

Comprehensive
**Annual Financial
Report**

[**JUNE 30, 2003**]

Yavapai
COLLEGE
Your community. Your college.

Comprehensive **Annual Financial Report**

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Yavapai College
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June 30, 2003

**Yavapai County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2003**

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INTRODUCTORY

[SECTION]

October 27, 2003

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, 2003, is submitted herewith.

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

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

This report has been separated into three sections:

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

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

THE REPORTING ENTITY

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Yavapai County, financial accountability over all activities related to public community college education in Yavapai County is exercised solely by the District. In accordance with GASB Statement No. 14, 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. There are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other government financial reporting entity.

The Yavapai College Foundation, Inc. is controlled by a separate board of directors and thus is not included in the financial statements of the District.

HISTORY

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

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

SERVICE AREA

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

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

ECONOMIC OUTLOOK

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

Property taxes provide the majority of funding for the District. The assessed value of property will increase by 9.3% for fiscal year 2003-04. The value of new construction permits (commercial and residential) increased by 18.8 percent over last fiscal year. This growth, along with the increase in assessed property values, is projected to continue for the next few years.

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

MAJOR PROGRAM INITIATIVES

Yavapai College has made strides during the past year in the areas of master planning, enrollment, student achievement, and North Central Association (NCA) accreditation.

Master Plan Implementation

Implementation of the \$69.9 million master plan proceeded on schedule during the fiscal year ended June 30, 2003. Groundbreaking for the new Agribusiness and Science Technology Center in Chino Valley took place in July 2002. The new center will provide needed space to support growing enrollment in the agribusiness disciplines, as well as upgraded facilities for the construction technology programs. Design of the new 15,000 square foot Northern Arizona Regional Skill Center on the Verde Valley Campus was

completed this year. Groundbreaking for the new facility took place in November 2002. Programs at the center will focus on six key areas: business and office technology, basic health-related occupations, construction and building maintenance, hospitality and tourism, information technology management, and manufacturing/engineering technology.

Construction began on the Academic Resource Center on the Verde Valley Campus in March of 2003. The new 25,000 square foot center will provide additional classrooms for the Verde Valley Campus. Infrastructure improvements began on both the Prescott and Verde Valley Campuses this year improving parking on both campuses. Groundbreaking for the new 50,000 square foot Library/Computer Commons facility on the Prescott Campus took place in May, 2003. Finalization of the purchase of the ADOT property on Sheldon Street in Prescott and the start of renovations to the buildings commenced this year. The purchase includes four buildings totaling 25,000 square feet adjacent to the Prescott Campus.

Enrollment

The fiscal year was characterized by strong enrollment with more than 14,000 students attending classes. Divisions with double digit increases in enrollment include liberal arts, technology, health, physical education and athletics, and communications. Individual programs with double digit enrollment increases include agribusiness technology, business, digital filmmaking, digital media arts, emergency medical services, and gunsmithing.

Student Achievement

Student accomplishment continues to be our most important gauge of success. Four students were named to the 2003 All-Arizona Academic Team. A total of 435 students graduated with degrees or certificates. Throughout the course of the academic year, 135 students completed the Career Skills program, 44 students graduated from the Northern Arizona Regional Training Academy, and 51 students completed all requirements of the Nursing Program. An additional 306 students completed studies and passed the exam to earn a high school equivalency diploma.

North Central Association (NCA) Accreditation

The District's two-year-long self-study process for continuing accreditation culminated in the spring of 2003 with a site visit from a six-person team of higher education peers. The Higher Education Commission granted the College a full 10-year accreditation -- the longest accreditation possible. This accomplishment is the result of the combined efforts of 150 faculty, staff, adjunct faculty, administrators, and community members serving six criterion committees.

FUTURE PROGRAM INITIATIVES

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

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

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

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

Academic program reviews will continue in the areas of Physical Education/Recreation, Computer Sciences, Liberal Studies Core, Life Management Skills, Life Sciences, and Athletic Programs. Service area program reviews will include Human Resources, Instructional Administration, Institutional Research, and Senior Programs.

FINANCIAL INFORMATION

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

Internal Control

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

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

Budgetary Controls

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

The District complies with state statutes requiring that a report of the District's adopted budget be filed annually with the State Board of Directors for Community College of Arizona (State Board). The District also demonstrates compliance by issuance of an annual budgeted expenditure limitation report that is examined by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure supported by state appropriations and property tax levies.

Cash Management

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

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

Financial Reporting

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources including District records and the Yavapai County Treasurer and Assessor Offices. These statements present information on the financial condition of the District and whether resources were adequate to cover the costs of providing services

during the reporting period. The District's CAFR is distributed to the District Governing Board and executive management, Federal and State agencies, and financial institutions as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

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

RISK MANAGEMENT

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

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

INDEPENDENT AUDIT

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

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Yavapai County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's 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,

Terry W. Bowmaster
Vice President for Finance and Facilities

Robert E. Lynch
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Yavapai County Community
College District, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2003

DISTRICT GOVERNING BOARD

Dr. Ed Harris, *Chair, District 3*

Mr. Herald Harrington, *Secretary, District 5*

Dr. Donna Michaels, *District 4*

Mr. Paul Madden, *District 2*

Mr. James Holt, *District 1*

PRESIDENT

Dr. Doreen D. Dailey

ADMINISTRATION

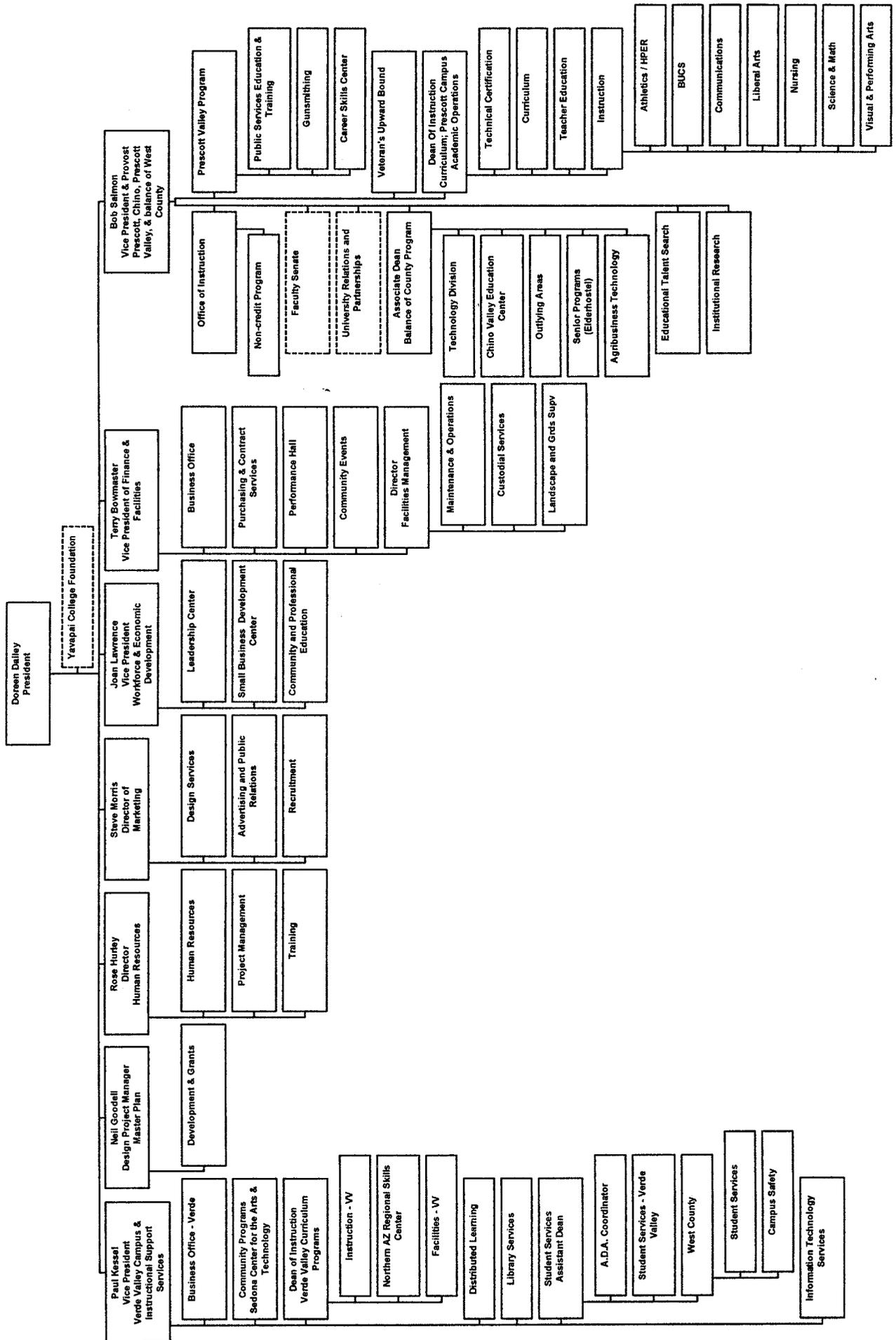
Mr. Bob Salmon, *Vice President and District Provost*

