

PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2024

NEW ISSUE – BOOK-ENTRY-ONLY FORM

RATING: See “RATING” herein

In the opinion of The Stratton Law Firm, PLLC, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as described under “TAX EXEMPTION” herein, interest income on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and exempt from Arizona income taxes. Such interest income is not an item of preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account as an adjustment to federal alternative minimum taxable income for certain corporations, which income is subject to federal alternative minimum tax. See “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT” and “ORIGINAL ISSUE PREMIUM” herein.

\$16,000,000*
YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
OF YAVAPAI COUNTY, ARIZONA
(YAVAPAI COLLEGE)
REVENUE BONDS
SERIES 2024

Dated: Date of Initial Delivery

Due: July 1, as shown below

The Revenue Bonds, Series 2024 (the “Series 2024 Bonds”) will be issued by the Yavapai County Community College District of Yavapai County, Arizona (the “District”), for the purpose of providing funds to (i) acquire, design, construct, furnish, equip and improve the 2024 Project (as defined herein), and (ii) pay costs relating to the issuance of the Series 2024 Bonds. See “Sources and Uses of PROCEEDS OF Series 2024 Bonds” herein. The Series 2024 Bonds will be issued in book-entry-only form for purchase by purchasers of \$5,000 of principal amount maturing on a specified maturity date or integral multiples thereof through a book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”). No physical delivery of the Series 2024 Bonds will be made to the ultimate purchasers thereof, and all payments of principal of and premium, if any, and interest on the Series 2024 Bonds will be made to such purchasers through DTC as described herein. Interest on the Series 2024 Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2025*. See Appendix F – “Book-Entry Only System” hereto.

The Series 2024 Bonds will be subject to redemption prior to their respective maturity dates as described herein. See “The SERIES 2024 BONDS - Redemption Provisions”.

The Series 2024 Bonds will be special, limited obligations of the District that, together with obligations issued and to be issued on a parity therewith as described herein, will be payable solely from, and secured solely by a lien on, and pledge of, the “Gross Revenues” of the District as described herein.

The Series 2024 Bonds shall under no circumstances constitute a general obligation, or a pledge of the full faith and credit of the District, the State of Arizona or any of its political subdivisions, or be payable from any ad valorem taxes. The Series 2024 Bonds shall not directly, indirectly or contingently obligate the District or the State of Arizona or any of its political subdivisions to levy or pledge any ad valorem taxes therefor or to make any appropriation for the payment thereof, except from Gross Revenues. See “SECURITY AND SOURCE OF PAYMENT” herein.

The scheduled payment of principal of and interest on the Series 2024 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2024 Bonds by Build America Mutual Assurance Company. See “Bond Insurance” herein.



Maturity Schedule*

<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP**</u>	<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP**</u>
2025	\$565,000				2035	\$ 795,000			
2026	555,000				2036	825,000			
2027	580,000				2037	860,000			
2028	605,000				2038	895,000			
2029	625,000				2039	930,000			
2030	650,000				2040	965,000			
2031	680,000				2041	1,005,000			
2032	705,000				2042	1,045,000			
2033	735,000				2043	1,085,000			
2034	765,000				2044	1,130,000			

This cover page contains only a brief description of the Series 2024 Bonds and the security therefor. It is not a summary of material information with respect to the Series 2024 Bonds. Investors should read this Official Statement in its entirety to obtain information essential to making an informed investment decision with respect to the Series 2024 Bonds.

The Series 2024 Bonds are offered when, as and if issued, subject to the approving opinion of The Stratton Law Firm, PLLC, Bond Counsel, as to validity and tax exemption. Certain matters will be passed upon for the Underwriter (as described below) by its counsel, Squire Patton Boggs (US) LLP. It is expected that the Series 2024 Bonds will be available through the facilities of DTC on or about August 8, 2024.*

RAYMOND JAMES®

July __, 2024

* Preliminary, subject to change.

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

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Mr. Chris Kuknyo, *Board Secretary, District 4*

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Mr. Steve Bracety, *District 5*

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Dr. Janet Nix
Chief Human Resources Officer

BOND COUNSEL

The Stratton Law Firm, PLLC
Scottsdale, Arizona

BOND REGISTRAR, PAYING AGENT AND TRUSTEE

U.S. Bank Trust Company, National Association
Phoenix, Arizona

THIS OFFICIAL STATEMENT, WHICH INCLUDES THE COVER PAGE, THE INSIDE COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITY OTHER THAN THE ORIGINAL OFFERING OF THE SERIES 2024 BONDS IDENTIFIED ON THE FRONT COVER PAGE HEREOF. NO PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION NOT SO AUTHORIZED SHOULD NOT BE RELIED UPON AS HAVING BEEN GIVEN OR AUTHORIZED BY THE DISTRICT.

THE SALE AND ISSUANCE OF THE SERIES 2024 BONDS HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934, BOTH AS AMENDED, IN RELIANCE UPON EXEMPTIONS PROVIDED THEREUNDER BY SECTION 3(A)2 AND 3(A)12, RESPECTIVELY, FOR THE ISSUANCE AND SALE OF MUNICIPAL SECURITIES; NOR HAS THE ISSUE BEEN QUALIFIED UNDER THE SECURITIES ACT OF ARIZONA, IN RELIANCE UPON VARIOUS EXEMPTIONS IN SUCH ACT. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM THE DISTRICT AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY, AND SHOULD NOT BE CONSTRUED AS A PROMISE BY THE DISTRICT. THE PRESENTATION OF SUCH INFORMATION, INCLUDING TABLES OF RECEIPTS FROM TAXES AND OTHER SOURCES, IS INTENDED TO SHOW RECENT HISTORIC INFORMATION AND IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE, AS SHOWN BY SUCH FINANCIAL AND OTHER INFORMATION, WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY STATED TO BE SUCH, WHICH ARE NOT INTENDED AS STATEMENTS OR REPRESENTATIONS OF FACT OR CERTAINTY, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS, OR THAT THEY WILL BE REALIZED. THIS OFFICIAL STATEMENT CONTAINS PROJECTIONS AND FORECASTS WHICH ARE “FORWARD LOOKING STATEMENTS” CONCERNING FACTS WHICH MAY OR MAY NOT OCCUR IN THE FUTURE. ALL SUCH FORWARD LOOKING STATEMENTS MAY NOT BE REALIZED AND MUST BE VIEWED WITH AN ABUNDANCE OF CAUTION. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING, RAYMOND JAMES & ASSOCIATES, INC. (THE “UNDERWRITER”) MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE SERIES 2024 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE DISTRICT, UNDERWRITER, UNDERWRITER’S COUNSEL AND BOND COUNSEL (EACH AS DEFINED HEREIN) ARE NOT ACTUARIES, NOR HAVE ANY OF THEM PERFORMED ANY ACTUARIAL OR OTHER ANALYSIS OF THE DISTRICT’S UNFUNDED LIABILITIES UNDER THE ARIZONA STATE RETIREMENT SYSTEM.

