ 243,851,281	\$ 205,873,250	\$ 194,692,019
Total general obligation bonded debt as a percentage of legal debt limit	10.11%	9.80%	8.74%	8.25%	8.98%	12.50%	16.34%	19.54%	23.07%	19.00%

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
 ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year	Estimated Population (Yavapai County) (1)	Secondary Assessed Value of Real Estate	General Obligation Bonds (2)	Amount Available For Retirement of General Obligation Bond Debt (3)	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2003/04	182,090	\$ 1,602,480,129	\$ 45,680,000	\$ 442,460	\$ 45,237,540	2.82%	\$ 248.44
2004/05	187,822	1,785,174,684	61,725,000	443,359	61,281,641	3.43%	326.28
2005/06	195,424	2,020,575,209	59,235,000	583,290	58,651,710	2.90%	300.13
2006/07	204,082	2,302,712,940	56,425,000	664,470	55,760,530	2.42%	273.23
2007/08	208,773	2,853,059,731	53,510,000	907,674	52,602,326	1.84%	251.96
2008/09	211,211	3,746,625,208	50,470,000	929,506	49,540,494	1.32%	234.55
2009/10	211,172	3,824,935,514	47,310,000	948,903	46,361,097	1.21%	219.54
2010/11	211,144	3,350,111,921	43,935,000	1,171,570	42,763,430	1.28%	202.53
2011/12	211,888	2,753,690,772	40,470,000	945,695	39,524,305	1.44%	186.53
2012/13	212,637	2,414,825,073	36,712,940	947,064	35,765,876	1.48%	168.20

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

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

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

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	Percentage of Debt Service to Operating Expenses/ Expenditures
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%
2007/08	2,915,000	2,299,651	5,214,651	50,535,152	10.32%
2008/09	3,040,000	2,187,883	5,227,883	52,632,969	9.93%
2009/10	3,160,000	2,067,833	5,227,833	56,596,780	9.24%
2010/11	3,375,000	1,859,646	5,234,646	58,558,549	8.94%
2011/12	3,465,000	1,183,518	4,648,518	57,309,679	8.11%
2012/13	3,860,000	1,328,668	5,188,668	58,008,005	8.94%

Source: District records.

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

June 30, 2013

Jurisdiction	Debt Outstanding
<u>Direct Debt:</u>	
Yavapai County Community College District	\$ 36,610,000
Total direct debt	36,610,000
<u>Overlapping Debt(1):</u>	
School Districts	122,230,000
City of Prescott	680,000
Total overlapping debt	122,910,000
Total direct and overlapping debt	\$ 159,520,000

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

Note 1: Excludes improvement districts.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
2003/04	\$ 8,133,022	\$ 130,000	\$ 95,822	\$ 225,822	36.02
2004/05	7,963,710	135,000	88,401	223,401	35.65
2005/06	8,942,844	145,000	80,418	225,418	39.67
2006/07	9,137,014	155,000	71,755	226,755	40.29
2007/08	8,092,973	160,000	62,580	222,580	36.36
2008/09	7,025,586	170,000	52,800	222,800	31.53
2009/10	8,521,468	180,000	42,300	222,300	38.33
2010/11	9,290,001	285,000	158,529	443,529	20.95
2011/12	9,644,951	1,265,000	613,256	1,878,256	5.14
2012/13	10,864,393	880,000	560,406	1,440,406	7.54

Source: District records.

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

Note 2: Pledged revenue obligations issued April 16, 2011.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
ECONOMIC INDICATORS FOR YAVAPAI COUNTY
June 30, 2013

Employment by Sector	Employees
Mining and Construction	4,100
Education and Health Services	9,800
Financial Activities	1,600
Government	9,300
Leisure and Hospitality	8,000
Manufacturing	2,900
Professional and Business Services	3,400
Trade, Transportation and Utilities	11,400
Information	600
Other Services	3,400

Employment by Occupation	Percent of Total
Office and Administrative	15.9%
Sales and Related	11.3%
Food Preparation and Serving Related	11.9%
Education, Training, and Library	7.2%
Healthcare Practitioners and Technical	6.1%
Transportation and Material Moving	6.3%
Management	5.1%
Construction and Extraction	5.5%
Protective Service	3.6%
Production	4.3%
Installation, Maintenance, and Repair	4.5%
Healthcare Support	3.4%
Building, Grounds and Maintenance	3.7%
Personal Care and Service	3.3%
Business and Financial Operations	2.6%
Other	5.2%

Unemployment Rate	8.7%
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Labor Force	90,627
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Source: Arizona Department of Commerce and United States Department of Labor.