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

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

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

Yavapai Community College District Organizational Chart as of June 30, 2003



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FINANCIAL

[SECTION]

MILLER, ALLEN & CO., P.C.

Certified Public Accountants

5333 NORTH 7TH STREET, SUITE 100
PHOENIX, ARIZONA 85014
TEL (602) 264-3888
FAX (602) 230-0348

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

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

Independent Auditor's Report

The Auditor General of the State of Arizona

Members of the Arizona State Legislature

The Governing Board of
Yavapai County Community College District

We have audited the accompanying basic financial statements of Yavapai County Community College District as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Yavapai County Community College District as of June 30, 2003, and the changes in financial position and cash flows of the District for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 15 through 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Miller, Allen & Co., P.C.
October 27, 2003

October 27, 2003

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, 2003. 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 for Finance and Facilities and the Controller's transmittal letter on page 1, the District's financial statements which begin on page 23 and the notes to the financial statements beginning on page 27.

Financial Highlights and Analysis

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

The assets of the District exceeded its liabilities at the close of the fiscal year by \$26,942,806. Of this amount, \$2,025,154 may be used to meet the District's ongoing obligations to provide educational services.

The District's total net assets increased by \$4,829,552 over the previous fiscal year. The majority of this increase is attributable to the District's investment in capital assets.

At the end of the current fiscal year, unrestricted net assets increased by \$400,512 or 25% over the previous fiscal year. Continued reengineering of the District's managerial structure resulted in cost savings which provided the increase in net assets.

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

Basic Financial Statements

The basic financial statements consist of the following:

The Statement of Net assets reflect the financial position of the District at June 30, 2003. It shows the various assets owned or controlled, related liabilities and other obligations and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities and represents institutional equity or ownership in the total assets of the District. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations for the fiscal year ended June 30, 2003. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net asset amount to the ending net asset amount. This is shown on the Statement of Net Assets described above.

The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2003. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalent amount – which is shown on The Statement of Net Assets described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the Statement of Revenues, Expenses, and Changes in Net Assets described above.

Condensed Financial Information

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

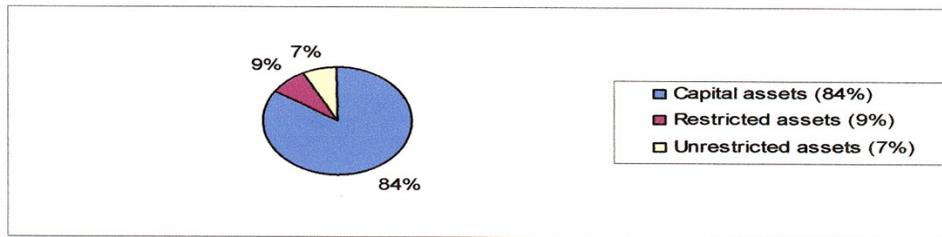
Condensed Statement of Net Assets

	<u>6/30/2003</u>	<u>6/30/2002</u>
Assets:		
Current assets	\$5,994,903	\$ 4,558,612
Non-current assets, other than capital assets	13,067,369	20,700,161
Capital assets, net of depreciation	<u>40,035,125</u>	<u>29,560,790</u>
Total assets	<u>59,097,397</u>	<u>54,819,563</u>
Liabilities:		
Current liabilities	5,689,072	2,369,573
Non-current liabilities	<u>26,465,519</u>	<u>30,336,736</u>
Total liabilities	<u>32,154,591</u>	<u>32,706,309</u>
Net assets:		
Capital assets, net of related debt	22,543,558	17,826,836
Restricted net assets	2,374,094	2,661,776
Unrestricted net assets	<u>2,025,154</u>	<u>1,624,642</u>
Total net assets	<u>\$26,942,806</u>	<u>\$22,113,254</u>

As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (84 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, and library collections), net of depreciation and less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The decrease in non-current assets was primarily due to the expenditure of general obligation bond proceeds in conjunction with the construction in progress with the District's master building plan. Conversely, the increases in capital assets, net of depreciation, reflected these expenditures. The increase in current liabilities was related to contractor's payment accrued at the fiscal year end in relation to the District's master building plan in progress. The District's capital assets, net of related debt, increased by \$4,716,722 over the previous fiscal year. This increase is attributable to the addition in equity in the District's capital assets over the previous year.

Net Assets



An additional portion of the District's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$2,025,154 may be used to meet the District's ongoing mission to the public. Unrestricted net assets increased by \$400,512 over the previous fiscal year. At the end of the year, the District is able to report positive balances in all three categories of net assets.