THE DISTRICT HAS UNDERTAKEN TO PROVIDE CONTINUING DISCLOSURE WITH RESPECT TO THE SERIES 2024 BONDS AS REQUIRED BY RULE 15C2-12 OF THE U.S. SECURITIES AND EXCHANGE COMMISSION. SEE “CONTINUING DISCLOSURE” HEREIN AND APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” HERETO.

A WIDE VARIETY OF OTHER INFORMATION, INCLUDING FINANCIAL INFORMATION, CONCERNING THE DISTRICT IS AVAILABLE FROM PUBLICATIONS AND WEBSITES OF THE DISTRICT AND OTHERS. ANY SUCH INFORMATION THAT IS INCONSISTENT WITH THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT SHOULD BE DISREGARDED. NO SUCH INFORMATION IS A PART OF OR INCORPORATED INTO THIS OFFICIAL STATEMENT, EXCEPT AS EXPRESSLY NOTED HEREIN. INVESTORS SHOULD NOT RELY ON INFORMATION PRESENTED ON THE DISTRICT WEBSITE IN DETERMINING WHETHER TO PURCHASE THE SERIES 2024 BONDS.

THE INFORMATION CONTAINED IN APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM” HEREIN HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANY AND NO REPRESENTATION IS MADE BY THE DISTRICT OR THE UNDERWRITER, OR ANY OF THEIR COUNSEL OR AGENTS, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) MAKES NO REPRESENTATION REGARDING THE SERIES 2024 BONDS OR THE ADVISABILITY OF INVESTING IN THE SERIES 2024 BONDS. IN ADDITION, BAM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING BAM, SUPPLIED BY BAM AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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\$16,000,000*
YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
OF YAVAPAI COUNTY, ARIZONA
(YAVAPAI COLLEGE)
REVENUE BONDS
SERIES 2024

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, provides certain information concerning the offering by the Yavapai County Community College District of Yavapai County, Arizona (the “District”), of \$16,000,000* aggregate principal amount of Revenue Bonds, Series 2024, to be dated their date of initial delivery (the “Series 2024 Bonds”). The Series 2024 Bonds will be special, limited obligations of the District that, together with the Existing Parity Obligations (as defined herein) and any other Parity Obligations (as defined herein) hereafter issued, will be payable solely from, and secured solely by a lien on and pledge of the Gross Revenues (as defined herein) of the District made by the District pursuant to a Resolution adopted by the Governing Board of the District (the “Governing Board”) on May 21, 2024 (the “Bond Resolution”). See “SECURITY AND SOURCE OF PAYMENT”.

Brief descriptions of the terms of and security for the Series 2024 Bonds are included in this Official Statement together with a summary of select provisions of the Bond Resolution. Such descriptions do not purport to be comprehensive or definitive. All references to the Bond Resolution are qualified in their entirety by reference to such document, and references herein to the Series 2024 Bonds are qualified in their entirety by reference to the form thereof included in the Bond Resolution. Terms not otherwise defined herein shall have the meanings assigned to such terms in Appendix B – “Summary of Provisions of the Bond Resolution”.

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. Information from other sources has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by such financial and other information, will necessarily continue or be repeated in the future.

To the extent that any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized.

Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as part of a contract with any original purchaser or subsequent owner of any Series 2024 Bond or beneficial interest therein.

References to provisions of Arizona law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. The provisions may be amended, repealed or supplemented.

* Preliminary, subject to change.

THE SERIES 2024 BONDS

Authorization and Use of Funds

The Series 2024 Bonds will be issued by the District pursuant to Title 15, Chapter 12, Article 5 of the Arizona Revised Statutes and the provisions of the Bond Resolution. See Appendix B – “Summary of Provisions of the Bond Resolution.”

The Series 2024 Bonds are being issued for the purpose of providing funds to (i) acquire, design, construct, furnish, equip and improve the 2024 Project (as defined herein), and (ii) pay costs relating to the issuance of the Series 2024 Bonds. See “SOURCES AND USES OF PROCEEDS OF SERIES 2024 BONDS” herein.

General Description

The Series 2024 Bonds will mature on the dates and in the principal amounts set forth on the cover page hereof and will bear interest at the rates set forth on the cover page hereof from the most recent January 1 or July 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their issue date. Interest will be paid on each January 1 and July 1 (each an “Interest Payment Date”) during the term of the Series 2024 Bonds, commencing January 1, 2025*. The principal of and interest on the Series 2024 Bonds will be payable, when due, to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository of the Series 2024 Bonds for a book-entry-only system. So long as the book-entry-only system is in effect for the Series 2024 Bonds, no document of any nature whatsoever need be surrendered as a condition to payment of the principal of or interest on the Series 2024 Bonds. (Purchasers will not receive certificates representing their beneficial interest in the Series 2024 Bonds.) Purchases of beneficial ownership interests in the Series 2024 Bonds will be made in book-entry form in the amounts of \$5,000 of principal due on a specific maturity date or any integral multiple thereof. See Appendix F – “Book-Entry-Only System.”