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

Major Employers	FY 2012/13			FY 2003/2004		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai County	1,414	1	1.56%	1,213	1	1.48%
Yavapai Regional Medical Center	1,402	2	1.55%	730	4	0.89%
Verde Valley Medical Center	959	3	1.06%	351	9	0.43%
Veterans Medical Center	889	4	0.98%	550	6	0.67%
Cyprus Bagdad Copper Mine	871	5	0.96%	535	7	0.65%
Humbolt Unified School District	631	6	0.70%	-	-	-
Sturm Ruger & Company	579	7	0.64%	1,176	2	1.44%
Yavapai College (1)	564	8	0.62%	831	3	1.02%
State of Arizona	561	9	0.62%	330	10	0.40%
Prescott Unified School District	495	10	0.55%	573	5	0.70%
City of Prescott	-	-	-	385	8	0.47%
Total	8,365		9.24%	6,674		8.15%

Source: District and the listed employers records.

Note 1: For FY 2003-04 the District reported the number of employees on a head-count basis and for FY 2012-13 the District reported the number of employees on a full-time equivalent basis.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 MISCELLANEOUS STATISTICS
 June 30, 2013

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

Population	2000	2010	2012
Yavapai County	167,517	211,144	212,637
State of Arizona	5,130,632	6,392,017	6,553,255

Age Distribution*	% of Total
0-14	14.6%
15-24	10.6%
25-44	17.9%
45-64	30.8%
65+	26.1%

Population Composition *	% of Total
<u>RACE</u>	
White	80.1%
Hispanic	13.9%
African American	0.8%
Native American	2.0%
Asian or Pacific Islander	1.1%
Other	2.1%
TOTAL	<u><u>100.0%</u></u>

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

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

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)
2003/04	182,090	\$ 4,211,097	\$ 23,126
2004/05	187,822	4,681,083	24,923
2005/06	195,424	5,278,898	27,013
2006/07	204,082	5,816,674	28,502
2007/08	208,773	6,332,616	30,333
2008/09	211,211	6,627,607	31,379
2009/10	211,172	6,034,069	28,574
2010/11	211,144	6,015,150	28,488
2011/12	211,888	6,248,490	29,490
2012/13	212,637	6,227,459	29,287

Source: Bureau of Economic Analysis and US Census Bureau

Note 1: Personal Income and Per Capita Personal Income were not available for fiscal year 2012/13. Amounts were estimated based upon the prior 4 year average net change.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
STUDENT ENROLLMENT, DEGREE AND DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Attendance		Gender		Residency			
	Full-Time	Part-Time	Male	Female	Resident	Out of County	Out of State	Foreign
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%
2007/08	16.3%	83.7%	39.0%	61.0%	90.2%	4.3%	5.0%	0.5%
2008/09	17.7%	82.3%	40.0%	59.8%	82.4%	4.4%	12.8%	0.4%
2009/10	23.2%	76.8%	40.7%	59.3%	90.4%	4.9%	4.7%	0.0%
2010/11	22.9%	77.1%	42.9%	57.1%	87.5%	6.9%	5.5%	0.1%
2011/12	26.9%	73.1%	43.0%	57.0%	86.4%	6.9%	6.6%	0.1%
2012/13	21.0%	79.0%	43.7%	56.3%	85.9%	11.5%	2.5%	0.1%

Fiscal Year	Degrees Awarded	Certificates Awarded
2003/04	288	169
2004/05	304	161
2005/06	340	210
2006/07	344	183
2007/08	404	307
2008/09	423	399
2009/10	458	594
2010/11	454	623
2011/12	518	608
2012/13	486	823