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

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

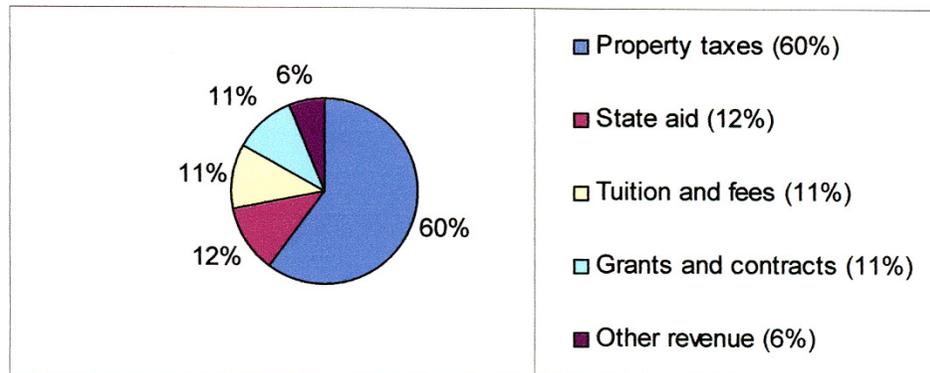
	<u>6/30/2003</u>	<u>6/30/2002</u>
Revenues		
Operating		
Tuition and fees	\$5,092,023	\$5,743,255
Government grants and contracts	5,121,854	4,262,416
Other	2,298,368	2,270,716
Nonoperating		
Property taxes	27,659,035	25,163,069
State aid	5,046,549	5,304,876
Investment income	128,400	682,068
Other	76,454	37,671
Total revenues	<u>45,422,683</u>	<u>43,464,071</u>
Expenses		
Operating	39,766,359	39,606,188
Nonoperating	<u>1,394,172</u>	<u>1,501,070</u>
Total expenses	<u>41,160,531</u>	<u>41,107,258</u>
Income before other revenues, expenses, gains	4,262,152	2,356,813
Capital appropriations, grants, and gifts	<u>567,400</u>	<u>611,767</u>
Increase in net assets	4,829,552	2,968,580
Total net assets, July 1	<u>22,113,254</u>	<u>19,144,674</u>
Total net assets, June 30	<u>\$26,942,806</u>	<u>\$22,113,254</u>

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

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

The decrease in tuition and fees for the current year was attributed to a reduction in students within the District's Elderhostel Program. Government grants and contracts increases reflect an increase in grants received for the year. Property tax increases were credited to the continued growth in the assessed valuation. The continued reduction in state aid was experienced as the state's economy continues to struggle. Interest income decreases were related to the lower interest rates in effect throughout the fiscal year.

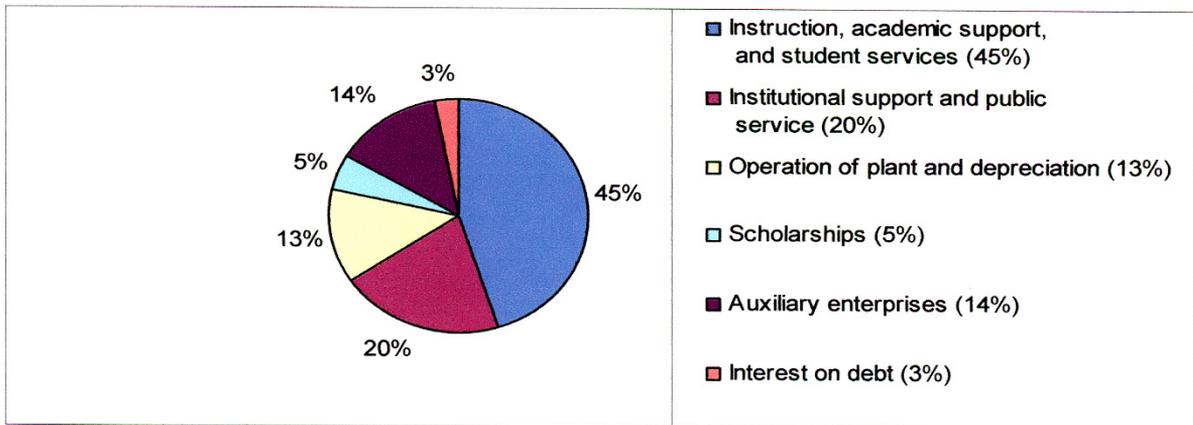
Revenues by Source



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

Overall, expenses increased slightly over the previous fiscal year by \$53,273. Operating expenses were nearly consistent with the previous year demonstrating the District's commitment to cost containment in light of reductions in state funding. Non-operating expenses decreases were attributed to debt service interest savings with the refunding of general obligation bonds.

Expenses by Function



Capital Assets and Debt Management

Several of the Master Plan Project construction projects were in progress during this year with significant expansion and/or construction taking place at the Prescott Campus, the Verde Valley Campus, and the Agribusiness and Science Technology Center in Chino Valley. The new Prescott Valley Center was in operation for the fall semester. The Chino Valley Agribusiness and Science Technology Center will be completed in the spring of 2004. In addition, architects have been selected to design two new facilities on the Verde Valley Campus totaling 40,000 square feet facility and a new 50,000 square foot building on the Prescott Campus. Construction will commence in the fall of 2003. Funding for this capital development plan came from general obligation bond debt (discussed below), which will be issued in series over the next several years.

Equipment, along with all other capital assets (except land), is reported net of accumulated depreciation in accordance with the reporting standards issued by GASB. This has the effect of reducing the book value of overall assets. Depreciation totaled \$1,602,905 for the year and is now shown as an operating expense on the Statement of Revenues, Expenses and Changes in Net Assets. Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

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

During the Project of 1988, the District issued \$11,300,000 in general obligation bonds in three separate series. This project included the construction of the Performance Hall and other improvements. On August 1, 1993, the District issued \$6,425,000 of general obligation refunding bonds which refunded a portion of the Project of 1988 Series A and B. On March 1, 2003, the District refunded the remaining portion of the Project of 1988 Series B general obligation bonds.

In March 1993, the District issued \$2,500,000 of revenue bonds to construct, furnish and equip a residence hall. Repayment of revenue bond debt is administered by the trust department of a local bank and is repaid from student fee revenues and interest earnings on investments held by the trustee. Revenue bond proceeds and required reserves are deposited into irrevocable trust accounts pursuant to the bond indentures.

On October 1, 1999, the District issued \$4,425,000 of fixed-rate pledged revenue obligations under a trust agreement with U.S. Bank. The obligations are payable solely from lease payments pursuant to a lease purchase agreement. The revenue obligations are subject to a one-time optional redemption by the District to be exercised on or before October 1, 2001. The financing provided funds for five capital projects involving new buildings and repairs, improvements, and major renovations to existing buildings.

On August 1, 2001, the District issued \$25,955,000 in general obligation improvement and refunding bonds. Of this amount, \$955,000 was used to refund the remaining balance of the Project of 1988, 1991 Series C; and, \$3,030,000 was used to defease the Pledged Revenue Obligations Series of 1999. The remaining balance of \$21,970,000 will be used to fund the Master Plan Project of 2001 (see below). General obligation bond debt is funded from secondary property tax levies collected by the Yavapai County Treasurer.

During the year ended June 30, 2003, the District issued \$5,175,000 of general obligation refunding bonds and \$225,000 of certificates of ownership. The advance-refunding replaced higher rate general obligation bonds (Refunding Bonds of 1993) with an average interest rate of 5.3 percent and a refunding rate of 2.75 percent. The proceeds were used to purchase securities that were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. However, during the fiscal year, these trust account assets were used to call and redeem in full the refunded debt. The advance-refunding was undertaken to reduce debt service payments over 9 years by \$390,084 and resulted in an economic gain of \$354,091.