If not in book-entry-only form, the Series 2024 Bonds will be issued in the form of fully registered bonds, without coupons, in the denominations of \$5,000 of principal amount or any integral multiples thereof. Under such circumstances, interest on the Series 2024 Bonds will be payable by check mailed to the registered owner thereof as shown on the registration books maintained by U.S. Bank Trust Company, National Association as the initial registrar and paying agent (the “Bond Registrar and Paying Agent”) and any successor thereto at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date. If in book-entry-only form, the principal of and premium, if any, on the Series 2024 Bonds will be payable at maturity or prior redemption upon presentation and surrender thereof at the designated corporate trust office of the Bond Registrar and Paying Agent. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Series 2024 Bonds.

Redemption Provisions*

Optional Redemption. The Series 2024 Bonds maturing on or before July 1, 2034*, will not be subject to call for redemption prior to maturity. The Series 2024 Bonds maturing on or after July 1, 2035* will be subject to call for redemption prior to maturity, at the option of the District, in whole or in part, on any date on or after July 1, 2034*, by the payment of a redemption price equal to the principal amount of each Series 2024 Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

* Preliminary, subject to change.

Mandatory Sinking Fund Redemption. The Series 2024 Bonds maturing on July 1, 20__ are subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the redemption date, without premium, on July 1 of each of the years and in the amounts shown below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
20__	
20__	
20__	
20__(maturity)	

The Series 2024 Bonds maturing on July 1, 20__ are subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the redemption date, without premium, on July 1 of each of the years and in the amounts shown below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
20__	
20__(maturity)	

Notice of and Procedures for Redemption

Selection of Series 2024 Bonds to be Redeemed. For purposes of any redemption of less than all Series 2024 Bonds of a single series and maturity, the particular Series 2024 Bonds to be redeemed will be selected randomly by the Trustee by such method of lottery as the Trustee deems fair and appropriate.

So long as the Series 2024 Bonds are registered in book-entry-only form in the name of a nominee of DTC, a partial redemption of the Series 2024 Bonds of any series and maturity will be determined in accordance with DTC's procedures. While the District intends that the foregoing random redemption provisions be implemented by DTC, the Direct Participants or such other intermediaries, selection of Series 2024 Bonds for redemption in the DTC book- entry-only system is subject to DTC's practices and procedures as in effect from time to time, currently by lot. The District can provide no assurance that DTC or the Direct Participants or any other intermediaries will allocate redemptions among Beneficial Owners in accordance with the foregoing random redemption provisions.

Notice of Redemption. Notice of any redemption, identifying the redemption date, the redemption price, the particular Series 2024 Bonds, or portions thereof, to be redeemed and the place where the Series 2024 Bonds to be redeemed are to be surrendered for payment (which place will be the designated office of the Trustee) will be sent by first-class mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner, initially DTC, of each Series 2024 Bond to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such owners to the Trustee.

Notice having been properly given, the Series 2024 Bonds, as applicable, shall become due and payable on the redemption date so designated and, upon presentation and surrender thereof at the place specified in the redemption notice, the redemption price of such Series 2024 Bonds shall be paid. If on the redemption date sufficient moneys are held by the Trustee to pay the redemption price, then and after the redemption date interest on the Series 2024 Bonds, as applicable, shall cease to accrue.

A notice of optional redemption may contain a statement that the redemption is conditional upon receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2024 Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to owners of the Series 2024 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Failure to mail any such notice to a particular owner, or any defect therein, will not affect the validity of any proceedings for redemption of any other Series 2024 Bond for which notice was properly given. Such notice having been given and funds for such redemption having been timely deposited with the Trustee, the Series 2024 Bonds so called for redemption will, on the redemption date, become due and payable, and interest thereon will cease to accrue.

SECURITY AND SOURCE OF PAYMENT

Gross Revenues

The Series 2024 Bonds and any Parity Obligations (as defined herein) are payable solely from, and secured solely by a lien on and pledge of the Gross Revenues of the District pursuant to the Bond Resolution.

The term "Gross Revenues," as defined in the Bond Resolution and used in this Official Statement, means and includes all tuition, fees, rentals and other charges from students, faculty and others using or being served by, or having the right to use, or the right to be served by, the 2024 Project (as defined herein), and income, revenues and receipts to be received directly or indirectly by the District from the use and operation of the 2024 Project. The term "2024 Project," as defined in the Bond Resolution and used in this Official Statement, means and includes any classrooms, student or faculty residence halls, dormitories, dining halls, student union buildings, field houses, stadia and other revenue producing facilities of the District located in the District, together with sites therefor, equipment, furnishings, heating, lighting and other service facilities connected therewith now existing or hereinafter constructed or acquired, including, without limitation, bookstore facilities, food service facilities, auditoriums, and parking facilities and shall also include such other facilities as in the future may be permitted pursuant to law.

The obligation of the District to make payments with respect to the Series 2024 Bonds will be limited to the Gross Revenues and will under no circumstances constitute indebtedness or a general obligation or a pledge of the full faith and credit of the District, the State of Arizona or any of its political subdivisions, or be payable from any ad valorem taxes. The Series 2024 Bonds will not directly, indirectly or contingently obligate the District, the State of Arizona or any political subdivision thereof to levy or to pledge any form of ad valorem taxation or to make any payment, or appropriation for the payment, thereof except from Gross Revenues.

The District currently expects to issue approximately \$11 million of additional Parity Obligations in June of 2025 to finance additional projects.

Pursuant to the Act, at the time of issuance of any revenue bonds of the District, including the Series 2024 Bonds, any Parity Obligations or subordinate lien obligations, the maximum annual debt service on all revenue bonds of the District, including the revenue bonds to be issued, in any fiscal year may not be more than eight percent of the District's current expenditures. For the purposes of this section, the amount of the District's current expenditures is determined by reference to the most recently adopted budget of the District less any expenditures for retirement of general obligation bonds. At the time of the issuance of the Series 2024 Bonds, the District will be in compliance with this statutory limitation and any additional Parity Obligations or subordinate lien obligations would also be required to meet this limitation at the time of issuance or incurrence.

The schedule below provides a breakdown of the Gross Revenues for the most recent fiscal year and the subsequent five fiscal years.