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
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%
2007/08	31	37	2.5%	1.5%	6.9%	1.1%	81.7%	6.3%
2008/09	30	36	3.0%	1.4%	8.2%	1.0%	80.4%	6.0%
2009/10	30	36	2.2%	1.2%	6.5%	0.9%	76.5%	12.7%
2010/11	26	33	2.6%	0.9%	8.9%	0.9%	65.5%	21.2%
2011/12	27	33	2.2%	0.9%	10.2%	0.9%	62.7%	23.1%
2012/13	26	32	2.1%	1.1%	11.4%	0.8%	57.4%	27.2%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
HISTORIC ENROLLMENT
Last Ten Fiscal Years

	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Headcount	11,764	11,616	12,973	13,493	14,139	15,582	16,312	15,936	13,398	14,463

FTSE by Campus	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Prescott	1,479	1,605	1,894	2,396	2,317	2,137	2,096	1,942	1,882	1,962
Verde	289	337	453	652	690	658	685	687	621	546
Sedona	42	25	40	90	102	107	135	129	125	136
Prescott Valley	175	198	220	265	330	307	316	260	289	273
Chino Valley	101	106	120	108	114	113	117	120	121	109
Elderhostel (1)	-	-	-	-	-	-	72	112	95	146
CTEC (2)	250	196	152	138	137	111	-	-	-	-
Online (3)	1,143	1,095	915	-	-	-	-	-	-	-
Dual enrollment	321	245	200	140	170	167	125	33	4	3
Other (4)	184	167	212	131	25	90	71	69	94	96
Total District	3,984	3,974	4,206	3,920	3,885	3,690	3,617	3,352	3,231	3,271

Source: District records.

Note 1: The Elderhostel program was terminated in 2006/07.

Note 2: The Career Technology Education Center began operations in 2007/08.

Note 3: Beginning in Fiscal Year 2010-11 FTSE from online classes is being counted as a separate campus. In previous years online courses were credited to the campus that originated the course.

Note 4: Other primarily includes courses held at non-campus locations.

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

	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Faculty										
Regular	111	111	107	104	104	101	102	97	97	92
Adjunct (1)	97	405	394	448	476	523	474	330	342	368
Staff										
Regular	298	295	303	334	329	318	317	284	307	318
Temporary (1)	58	119	119	160	182	180	177	188	198	230

Source: District records.

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

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

Asset Type	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Computers and Peripherals	\$ 1,238,803	\$ 1,279,780	\$ 1,316,755	\$ 1,316,755	\$ 1,225,045	\$ 1,452,005	\$ 1,161,346	\$ 1,173,513	\$ 979,865	\$ 885,220
Network Equipment	2,255,702	1,979,635	1,568,339	1,056,006	754,356	1,127,448	1,118,033	1,155,303	1,144,747	1,193,463
Audio Visual Equipment	755,579	624,112	503,250	396,971	175,567	480,767	481,299	506,007	541,896	541,896
Office Equipment & Furniture	4,397,372	4,216,286	4,163,415	3,680,275	3,773,462	3,652,534	2,876,657	2,638,552	2,333,641	2,061,568
Software	2,149,148	2,149,148	2,149,148	2,022,682	1,918,654	1,286,076	-	-	-	-
Vehicles	1,383,983	1,220,435	1,295,120	1,224,785	1,182,290	1,214,607	1,136,409	1,094,994	1,089,436	1,064,419
Intangibles	273,587	273,587	273,587	273,587	-	-	-	-	-	-
Library Books	3,038,624	3,087,336	3,116,031	3,055,742	2,981,169	2,916,756	2,762,515	2,647,200	2,528,669	2,473,365
Buildings	137,801,065	108,127,652	103,095,447	102,836,523	98,435,112	98,123,350	93,591,763	78,882,085	64,944,116	44,835,295
Construction in Progress	3,515,542	22,042,850	4,427,807	613,644	2,927,638	834,346	12,239	7,779,699	18,097,827	21,560,868
Site Improvements	16,836,358	16,573,720	15,973,540	15,630,928	14,981,222	14,607,058	14,231,150	12,710,508	4,729,052	4,605,295
Land	5,415,888	5,415,888	5,015,888	5,015,888	5,015,888	3,597,041	1,975,535	1,975,535	1,975,535	1,975,535
	\$ 179,061,651	\$ 166,990,429	\$ 142,898,327	\$ 137,123,786	\$ 133,370,403	\$ 129,291,988	\$ 119,346,946	\$ 110,563,396	\$ 98,364,784	\$ 81,196,924

Source: District records.