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

Bonds outstanding at June 30, 2003, were 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 2001-Series A	\$25,955,000	7/1/03-2022	3.75–4.75%	\$18,565,000
Series 2003 - Refunding	5,175,000	7/1/04-2011	2.00–3.75%	5,175,000
Series 2003 - Refunding Certificates of Supplemental Interest	225,000	7/1/03-2004	1.20-1.50%	125,000
Revenue Bonds				
Series 1993	2,500,000	7/1/03-2012	5.55–6.00%	1,815,000

Current Factors Having Probable Future Financial Significance

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

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

Request for Information

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Net Assets
June 30, 2003

ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 3,874,365
Receivables (net of allowances for uncollectibles)	
Property tax	945,523
Government grants and contracts	709,457
Student loans, current portion	47,749
Other	219,009
Prepaid expenses	198,800
Total current assets	<u>5,994,903</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	11,986,184
Cash and investments held by trustee	413,346
Property tax receivable (net of allowance for uncollectibles)	279,667
Student loans receivable (net of allowance for uncollectibles)	341,401
Other receivables	46,771
Capital assets, not being depreciated	12,920,480
Capital assets, being depreciated, net	27,114,645
Total noncurrent assets	<u>53,102,494</u>
Total assets	<u>59,097,397</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	2,960,645
Retainage payable	656,018
Accrued payroll and employee benefits	697,501
Interest payable	47,412
Deposits held in custody for others	101,127
Deferred revenues	412,156
Current portion of compensated absences payable	83,278
Current portion of long-term debt	230,935
Other	500,000
Total current liabilities	<u>5,689,072</u>
Noncurrent liabilities:	
Compensated absences payable	855,147
Dormitory deposits	45,550
Long term debt	25,477,409
Other	87,413
Total noncurrent liabilities	<u>26,465,519</u>
Total liabilities	<u>32,154,591</u>
NET ASSETS:	
Invested in capital assets, net of related debt	22,543,558
Restricted:	
Nonexpendable:	
Student loans	582,022
Expendable:	
Grants and contracts	84,421
Capital projects	1,241,406
Debt service	466,245
Unrestricted	2,025,154
Total net assets	<u>\$ 26,942,806</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2003**

Operating revenues:	
Tuition and fees pledged as security for revenue bonds (net of scholarship allowances \$905,255)	\$ 5,092,023
Government grants and contracts	5,121,854
Bookstore sales	122,549
Food service sales pledged as security for revenue bonds (net of scholarship allowances \$327,410)	410,905
Dormitory rentals pledged as security for revenue bonds (net of scholarship allowances \$310,767)	317,225
Other	1,447,689
Total operating revenues	<u>12,512,245</u>
Operating expenses:	
Educational and general:	
Instruction	11,642,200
Public service	529,506
Academic support	3,256,483
Student services	3,506,706
Institutional support	7,792,981
Operation and maintenance of plant	3,794,370
Scholarships	2,047,934
Auxiliary enterprises	5,593,274
Depreciation	1,602,905
Total operating expenses	<u>39,766,359</u>
Operating loss	<u>(27,254,114)</u>
Nonoperating revenues(expenses):	
Property taxes	27,659,035
State appropriations	4,589,100
Share of state sales taxes	457,449
Private gifts	71,519
Investment income	128,400
Interest expense on debt	(1,394,172)
Gain on disposal of capital assets	4,935
Total nonoperating revenue(expenses)	<u>31,516,266</u>
Income before other revenues, expenses, gains or losses	4,262,152
Capital appropriations	567,400
Increase in net assets	<u>4,829,552</u>
Net Assets:	
Total net assets - July 1, 2002	<u>22,113,254</u>
Total net assets - June 30, 2003	<u>\$ 26,942,806</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows
Year Ended June 30, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$ 5,207,861
Grants and contracts	4,851,221
Bookstore receipts	122,549
Food services receipts	410,905
Dormitory rentals	317,225
Collection of loans to students	60,348
Other receipts	1,490,792
Payments to suppliers and providers of goods and services	(9,123,334)
Payments to employees	(24,087,281)
Loans issued to students	(70,908)
Scholarship payments to students	(2,047,934)
Other payments	(28,696)
Net cash used for operating activities	<u>(22,897,252)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	27,612,728
State appropriations	4,589,100
Share of state sales taxes	457,449
Private gifts	71,519
Loans issued to employees	(80,934)
Collection of loans to employees	96,622
Federal direct lending receipts	961,944
Federal direct lending disbursements	(966,626)
Deposits held in custody receipts	240,032
Deposits held in custody payments	(219,720)
Net cash provided by noncapital financing activities	<u>32,762,114</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital appropriations	567,400
Proceeds from sales of capital assets	4,935
Principal paid on capital debt	(4,841,156)
Interest paid on capital debt	(1,229,464)
Purchases of capital assets	(11,429,844)
Other proceeds	500,000
Net cash used for capital and related financing activities	<u>(16,428,129)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	138,993
Net cash provided by investing activities	<u>138,993</u>
Net decrease in cash and cash equivalents	(6,424,274)
Cash and cash equivalents, July 1, 2002	22,698,169
Cash and cash equivalents, June 30, 2003	<u>\$ 16,273,895</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows
Year Ended June 30, 2003**

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating loss	\$ (27,254,114)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	1,602,905
Provision for uncollectible accounts	(37,860)
Changes in assets and liabilities:	
Increase in government grants and contracts receivable	(347,266)
Decrease other receivables	98,917
Decrease in prepaid expenses	88,607
Increase in student loans receivable	(10,560)
Increase in accrued payroll and employee benefits	132,268
Increase in compensated absences payable	33,277
Increase in deferred revenues	136,657
Increase in accounts payable	2,688,612
Decrease in other liabilities	(22,665)
Decrease in dormitory deposits	(6,030)
Net cash used for operating activities	\$ (22,897,252)

Noncash investing, capital, and noncapital financing activities: During the year, the District issued advance refunding bonds. From this issuance, \$5,363,360 was directly deposited into an escrow account to pay future debt service on the refunded bonds, and \$116,714 was withheld to pay fees and insurance.

The District also retained \$656,018 of amounts owed on its construction contracts.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity.

The financial activities of the Yavapai College Foundation are not included in the District's financial statements. The Foundation is a non-profit corporation controlled by a separate board of directors. The Foundation's goals are to promote educational programs and District objectives.

B. Basis of Presentation and Accounting

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

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenditures are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and additions to endowments. Generally, revenues generated by the District for instruction and public service are considered to be operating revenues. Other revenues used for instruction and public service, such as property taxes and state appropriations, are not generated from operations and are considered to be non-operating revenues.

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

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

The District follows FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Cash and Investments

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

D. Capital Assets

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$5,000	none	n/a
Buildings	\$5,000	Straight line	40 years
Other Improvements	\$5,000	Straight line	15 years
Equipment	\$5,000	Straight line	5 years
Library books	\$5,000	Straight line	10 years

E. Investment Income

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

F. Compensated Absences

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

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

G. Scholarship Allowances

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

Note 2 - Deposits and Investments

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

Deposits - At June 30, 2003, the carrying amount of the District's deposits was \$119,026, and the bank balance was \$1,260,311. Of the bank balance, \$109,335 was covered by federal depository insurance, and \$1,150,976 was covered by collateral held by the pledging financial institution's trust department in the District's name.

Investments - At June 30, 2003, the District's investments consisted of the following:

	<u>Fair Value</u>
Cash and investments held by the County Treasurer	\$4,465,146
Investment in State Treasurer's investment pool	11,260,104
Cash and investments held by trustee	<u>413,346</u>
Total	<u>\$16,138,596</u>

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

Cash and investments held by trustee are restricted as to usage and held in bond trustee funds. The trustee holds the monies in mutual funds; therefore, the District's portion is not identified with specific investments and is not subject to custodial credit risk. The fair value of a participant's position in the mutual funds approximates the value of that participant's shares.