TABLE 1
Schedule of Actual Gross Revenues ⁽¹⁾

Fiscal Year Ended June 30	Tuition, Registration & Student Fees⁽²⁾	Dormitory Revenues	Other Operating Revenues⁽³⁾	Investment Income⁽⁴⁾	Total Gross Revenue
2024 ^{(5)*}	\$9,144,000	\$995,000	\$2,454,300	\$1,615,000	\$14,208,300
2023	8,433,893	890,870	2,755,041	992,715	13,072,519
2022	7,223,360	753,840	2,195,467	70,831	10,243,498
2021	7,845,535	263,569	562,534	66,444	8,738,082
2020	8,408,631	772,731	1,536,108	464,145	11,181,615
2019	8,957,444	823,156	1,726,697	457,782	11,965,079

Source: Yavapai County Community College District Finance Department.

- (1) Figures shown for fiscal years 2019 through 2023 have been audited.
- (2) Tuition, Registration and Student Fees revenues are shown net of refunds and net of waivers for certain students on scholarships.
- (3) Includes Bookstore income, food service income (for certain years) and other revenues, certain reimbursements and other miscellaneous revenues. Not all miscellaneous revenues can be included in “Gross Revenues” and as such, this number is subject to reduction.
- (4) Not all investment income can be included in “Gross Revenues” and as such, this number is subject to reduction.
- (5) Figures shown for fiscal year 2024 have not been the subject of any audit procedures.

Rate Covenant

The District has covenanted pursuant to the Bond Resolution that the tuition, fees, charges, admissions, and rentals chargeable to the occupants, students, faculty members and others using or served by, or having the right to use, or having the right to be served by, the 2024 Project, will be fixed and revised from time to time and will be collected such that the proceeds thereof will be sufficient at all times to provide moneys sufficient to make all the payments and deposits required in connection with the Parity Obligations. See “Summary of Provisions of the Bond Resolution – General Covenants” in Appendix B.

Parity Obligations

Under the Bond Resolution, the District will agree not to make or create any lien on all or any part of the Gross Revenues having priority or preference over the pledge and lien of the Series 2024 Bonds. The pledge and lien of the Series 2024 Bonds on the Gross Revenues is on parity with the District’s Series 2013 Revenue Bonds (the “Series 2013 Bonds”) and the Series 2021 Refunding Bonds (the “Series 2021 Bonds” and together with the Series 2013 Bonds, the “Existing Parity Obligations”) and such additional obligations as may in the future be issued on a parity therewith (collectively, with the Series 2024 Bonds and the Existing Parity Obligations, the “Parity Obligations”). The District may issue additional Parity Obligations payable from and secured by a lien on the Gross Revenue on parity with the outstanding Parity Obligations if (i) all funds and accounts with respect to any outstanding Parity Obligations are current and (ii) Gross Revenues received by or on behalf of the District during the fiscal year immediately preceding the proposed issuance of such Parity Obligations are at least equal to 200% of the Maximum Annual Debt Service Requirement for outstanding Parity Obligations and the Parity Obligations proposed to be issued. See “Summary of Provisions of the Bond Resolution” in Appendix B.

* Preliminary, subject to change.

Revenue Bonded Debt Outstanding

The following table lists the revenue bonded debt of the District that will be outstanding after the issuance of the Series 2024 Bonds.

**TABLE 2
Outstanding Bonds**

<u>Issue Series</u>	<u>Date of Issue</u>	<u>Original Par</u>	<u>Final Maturity</u>	<u>Outstanding Par</u>
Series 2013 Revenue Bonds	06/13/2013	\$5,000,000	2028	\$1,875,000
Series 2021 Refunding Bonds	04/06/2021	\$3,910,000	2025	1,675,000
Total Parity Debt Outstanding				3,550,000
Plus: The Series 2024 Bonds				16,000,000*
Net Parity Debt Outstanding				<u>\$19,550,000*</u>

Action on Default

Upon the occurrence of an event of default under the Bond Resolution, the Trustee may, and upon request of the Owners of 25% in aggregate principal amount of the Series 2024 Bonds then outstanding (after being indemnified to its satisfaction) the Trustee will, exercise all or any of the remedies specified in the Bond Resolution which include, among others, suit or suits in equity or law for specific performance of the covenants of the District under the Bond Resolution and appointment of a receiver to take control of the Gross Revenues. However, the Bond Resolution will expressly provide that the Trustee will not have the right under any circumstances to accelerate the maturities of the Series 2024 Bonds. See “Summary of Provisions of the Bond Resolution” in Appendix B.

The enforcement of any remedies provided in the Bond Resolution could prove both expensive and time consuming. In addition, the enforcement of the remedies provided under the Bond Resolution could be subject to limitations on legal remedies against public agencies, provisions of federal bankruptcy laws and other laws or equitable principles that may affect the enforcement of creditors’ rights generally.

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* Preliminary, subject to change.

Schedule of Estimated Gross Revenues, Debt Service Requirements and Coverage

The following table sets forth the Gross Revenues available for debt service, the estimated annual debt service requirements for the Existing Parity Obligations, the estimated annual debt service requirements for the Series 2024 Bonds and the District’s projected debt service coverage (computed as the ratio of Gross Revenues to annual debt service requirements).

TABLE 3*

Fiscal Year Ended (June 30)	Gross Revenues Available for Debt Service^(a)	The Existing Parity Obligations		The Series 2024 Bonds		Total Debt Service Requirements	Projected Debt Service Coverage
		Principal	Interest	Principal	Interest^(b)		
2022-23	\$13,072,519						
2023-24		\$1,190,000	\$66,463			\$1,256,463	10.40x
2024-25		1,205,000	48,580	\$565,000	\$611,556	2,430,136	5.38x
2025-26		375,000	28,298	555,000	617,400	1,575,698	8.30x
2026-27		385,000	19,110	580,000	595,200	1,579,310	8.28x
2027-28		395,000	9,678	605,000	572,000	1,581,678	8.26x
2028-29				625,000	547,800	1,172,800	11.15x
2029-30				650,000	522,800	1,172,800	11.15x
2030-31				680,000	496,800	1,176,800	11.11x
2031-32				705,000	469,600	1,174,600	11.13x
2032-33				735,000	441,400	1,176,400	11.11x
2033-34				765,000	412,000	1,177,000	11.11x
2034-35				795,000	381,400	1,176,400	11.11x
2035-36				825,000	349,600	1,174,600	11.13x
2036-37				860,000	316,600	1,176,600	11.11x
2037-38				895,000	282,200	1,177,200	11.10x
2038-39				930,000	246,400	1,176,400	11.11x
2039-40				965,000	209,200	1,174,200	11.13x
2040-41				1,005,000	170,600	1,175,600	11.12x
2041-42				1,045,000	130,400	1,175,400	11.12x
2042-43				1,085,000	88,600	1,173,600	11.14x
2043-44				1,130,000	45,200	1,175,200	11.12x

(a) Gross Revenues shown are audited for fiscal year 2022-23. See Table 1 for historical information.

(b) Interest is estimated. First interest payment date is expected to be January 1, 2025*.

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* Preliminary, subject to change.

THE 2024 PROJECT

Proceeds of the sale of the Series 2024 Bonds will be used to re-design, reconstruct and improve Building 19 on the Prescott Campus (defined herein) and Building M on the Verde Campus (defined herein) into more modern Learning/Digital Commons buildings for the respective campuses; it is expected that \$11 million of Series 2024 Bond proceeds will be used for this project. Additionally, the District expects to spend approximately \$3 million of the proceeds from the Series 2024 Bonds on deferred maintenance and general capital improvements including HVAC and roof upgrades and repairs at the Prescott Campus, stucco replacement and window repairs at the Sedona Center (defined herein), and sewer improvements at the Chino Valley Campus (defined herein). Finally, the District plans to undertake a District-wide Enterprise Resource Planning (“ERP”) system upgrade; the District expects to spend approximately \$2 million of the Series 2024 Bond proceeds on the ERP system (collectively, the “2024 Project”). The District may also use proceeds from the Series 2024 Bonds for other District improvements as permitted by law.

Based on the foregoing, the proceeds to be received from the sale of the Series 2024 Bonds are expected to be used as shown below.

SOURCES AND USES OF PROCEEDS OF SERIES 2024 BONDS

Sources:

Principal Amount of Series 2024 Bonds	\$
[Net] Original Issue Premium	
Total	\$

Uses:

Payment of Costs of 2024 Project	\$
Payment of Costs of Issuance (Including Underwriter’s Compensation)	
Total	\$

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BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2024 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Series 2024 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2024 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2024 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2024 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2024 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2024 Bonds, nor does it guarantee that the rating on the Series 2024 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$483.2 million, \$221.8 million and \$261.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any

responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM’s website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2024 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2024 Bonds, whether at the initial offering or otherwise.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Series 2024 Bonds when all or some becomes due, any owner of the Series 2024 Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory redemption payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Series 2024 Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2024 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Series 2024 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2024 Bonds or the marketability (liquidity) for the Series 2024 Bonds.

The long-term ratings on the Series 2024 Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Series 2024 Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Series 2024 Bonds or the marketability (liquidity) for the Series 2024 Bonds. See "RATING" herein.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District or Raymond James & Associates, Inc. (the "Underwriter"), have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Series 2024 Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

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YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT (YAVAPAI COLLEGE)

History

The District, also known as Yavapai College, was established in 1966 under the Arizona Community College Law of 1960. During the first year of instruction, 1969 - 1970, classes were held at various sites in Prescott, Arizona. 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, Arizona (the "County") the Verde Valley campus was established in 1975 on 120 acres in Clarkdale, Arizona. Yavapai College education centers have been built in Chino Valley, Prescott Valley and Sedona. Yavapai College opened its Career and Technical Education Center ("CTEC") in fall 2007. There are other extension sites throughout the County.

The population of the County continues to increase; however, the rate of increase has stabilized in the last year due to economic factors. In the 2020 census, the County's population was 236,209; in 2023, the population increased to 249,081. A key factor in this population growth has been the influx of retirees (ages 65 and older) who now make up approximately 37% of the County's residents. Historically, the area relied economically on ranching, farming and mining. In recent years, the service sector, light industry, and tourism have become more prominent components of the economy.

Organization and Administration

The District is governed by its Governing Board (the "Governing Board") comprised of five members, with each member elected from one of the five districts within the County. These members are elected for six-year terms on a staggered basis. The present members of the Governing Board are as follows:

Ms. Deb McCasland, *Board Chair, District 2*
Mr. Chris Kuknyo, *Board Secretary, District 4*
Mr. Ray Sigafoos, *District 1*
Mr. Toby Payne, *District 3*
Mr. Steve Bracety, *District 5*

The executive administrative staff of the District is comprised of Dr. Lisa Rhine, President, Dr. Doug Berry, Provost, Dr. Clint Ewell, Vice President of Finance and Administrative Services, Dr. Marylou Mercado, Vice President of Workforce and Health Sciences, Mr. Rodney Jenkins, Vice President of Community Relations & Student Development, and Dr. Janet Nix, Chief Human Resources Officer.

The overall administration of the District is the responsibility of Dr. Lisa Rhine, President.

Dr. Lisa Rhine became the tenth President of Yavapai College in February 2019, bringing to the institution over 30 years of leadership experience across a number of leading colleges and universities in Ohio, Kentucky and Virginia. Dr. Rhine assumed this role with a commitment to advance the mission of the college while ensuring access and support to those for whom opportunities may have been historically limited or denied. Prior to joining the District, Dr. Rhine served as Provost and Chief Operating Officer of the Chesapeake Campus at Tidewater Community College in VA, Interim Vice President for Student Affairs and Assistant Vice President for Student Affairs at Northern Kentucky University, Associate Provost for Student Success and Retention at Wittenberg University (OH), Director of Learning Enhancement and Academic Development at University of Dayton (OH) and Manager of Educational Support Services at Sinclair Community College (OH). She holds a certificate in Deaf Studies from Sinclair Community College, a Bachelor of Science in Rehabilitation Counseling at Wright State University, a Master of Science in Education: Special Education from the University of Dayton and a Doctor of Philosophy in Educational Administration from Capella University.