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

On December 4, 2002, the District was notified by the Arizona State Treasurer that the investment pool held asset-backed securities issued by NPF-12 trust. These securities have been downgraded by Moody's from a AAA to a Ba3 rating, due to possible fraud and violations of federal and state laws. The probability of collection of these asset-backed securities is not known at this time. In order to protect the pool participant's interest, the Arizona State Treasurer and the Arizona Attorney General are pursuing legal action to the fullest extent possible. As of December 4, 2002, the fair value these assets totaling \$280,267 was written-off as a reduction of investment income due to the decrease in the value of the pool.

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

<u>Cash and Investments:</u>		<u>Statement of Net Assets:</u>	
Cash on hand	\$16,273	Cash and cash equivalents	\$3,874,365
Carrying amount of		Restricted assets:	
Deposits	119,026	Cash and cash equivalents	11,986,184
Reported amount of		Cash and investments held by	
Investments	<u>16,138,596</u>	trustee	<u>413,346</u>
Total	<u>\$16,273,895</u>	Total	<u>\$16,273,895</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

Note 3 - Receivables

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

<u>Receivables</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Property tax			
Current	\$998,297	\$(52,774)	\$945,523
Noncurrent	287,512	(7,845)	279,667
Student loans			
Current	58,790	(11,041)	47,749
Noncurrent	420,341	(78,940)	341,401
Other-current	258,415	(39,406)	219,009

Property Tax 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, 2003**

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2003, was as follows:

	<u>Balance July 1, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance June 30, 2003</u>
Capital assets not being depreciated:					
Land	\$ 1,113,328	\$ 1,011,152		\$(148,945)	\$ 1,975,535
Construction in progress (estimated cost to complete \$17,488,242)	<u>1,301,241</u>	<u>9,643,704</u>		<u>-0-</u>	<u>10,944,945</u>
Total capital assets not being depreciated	<u>2,414,569</u>	<u>10,654,856</u>		<u>(148,945)</u>	<u>12,920,480</u>
Capital assets being depreciated:					
Buildings	33,630,856	654,849		(337,032)	33,948,673
Improvements other than buildings	3,539,413			485,977	4,025,390
Equipment	4,830,591	627,726	\$371,211		5,087,106
Library books	<u>2,259,848</u>	<u>148,431</u>	<u>60,583</u>		<u>2,347,696</u>
Total capital assets being depreciated	<u>44,260,708</u>	<u>1,431,006</u>	<u>431,794</u>	<u>148,945</u>	<u>45,408,865</u>
Less accumulated depreciation for:					
Buildings	9,538,485	832,744			10,371,229
Improvements other than buildings	2,307,047	218,662			2,525,709
Equipment	3,622,741	445,696	362,589		3,705,848
Library books	<u>1,646,214</u>	<u>105,803</u>	<u>60,583</u>		<u>1,691,434</u>
Total accumulated depreciation	<u>17,114,487</u>	<u>1,602,905</u>	<u>423,172</u>		<u>18,294,220</u>
Total capital assets being depreciated, net	<u>27,146,221</u>	<u>(171,899)</u>	<u>8,622</u>	<u>148,945</u>	<u>27,114,645</u>
Capital assets, net	<u>\$29,560,790</u>	<u>\$10,482,957</u>	<u>\$ 8,622</u>	<u>\$ -0-</u>	<u>\$40,035,125</u>

The District has active construction projects as of June 30, 2003. The projects relate to the District-wide master plan, including the Prescott and Verde Campuses design work and the design and construction at the Chino Valley campus. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Prescott Campus	\$5,363,510	\$15,310,283
Verde Valley Campus	2,308,064	1,941,034
Chino Valley Campus	<u>3,273,371</u>	<u>236,925</u>
Total	<u>\$10,944,945</u>	<u>\$17,488,242</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

Note 5 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2003 was as follows:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>	<u>Due within one year</u>
Compensated absences payable	\$ 905,148	\$ 33,277	\$ 0-	\$ 938,425	\$ 83,278
Bonds payable:					
General obligation bonds and certificates of supplemental interest	\$28,161,225	\$5,400,000	\$9,696,225	\$23,865,000	
Revenue bonds	<u>1,815,000</u>		<u>125,000</u>	<u>1,690,000</u>	\$130,000
Total bonds payable	29,976,225	5,400,000	9,821,225	25,555,000	130,000
Capital leases payable	<u>314,631</u>	<u>-0-</u>	<u>161,287</u>	<u>153,344</u>	<u>100,935</u>
Total long-term debt	<u>\$30,290,856</u>	<u>\$5,400,000</u>	<u>\$9,982,512</u>	<u>\$25,708,344</u>	<u>\$230,935</u>

Bonds – The District’s bonded debt consists of various issues of general obligation and revenue bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from tuition, fees, rentals and other charges to students, faculty, and others. The original amounts of general obligation and revenue bonds issued in prior years were \$34,005,000 and \$2,500,000 respectively. During the year, the District issued general obligation refunding bonds and certificates of supplemental interest totaling \$5,400,000 to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded Series 1993 debt.

The 2001 Series A \$25,955,000 general obligation bond issue is 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 \$217,574,637 as of June 30, 2003. Of this amount, the District has \$23,865,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$193,709,637.

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

Of the total \$69,500,000 of general obligation bonds originally authorized, \$44,500,000 remains unissued. Bonds outstanding at June 30, 2003, were 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 2001-Series A	\$25,955,000	7/1/03-2022	3.75-4.75%	\$18,565,000
Series 2003 – Refunding	5,175,000	7/1/04-2011	2.00-3.75%	5,175,000
Series 2003 - Refunding Certificates of Supplemental Interest	225,000	7/1/03-2004	1.20-1.50%	125,000
Revenue bonds				
Series 1993	2,500,000	7/1/03-2012	5.55-6.0%	1,690,000

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2003.

	General Obligation Bonds and Certificates of Supplemental Interest		Revenue Bonds	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2004		\$ 472,410	\$ 130,000	\$ 95,822
2005	\$ 2,185,000	911,578	135,000	88,401
2006	2,255,000	842,703	145,000	80,418
2007	1,690,000	780,140	155,000	71,755
2008	1,810,000	722,418	160,000	62,580
2009 – 13	7,285,000	2,664,369	965,000	151,652
2014 – 18	5,390,000	1,373,350	-0-	-0-
2019 – 22	3,250,000	283,812	-0-	-0-
Total	<u>\$23,865,000</u>	<u>\$8,050,780</u>	<u>\$1,690,000</u>	<u>\$550,628</u>

During the year ended June 30, 2003, the District issued \$5,400,000 of general obligation refunding bonds and certificates of supplemental interest to advance refund \$5,175,000 of general obligation bonds. The advance-refunding replaced higher rate general obligation bonds, with an average interest rate of 5.3 percent, with a refunding rate of 2.75 percent. The District realized net proceeds of \$5,363,360, after payment of \$116,714 in underwriter fees, insurance, and other issuance costs. These proceeds were used to purchase securities that were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. However, during the fiscal year, these trust account assets were used to call and redeem in full the refunded debt. The advance-refunding was undertaken to reduce

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

debt service payments over nine years by \$390,084 and resulted in an economic gain of \$354,091.

The District also defeased certain general obligation bonds in prior years by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. The following schedule details all general obligation and revenue bonds considered defeased at June 30, 2003:

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

Capital Leases - The District has acquired various machinery 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. Accordingly, such assets, totaling \$583,553, at June 30, 2003, are capitalized.

Equipment	\$583,553
Less: accumulated depreciation	<u>339,847</u>
Carrying value	<u>\$243,706</u>

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2003.

Year ending June 30,	
2004	\$107,760
2005	46,738
2006	5,472
2007	<u>1,815</u>
Net minimum lease payments	161,785
Less amount representing interest	<u>8,441</u>
Present value of net minimum lease payments	<u>\$153,344</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

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 employees for dependent coverage. The District's contributions are reported as expenditures in the financial statements. The Trust provides coverage for claims up to \$100,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$10,119,352. The Trust purchases commercial insurance coverage for claims in excess of these limits. Settled claims did not exceed the aggregate attachment point for fiscal year ended June 30, 2003. The District is not liable for claims in excess of coverage limits and cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

Note 7 - Retirement Plan

Defined Benefit Plan

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

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

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, 2003, active plan members and the District were each required by statute to contribute at the actuarially-determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2003, 2002, and 2001 were \$297,102, \$285,169, and \$ 286,664, respectively, which were equal to the required contributions for the year.

Defined Contribution Plans

Plan Description - In accordance with A.R.S. 15-1451, District faculty, service professionals, and administrative staff have the option to participate in defined contribution pension plans. These plans are administered by independent insurance and annuity companies. Beginning in fiscal year 1998-99, the District offered defined contribution plans by Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF), Variable Annuity Life Insurance Company (VALIC), and Aetna Life Insurance and Annuity Company (Aetna). Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. Contributions made by employees vest immediately, and District contributions vest after three years of full-time employment. Employee and District contributions and associated returns earned on investments may be withdrawn starting upon termination of employment, death, or retirement. The distribution of employee and District contributions and associated investment earnings are made in accordance with the employee's contract with the applicable insurance and annuity company.

Funding Policy - The Arizona State Legislature allows the District to establish contribution rates each year, not to exceed seven percent of the member's covered payroll. For the year ended June 30, 2003, the District contributed at the rate of three percent of the members' annual covered payroll. Employees contributed two percent of covered payroll. Contributions to these plans for the year ended June 30, 2003, were as follows:

<u>Plan</u>	<u>District Contributions Rate</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
TIAA/CREF	3.0%	\$97,122	\$32,278	\$129,400
VALIC	3.0%	25,178	16,786	41,964
Aetna	3.0%	23,683	15,492	39,175

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2003**

Note 8 – Operating Expenses

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

Personal services	\$24,252,826
Contract services	3,244,004
Supplies and other services	5,137,904
Communications and utilities	1,513,470
Scholarships	2,047,934
Depreciation	1,602,905
Other	<u>1,967,316</u>
Total	<u>\$39,766,359</u>

Note 9 - Subsequent Event

On July 1, 2003, the District issued \$25,000,000 in General Obligation Bonds to meet the education service needs of the District. This issue will represent the second of a series of bonds to fulfill the Master Plan of \$69.5 million approved by the voters in November 2000. Projects include new construction and remodeling of existing facilities and the ability to acquire new buildings; improving security at each campus and educational center; furnishing buildings and facilities; installing new and upgrading existing utilities; making on-site and off-site improvements; constructing additional parking; removing obsolete buildings; purchasing land adjacent to existing campuses; paying all legal, financial and other costs in connection with the foregoing; and paying obligations already incurred for any of the above purposes.

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STATISTICAL

[SECTION]

Yavapai
COLLEGE
Your community. Your college.

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

Source of Revenue	2002/03	2001/02
Property taxes	\$ 27,659,035	\$ 25,163,069
State appropriations	5,613,949	5,910,776
Governmental grants and contracts	5,121,854	4,262,416
Tuition and fees	5,092,023	5,743,255
Investment income	128,400	682,068
Bookstore sales	122,549	111,627
Food services sales	410,905	431,637
Dormitory rentals	317,225	326,812
Other	1,524,143	1,444,178
Total Revenues	\$ 45,990,083	\$ 44,075,838

Source: Annual reports on audited financial statements for the years ended June 30, 2003, and 2002.

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

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

Function	2002/03	2001/02
Instruction	\$ 11,642,200	\$ 11,601,616
Public service	529,506	536,281
Academic support	3,256,483	3,108,890
Student services	3,506,706	3,336,776
Institutional support	7,792,981	7,470,555
Operation & maintenance of plant	3,794,370	4,180,510
Scholarships	2,047,934	1,618,905
Depreciation	1,602,905	1,499,182
Interest on debt	1,394,172	1,501,070
Auxiliary enterprises	5,593,274	6,253,473
Total Expenditures	\$41,160,531	\$41,107,258

Source: Annual reports on audited financial statements for the years ended June 30, 2003 and 2002.

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

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

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION(1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION(2)	UNUSED LEGAL LIMIT(3)
1993/94	\$ 18,964,154	\$ 18,964,153	\$ 1
1994/95	20,238,360	19,607,472	630,888
1995/96	20,740,002	20,740,001	1
1996/97	20,388,649	20,211,192	177,457
1997/98	22,144,594	21,869,276	275,318
1998/99	23,499,973	23,305,953	194,020
1999/00	24,703,216	24,703,215	1
2000/01	24,653,913	26,257,047	(1,603,134)
2001/02	26,177,568	27,410,674	(1,233,106)
2002/03	28,336,441	29,965,000	(1,628,559)

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

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

Note 2: Budgeted expenditures are net of allowable exclusions.

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

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

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1993/94	\$ 10,326,317	\$ 9,770,736	94.62%	\$ 736,924	\$ 10,507,660	101.76%
1994/95	9,565,672	9,050,532	94.61%	677,551	9,728,083	101.70%
1995/96	12,881,929	11,493,033	89.22%	1,201,926	12,694,959	98.55%
1996/97	12,014,785	11,740,957	97.72%	709,122	12,450,079	103.62%
1997/98	13,844,471	12,986,420	93.80%	795,379	13,781,799	99.55%
1998/99	14,637,304	13,811,366	94.36%	723,762	14,535,128	99.30%
1999/00	15,983,219	15,185,729	95.01%	766,258	15,951,987	99.80%
2000/01	16,596,181	15,792,827	95.16%	690,636	16,483,463	99.32%
2001/02	24,995,985	23,985,546	95.96%	895,273	24,880,819	99.54%
2002/03	27,665,519	26,566,640	96.03%	1,019,845	27,586,485	99.71%

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

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

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

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

Fiscal Year/ Levy Type	Net Assessed Value	Full Cash Value (1)	Percentage of Net Assessed to Full Cash Value
1993/94 primary	\$ 719,941,799	\$ 5,166,385,978	13.94%
1993/94 secondary	743,355,645	5,332,284,928	13.94%
1994/95 primary	776,405,938	5,608,923,108	13.84%
1994/95 secondary	801,661,812	5,781,281,068	13.87%
1995/96 primary	829,329,208	6,212,217,161	13.35%
1995/96 secondary	876,036,688	6,547,667,732	13.38%
1996/97 primary	877,928,847	6,605,864,372	13.29%
1996/97 secondary	900,810,192	6,672,091,944	13.50%
1997/98 primary	961,650,156	7,378,952,854	13.03%
1997/98 secondary	1,006,364,142	7,706,940,981	13.06%
1998/99 primary	1,023,772,206	7,855,389,589	13.03%
1998/99 secondary	1,048,350,566	8,028,603,293	13.06%
1999/00 primary	1,097,131,069	8,515,260,240	12.88%
1999/00 secondary	1,186,775,025	9,244,835,021	12.84%
2000/01 primary	1,181,301,079	9,312,109,194	12.69%
2000/01 secondary	1,247,635,912	9,849,696,850	12.67%
2001/02 primary	1,280,950,405	10,130,049,480	12.65%
2001/02 secondary	1,344,616,822	10,623,825,910	12.66%
2002/03 primary	1,388,092,520	11,042,983,587	12.57%
2002/03 secondary	1,450,497,580	11,527,745,675	12.58%

Source: Yavapai County Assessor's Office.