Dr. Doug Berry is the Provost for the District. Dr. Berry joined the District in 2023. Prior to joining the District, he served as the Dean of Liberal Arts and Sciences in the Maricopa County Community College District. He previously served Paradise Valley Community College as the Interim Vice President of Academic Affairs, responsible

for planning, directing, evaluating, and providing oversight of the Academic Affairs division of the College. He also previously served as Interim Vice President of Academic Affairs and the Accreditation Liaison Officer at Phoenix College and Dean of Academic Affairs at Paradise Valley Community College. In his role as Provost at the District, he oversees: Business and Professional programs, Visual and Performing Arts, Humanities, English, Social Sciences, Math, Science, and Computer Science, academic operations such as Instructional Support, Scheduling, the Yavapai College libraries, and academic initiatives. Dr. Berry also has numerous years of classroom teaching experience as an appointed full-time and adjunct faculty in the field of Psychology. He holds a Ph.D. in General Psychology with a research emphasis in Emotional Intelligence and Team Cohesion from Capella University, his M.A. in Sports and Exercise Psychology from Argosy University, and his B.A. in Psychology from Olivet Nazarene University.

Mr. Rodney Jenkins is the Vice President of Community Relations & Student Development for the District. In this role, Mr. Jenkins oversees: Regional Economic Development, Yavapai College Foundation, Alumni Affairs, Marketing & Communications, Enrollment Management, Student Affairs, Athletics, Food Service, and Government Relations. Mr. Jenkins relocated to Yavapai County from Lock Haven, PA where he was the Vice President for University Relations for Lock Haven University. Mr. Jenkins has over 25-years of experience developing and implementing effective public relations, communications, marketing, economic development, and fund development strategies. Mr. Jenkins also spent 5-years in the State of Georgia as the Director of Communications for Georgia's Department of Administrative Services. And as the Director of Communications & Marketing for the DeKalb County (Georgia) School District. Mr. Jenkins and his family reside in Prescott Valley. Mr. Jenkins holds both a Bachelor's of Science degree in Business Management and a Masters of Management degree (MBA) from David N. Myers University in Cleveland, Ohio.

Dr. Marylou Mercado is the Vice President of Workforce and Health Sciences at the District. Dr. Mercado came to the District in 2018, where she previously has held positions of Director of Nursing, Dean of Health Sciences, Math, Engineering, and Adult Basic Education, and Associate Vice President of Health Science. Through these roles, she has served on numerous college and statewide committees and groups, helped develop academic programming that filled employers' needs, helped secure federal and state grants, and created partnerships with local businesses and organizations. Dr. Mercado brings with her a number of years of leadership in higher education, and healthcare, along with numerous affiliations in local, state, and national organizations, and has created strong industry and community partnerships to help develop the future workforce of Yavapai County. Prior to joining the District, Dr. Mercado served as the Associate Dean of Nursing at Moraine Park Technical College in West Bend, Wisconsin. She also has experience as a Family Nurse Practitioner and was a Wisconsin State Aide Evaluator.

Dr. Clint Ewell serves as the Vice President of Finance and Administrative Services and joined the District in 2010 as the Vice President of Finance and Administrative Services. Prior to joining the District, Dr. Ewell spent 8 years in a variety of senior administrative roles in community colleges, as well as 14 years in the private sector. Most recently, Dr. Ewell was the Executive Director of Planning, Budget and Institutional Research at Central New Mexico Community College, a large urban community college serving over 28,000 students per semester. Dr. Ewell holds a Bachelor of Arts degree in History from the University of Notre Dame, a Master of Management specializing in Operations and Finance from Northwestern University's Kellogg Graduate School of Management, and a Doctor of Education (Ed.D.) in Educational Leadership from the University of New Mexico.

Dr. Janet Nix is the Chief Human Resources Officer of the District. Dr. Nix joined the District in 2023. Prior to joining the District, Dr. Nix was Chief of Organizational Development at Inland Empire Health Plan (IEHP), where she was responsible for the organizational development and operations of Human Resources. She brings over 30-years of experience to Yavapai College; 15 years in education, and 20 years in healthcare. She is very experienced in organizational development, employee engagement, training at all levels in hospital and health systems environments, and many other areas of Human Resources functions. Previously, Dr. Nix worked as the Chief Learning Officer for the Hospital Sisters Health System in Illinois, as Assistant Vice President of Learning and Curriculum at St. Mary's Medical Center, and as Dean of Instruction at Victor Valley Community College District. Dr. Nix earned her Bachelor of Arts in Social Welfare and Master of Public Administration from California State University, Sacramento and her Doctor of Educational Leadership from the University of LaVerne.

Mission Statement, Education Programs and Degrees

The mission of the District is to provide high quality, convenient and cost effective learning opportunities for the diverse populations of the County. To fulfill its mission, the District provides education for transfer, employment and individual enrichment to its diverse and widely dispersed population through a broad range of classes, programs and services. The District:

- Awards associate degrees and certificates to students who successfully complete programs of study and prepares students for work, meeting personal goals, and/or for transition into other studies;
- Presents visual and performing arts and offers physical and recreational development to the community;
- Provides student support services, including academic advising, career counseling, financial direction, learning support, and activities for student enrichment;
- Encourages higher order of thinking and performance, advocates the free exchange of ideas, and is responsive to changes in technology, delivery structures and markets;
- Establishes opportunities for lifelong learning through partnerships with public/private schools and colleges, universities, governmental agencies, and economic development organizations;
- Supports communities in Yavapai County in their efforts to lead economic development, with emphasis on generating and sustaining economic base jobs; and
- Contributes to the economic development of the county through employee training and assistance to small businesses.

The District currently offers 7 Associate degrees and 75 certificates in over 60 disciplines, including several career and technical fields which train students to enter the workforce directly. In 2023, Arizona became the 24th state to allow community colleges to offer baccalaureate degrees. In fiscal year 2023-24, the District launched its first two baccalaureate degrees, the BS in Business and the BS in Nursing.