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

Fiscal Year	Yavapai College	(1) State of Arizona	Yavapai County	Cities/Towns and Special Districts		School Districts	
				From	To	From	To
1993/94	1.4986(p)	.4700(p)	2.5720(p)	.5504(p)	2.0318(p)	2.3361(p)	7.6900(p)
	.1459(s)	-	.4607(s)	.1494(s)	6.1847(s)	.2324(s)	3.4430(s)
1994/95	1.4730(p)	.4700(p)	2.4813(p)	.5386(p)	1.9406(p)	1.8379(p)	7.6483(p)
	.1347(s)	-	.3992(s)	.1417(s)	6.4425(s)	.2128(s)	2.8403(s)
1995/96	1.5448(p)	.4700(p)	2.4713(p)	.5107(p)	1.7683(p)	2.5252(p)	7.7420(p)
	.1223(s)	-	.4784(s)	.1648(s)	7.9919(s)	.2244(s)	2.5378(s)
1996/97	1.5237(p)	-	2.5108(p)	.4614(p)	1.7382(p)	2.2973(p)	6.8876(p)
	.1223(s)	-	.4278(s)	.1666(s)	7.5351(s)	.2114(s)	2.4839(s)
1997/98	1.4589(p)	-	2.3363(p)	.4152(p)	1.5951(p)	2.1269(p)	8.7736(p)
	.1055(s)	-	.4097(s)	.1285(s)	9.5182(p)	.1857(s)	2.1236(s)
1998/99	1.4631(p)	-	2.2768(p)	.3822(p)	1.4973(p)	2.1831(p)	8.2203(p)
	.1058(s)	-	.4354(s)	.1463(s)	8.4556(s)	.2062(s)	2.1147(s)
1999/00	1.5294(p)	-	2.2374(p)	.3169(p)	1.5382(p)	2.3038(p)	7.3800(p)
	.0956(s)	-	.4452(s)	.1273(s)	5.0680(s)	.1853(s)	2.1583(s)
2000/01	1.5330(p)	-	2.1283(p)	.2906(p)	1.6280(p)	1.2996(p)	7.0338(p)
	.0875(s)	-	.4354(s)	.1475(s)	4.0624(s)	.2810(s)	2.1201(s)
2001/02	1.5325(p)	-	2.1040(p)	.2627(p)	1.5235(p)	.9900(p)	7.8089(p)
	.4163(s)	-	.4286(s)	.1482(s)	3.8269(s)	.3658(s)	2.2354(s)
2002/03	1.5835(p)	-	2.0961(p)	.2522(p)	1.1617(p)	2.1632(p)	6.6490(p)
	.3954(s)	-	.4297(s)	.4707(s)	.4707(s)	.7546(s)	2.0801(s)

(p) - primary tax levy

(s) - secondary tax levy

Source: Yavapai County Board of Supervisors.

Note 1: State property tax eliminated in 1996.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 June 30, 2003

Taxpayer	2002 Primary Assessed Valuation	Percent of Yavapai County's 2002/03 Assessed Valuation
Arizona Public Service	\$ 57,836,572	4.17%
Phelps Dodge Bagdad Copper Company	21,065,211	1.52%
Qwest	18,303,479	1.32%
Citizens Utility Company	14,109,574	1.02%
Burlington Northern Santa Fe Railroad	9,258,112	0.67%
El Paso Natural Gas Company	8,230,239	0.59%
Transwestern Pipeline Company	7,684,420	0.55%
New Enchantment LP	5,675,540	0.41%
Cyprus Bagdad Copper Company	4,663,814	0.34%
ACE Hardware	3,611,450	0.26%

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
COMPUTATION of LEGAL DEBT MARGIN
June 30, 2003

Secondary assessed value of real and personal property (1)	<u>\$ 1,450,497,580</u>
Debt limit = 15% of secondary assessed value	217,574,637
Amount of debt applicable to debt limit:	
General obligation bonded debt	<u>(23,865,000)</u>
Legal debt margin, June 30, 2003	<u>\$ 193,709,637</u>

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

Note 1: Tax year 2003.

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

Fiscal Year	Primary Assessed Valuation	Tax Rate	(1) Tax Levy	Secondary Assessed Valuation	Tax Rate	(2) Tax Levy
1993/94	\$ 719,941,799	1.4986	\$ 10,789,367	\$ 743,355,645	0.1459	\$ 1,084,665
1994/95	776,405,938	1.4730	11,436,500	801,661,812	0.1347	1,079,575
1995/96	829,329,208	1.5448	12,811,554	876,036,688	0.1222	1,071,288
1996/97	877,928,847	1.5237	13,376,674	900,810,192	0.1223	1,101,639
1997/98	961,650,156	1.4589	14,029,805	1,006,364,142	0.1055	1,061,930
1998/99	1,023,772,206	1.4631	14,978,983	1,048,350,566	0.1058	1,109,134
1999/00	1,097,131,069	1.5294	16,779,826	1,186,775,025	0.0956	1,135,081
2000/01	1,181,301,079	1.5330	18,109,635	1,247,635,912	0.0875	1,091,840
2001/02	1,280,950,405	1.5325	19,590,161	1,344,616,822	0.4163	5,405,824
2002/03	1,388,092,520	1.5835	21,231,153	1,450,497,580	0.3954	5,656,610

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

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

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

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

Fiscal Year	Estimated Population	Secondary Assessed Value of Real Estate	Bonds Payable	Amount Available For Retirement of General Obligation Bond Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1993/94	123,500	\$ 743,355,645	\$11,562,482	\$ 82,586	\$11,479,896	1.54%	\$ 92.95
1994/95	129,500	801,661,812	10,793,762	91,293	10,702,469	1.34%	82.64
1995/96	134,600	876,036,688	10,188,407	123,260	10,065,147	1.15%	74.78
1996/97	142,075	900,810,192	9,696,595	288,319	9,408,276	1.04%	66.22
1997/98	148,500	1,006,364,142	9,178,478	173,710	9,004,768	0.89%	60.64
1998/99	155,900	1,048,350,566	8,624,272	237,515	8,386,757	0.80%	53.80
1999/00	167,517	1,186,775,025	8,009,171	320,344	7,688,827	0.65%	45.90
2000/01	175,608	1,247,635,912	7,363,705	451,270	6,912,435	0.55%	39.36
2001/02	180,260	1,344,616,822	28,161,225	454,103	27,707,122	2.06%	153.71
2002/03	185,036	1,450,497,580	23,865,000	466,245	23,398,755	1.61%	126.46

Source: Northern Arizona Council of Governments and District records.