Higher Education Partnerships

The District has several PK-20 partnerships. For example, the District partners with high schools throughout Yavapai County to provide college coursework and credits to qualified high school students. In fiscal year 2022-23, the college piloted an Early College Academy (“ECA”) where high school upperclassmen would come to a college location to fulfill the majority of their high school requirements with college classes. In its second year, ECA grew to 100 high school juniors and seniors who earned an average 3.5 GPA while taking 22 credits. Most of these students will at least complete the Arizona General Education Core of 35 credits, and some will even complete an Associate’s degree before they earn their high school diploma. The District also offers classes which matriculate with all three State public research universities.

Accreditation

In 1975, the District became accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools (“NCA”). The District’s accreditation was renewed by the Higher Learning Commission for 10 years in 2023; moreover, the District is one of the minority of schools that will not require an interim visit during that time period. In addition to District-wide accreditation, several programs demonstrate their quality through additional third-party accreditation, including:

- Automotive (ASE)
- EMS (CAAHEP)
- Nursing (ACEN)
- Radiology (JRCERT)

District Facilities

The District serves the educational needs of the County area through two campuses and four educational centers. In addition, the district utilizes a number of facilities throughout the County including the public-school systems, churches, businesses and neighborhood center. A brief description of each campus and center follows.

The original campus in Prescott (the “Prescott Campus”) was opened in 1970 and is located on 100 acres just east of central Prescott. It is the largest campus with approximately 400,000 square feet of space. In addition to a comprehensive offering of programs, the campus also offers many specialized industrial technology programs and is home of the Northern Arizona Regional Training Academy for police and public safety training. Facilities include classrooms, laboratories, a library, computer labs, a bookstore, a student center, a field house and District offices. The campus has two residence halls with capacity for 220 students and is home to the District's inter-collegiate athletic programs.

The Verde Valley Campus (the “Verde Campus”) was opened in 1975 and is located on 120 acres in Clarkdale. It also offers comprehensive programs including Nursing and many specialized industrial technology programs with the addition of the state-of-the-art Skilled Trades Center in 2021. Its facilities total over 100,000 square feet and include classrooms, laboratories, a library, computer labs and the award-winning Southwest Wine Center.

In addition to the two campuses, the district operates four education centers. The 25,000 square foot Chino Valley Agribusiness and Science Technology Center (the “Chino Valley Campus”) opened in 1994 and, in addition to general education classes, offers programs in agriculture technology, residential building technology, horticulture, equine care, linework and commercial driving.

The 40,000 square foot center in Prescott Valley offers general education and it houses most of the college’s allied health programs including Medical Assistant, Radiology, Nursing Assistant, Phlebotomy and Caregiver, and is the home of the Regional Economic Development Center (“REDC”). The REDC is a one-stop location in the County for business, entrepreneurial, employment and economic development services. The REDC provides high-quality, on-demand workforce training for businesses or individuals.

The Sedona Center for Arts and Technology (the “Sedona Center”) opened in 2000 and houses the Culinary Arts Program, where students learn in our two state-of-the-industry teaching kitchens. The Sedona Center features the nationally recognized Osher Lifelong Learning Institute, has various weblive classrooms and community spaces, offers academic, not-for-credit programming for adults 50 years and beyond.

CTEC opened in the fall of 2007. CTEC is located on eight acres near the Prescott airport. Occupational programs offered at CTEC include Automotive Technology, Aviation, Computer Numerical Control, Electrical & Instrumentation Technology, Gunsmithing, Industrial Technology, Manufacturing Engineering Technician, Mining Technology, Motorcycle Technology, and Welding. The Mining Technology program offered at CTEC is a partnership with Freeport McMoRan Copper and Gold, Inc.

In the Spring of 2024, the District acquired a 42-acre property with over 70,000 sq. ft. of improvements about 5 miles south of the Prescott Campus. The District intends to use the facilities to house about 100 students during the school year, about 12 employees year round and will use the location for camps and events during the Summer.

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Student Enrollment

Since its first semester in 1969, the District has seen its student enrollment for credit classes grow from 817 students in fiscal year 1969-70 to a peak of over 15,000 in the last decade. The District's projected student enrollment for fiscal year 2023-24 is 12,400 students, or 3,392 full-time student equivalents. A large portion of the District's student enrollment consists of part-time enrollees.

The District has experienced, and expects to continue to experience fluctuations in its total student enrollment, due to the status of the economy (both at the local and national levels) and changes in the programs offered by the District.

The following table sets forth the projected credit and non-credit enrollment of the District for the current year and actual enrollments for the past ten years.

TABLE 4

Fiscal Year Ended June 30	Total Enrollment	Fiscal Year Ended June 30	Total Enrollment
2023-24 (a)	12,400	2017-18	14,301
2022-23	11,985	2016-17	14,351
2021-22	12,032	2015-16	14,371
2020-21	9,727	2014-15	15,318
2019-20	13,426	2013-14	15,531
2018-19	14,236		

(a) Data shown above for fiscal year 2023-24 is a number that the District uses for budgetary purposes. This estimate is a preliminary “forward looking” estimate that is subject to change without notice.

The following table sets forth the projected FTSE of the District for the current year and the actual full time student equivalents of the District for the past ten years.

TABLE 5

Fiscal Year Ended June 30	FTSE	Fiscal Year Ended June 30	FTSE
2023-24 (a)	3,392	2017-18	3,471
2022-23	3,174	2016-17	3,446
2021-22	3,173	2015-16	3,548
2020-21	3,043	2014-15	3,806
2019-20	3,488	2013-14	4,003
2018-19	3,428		

(a) Data shown above for fiscal year 2023-24 is a number that the District uses for budgetary purposes. This estimate is a preliminary “forward looking” estimate that is subject to change without notice.

FINANCIAL CONDITION OF THE DISTRICT

Introduction

The District's fiscal year is from July 1 through June 30. District budgeting for a fiscal year formally begins with the preparation of a budget calendar in October which outlines the activities necessary to meet statutory requirements related to the budget process. A proposed budget is submitted to the Governing Board no later than April 15 of each year. After publication of the budget and a public hearing, but no later than June 20, a budget is adopted for the upcoming fiscal year. The adopted budget must contain detailed information concerning the sums required for each purpose and the amount to be raised through property taxes. The District's ad valorem property tax levy rate is then set by the Board of Supervisors of Yavapai County based on the adopted budget figures.