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses/ Expenditures (1)	Percentage of Debt Service to Operating Expenses/ Expenditures
1993/94	\$ 490,000	\$ 594,664	\$ 1,084,664	\$ 22,148,931	4.90%
1994/95	495,000	584,575	1,079,575	24,467,175	4.41%
1995/96	525,000	546,288	1,071,288	25,232,290	4.25%
1996/97	565,000	505,363	1,070,363	27,021,270	3.96%
1997/98	595,000	466,930	1,061,930	28,895,259	3.68%
1998/99	635,000	429,605	1,064,605	30,743,524	3.46%
1999/00	700,000	390,130	1,090,130	32,407,067	3.36%
2000/01	715,000	370,680	1,085,680	34,937,931	3.11%
2001/02	4,255,000	1,373,823	5,628,823	39,606,188	14.21%
2002/03	4,296,225	1,394,172	5,690,397	39,766,359	14.31%

Source: District records.

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 COMPUTATION OF DIRECT and OVERLAPPING DEBT
 GENERAL OBLIGATION BONDS
 June 30, 2003

Jurisdiction	
Direct:	
Yavapai County Community College District	\$ 23,740,000
Overlapping (1):	
School Districts	65,971,000
Jail District	13,945,000
Fire Districts	22,000
Water Districts	200,000
	<hr/>
Total	<u>\$ 103,878,000</u>

Source: Yavapai County Treasurer's Office.

Note 1: Excludes improvements districts.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest		
1993/94	\$ 6,123,719		\$ 202,785	\$ 202,785	3.31%
1994/95	6,894,346	\$ 80,000	152,089	232,089	3.37%
1995/96	7,427,905	85,000	145,589	230,589	3.10%
1996/97	8,489,989	90,000	138,683	228,683	2.69%
1997/98	8,438,057	100,000	131,370	231,370	2.74%
1998/99	8,967,443	105,000	123,245	228,245	2.55%
1999/00	9,340,604	110,000	117,995	227,995	2.44%
2000/01	9,418,594	115,000	112,275	227,275	2.41%
2001/02	8,686,966	125,000	106,180	231,180	2.66%
2002/03	7,595,245	130,000	99,430	229,430	3.02%

Source: District records.

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

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 HISTORIC ENROLLMENT
 Last Ten Fiscal Years

Fiscal Year	Historic Headcount	Historic FTSE (1)	Annual Tuition Rates (2)
1993/94	9,128	2,501	666
1994/95	9,192	2,490	666
1995/96	9,768	2,718	666
1996/97	9,719	2,608	846
1997/98	10,280	2,763	936
1998/99	10,073	2,800	930
1999/00	11,645	2,885	930
2000/01	13,838	2,936	930
2001/02	14,426	3,110	930
2002/03	14,212	3,256	930

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

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

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

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

Fiscal Year	Attendance		Gender		Residency			
	Full-Time	Part-Time	Male	Female	Resident	Out of County	Out of State	Foreign
1993/94	21.7%	78.3%	36.6%	63.4%	84.9%	9.1%	5.0%	0.9%
1994/95	21.2%	78.8%	36.4%	63.6%	85.4%	9.0%	4.9%	0.6%
1995/96	20.1%	79.9%	36.3%	63.7%	85.9%	8.6%	5.1%	0.5%
1996/97	19.1%	80.9%	36.4%	63.6%	87.2%	7.7%	4.3%	0.7%
1997/98	20.0%	80.0%	37.2%	62.8%	87.1%	7.4%	4.7%	0.8%
1998/99	18.2%	81.8%	37.0%	63.0%	87.6%	7.0%	4.8%	0.6%
1999/00	16.8%	83.2%	37.9%	62.1%	88.0%	6.5%	5.0%	0.5%
2000/01	16.6%	83.4%	36.8%	63.2%	89.4%	5.8%	4.2%	0.6%
2001/02	17.3%	82.7%	36.6%	63.4%	88.8%	5.5%	5.0%	0.7%
2002/03	18.0%	82.0%	37.3%	62.7%	88.0%	5.6%	5.8%	0.6%

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
1993/94	35	38	3.5%	0.9%	4.9%	0.6%	84.7%	5.4%
1994/95	35	38	2.8%	0.9%	4.6%	0.6%	84.2%	6.9%
1995/96	35	38	2.6%	1.2%	4.5%	0.6%	84.9%	6.2%
1996/97	36	38	2.4%	1.3%	4.8%	0.6%	84.4%	6.5%
1997/98	36	39	2.4%	1.0%	4.2%	0.7%	83.8%	7.9%
1998/99	37	39	2.8%	0.8%	4.2%	0.7%	83.3%	8.2%
1999/00	38	40	2.4%	0.9%	4.3%	0.5%	82.7%	9.2%
2000/01	40	38	2.1%	1.0%	5.0%	0.6%	80.7%	10.6%
2001/02	38	40	1.9%	1.0%	5.2%	0.5%	81.0%	10.4%
2002/03	37	39	2.4%	1.0%	5.0%	0.9%	79.0%	11.7%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 ECONOMIC INDICATORS for YAVAPAI COUNTY
 June 30, 2003

Major Employers	Type of Business	Employees
Yavapai County	Government	1,213
Sturm Ruger & Company	Manufacturing	1,176
Yavapai College	Higher Education	831
Yavapai Regional Medical Center	Healthcare	730
Prescott Unified School District	Education	573
Veterans Medical Center	Healthcare	550
Cyprus Bagdad Copper Mine	Mining	535
City of Prescott	Government	385
Verde Valley Medical Center	Healthcare	351
State of Arizona	Government	330
Wal-Mart Store	Retail store	300
Embry-Riddle University	Higher Education	300
Yavapai Gaming Agency	Government	284
Caradon Better Bilt	Manufacturing	275

Employment by Sector	Employees
Agriculture	815
Manufacturing	3,250
Mining and Quarrying	775
Construction	4,900
Communication and Public Utilities	1,350
Trade	14,400
Finance, Insurance, and Real Estate	1,550
Services and Miscellaneous	15,725
Government	10,400

Employment by Occupation	Percent of Total
Office & Administrative	24.8%
Food Preparation & Serving Related	24.0%
Sales & Related Occupations	13.4%
Construction & Extraction	9.1%
Management	8.2%
Production	7.4%
Healthcare Practitioners & Technical	6.9%
Transportation & Materials Moving	6.2%

Unemployment Rate	3.5%
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Labor Force	74,791
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Source: Arizona Department of Commerce and Arizona Department of Economic Security.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 MISCELLANEOUS STATISTICS
 June 30, 2003

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

Personnel Statistics	Number
Faculty	
Regular faculty	95
Adjunct faculty	572
Staff	
Regular staff	288
Temporary staff (1)	448

Population	1980	1990	2002
Yavapai County	68,145	107,714	180,260
State of Arizona	2,716,546	3,665,228	5,472,750

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

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

* Population composition is based on 2000 census.

Source: Arizona Department of Economic Security.

Note 1: Total represents full time equivalent (FTE) for category.