Expenditure Limitation

Commencing in fiscal year 1981-82, the District became subject to the annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the District's actual expenditures for fiscal year 1979-80, with annual adjustments to reflect student enrollments and cost of living. Certain expenditures are specifically excluded from the limits, such as expenditures made from tuition and fees, federal grants, state aid for capital outlay, and bond sale proceeds, as well as debt service payments. The Governing Board may authorize expenditures in excess of the limitation, subject to approval by the District's voters, for a period of not less than two years or more than seven years.

For the 2022-23 fiscal year, the expenditure limitation for the District was \$48,401,894 and the budgeted expenditures subject to the limitation in the 2022-23 fiscal year were \$48,401,894. For the 2023-24 fiscal year, the expenditure limit determined for the District is \$51,167,433 and the budgeted expenditures of the District subject to the limitation are expected to be within the allowable amounts under the expenditure limitation rules.

Financial Reports and Examination of Accounts

State law requires that the District's financial books and records be audited by the State Auditor General or independent certified public accountants on an annual basis. The audited financial statements of the District are presented in Appendix E as "Audited Financial Statements for the Fiscal Year Ended June 30, 2023."

The District's financial statements are presented in accordance with the rules of the Governmental Accounting Standards Board (GASB), the authoritative body establishing generally accepted accounting principles for state and local governments, including institutions of higher education.

Summary of Operations and Net Assets

The table on the following page summarizes the Audited Revenues, Expenses, and Changes in Net Assets and reflects the results of operations and other changes for the five years ended June 30, 2023, followed by a detail of net assets for the same years. The information contained in the summary should be read in conjunction with the Financial Statements and accompanying Notes in Appendix E of this Official Statement.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(Yavapai College)
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30

TABLE 6

	Audited				
	2019	2020	2021	2022	2023
Operating Revenues:					
Tuition and Fees (a)	\$8,957,444	\$8,408,631	\$7,845,535	\$7,223,360	\$8,433,893
Dormitory rentals and fees (b)	823,156	772,731	263,569	753,840	890,870
Other	<u>1,726,642</u>	<u>1,536,108</u>	<u>562,534</u>	<u>2,195,467</u>	<u>2,755,041</u>
Total Operating Revenues	<u>\$11,507,242</u>	<u>\$10,717,470</u>	<u>\$8,671,638</u>	<u>\$10,172,667</u>	<u>\$12,079,804</u>
Operating Expenses:					
Educational and General:					
Instruction	\$18,627,532	\$20,257,487	\$18,844,972	\$19,788,002	\$22,092,462
Public Service	2,191,127	2,247,444	1,800,557	2,948,761	3,379,051
Academic Support	4,602,601	4,959,894	5,082,592	5,215,523	5,391,109
Student Services	7,430,277	8,359,344	8,482,718	9,207,312	11,248,405
Institutional Support	10,067,807	11,447,171	10,828,921	10,695,803	11,740,897
Operation and Maintenance of plant	6,742,118	7,347,099	6,970,800	8,122,436	8,428,425
Scholarships	5,950,319	5,790,516	6,809,891	10,409,119	5,850,966
Auxiliary Enterprises	2,033,663	1,943,218	1,822,706	1,895,159	2,147,701
Depreciation	7,174,803	7,588,582	7,728,980	7,628,745	7,818,078
Total Operating Expenses	<u>\$64,820,247</u>	<u>\$69,940,755</u>	<u>\$68,372,137</u>	<u>\$75,910,860</u>	<u>\$78,097,094</u>
Operating Loss	<u>(\$53,313,005)</u>	<u>(\$59,223,285)</u>	<u>(\$59,700,499)</u>	<u>(\$65,738,193)</u>	<u>(\$66,017,290)</u>
Non-Operating Revenues (Expenses):					
Property Taxes	\$50,561,375	\$50,705,820	\$49,433,560	\$49,449,575	\$49,988,538
State Appropriations	1,288,900	3,065,800	1,283,300	4,876,600	3,693,700
Government Grants and Contracts	10,894,560	11,191,331	13,582,961	20,963,403	10,099,147
Share of State Sales Taxes	778,901	838,562	1,031,911	1,150,633	1,305,900
Smart and Safe Arizona Fund Appropriations	-	-	769,131	1,658,906	2,457,079
Private Grants and Gifts	1,444,067	1,611,282	1,705,565	1,692,953	2,338,638
Investment Earnings	457,782	464,145	66,444	70,831	992,715
Interest Expense on Debt	(780,289)	(570,657)	(367,066)	(136,397)	(81,638)
Loss on Defeasance	(346,595)	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	1,331,212	7,185	12,195	1,804	14,005
Net Non-Operating Revenues	<u>\$65,629,913</u>	<u>\$67,313,468</u>	<u>\$67,518,001</u>	<u>\$79,728,308</u>	<u>\$70,808,084</u>
Income Before Other Revenues, Expenses, Gains, or Losses	<u>\$12,316,908</u>	<u>\$8,090,183</u>	<u>\$7,817,502</u>	<u>\$13,990,115</u>	<u>\$4,790,794</u>
Capital Grants and Gifts	1,200,124	31,590	300,839	765,120	6,197
Increase in Net Position	<u>\$13,517,032</u>	<u>\$8,121,773</u>	<u>\$8,118,341</u>	<u>\$14,755,235</u>	<u>\$4,796,991</u>
Beginning Net Position	<u>\$123,942,490</u>	<u>\$137,459,522</u>	<u>\$145,581,295</u>	<u>\$153,699,636</u>	<u>\$168,454,871</u>
Ending Net Position (June 30)	<u>\$137,459,522</u>	<u>\$145,581,295</u>	<u>\$153,699,636</u>	<u>\$168,454,871</u>	<u>\$173,251,862</u>

(a) The Tuition and Fees for 2019-23 are net of scholarship allowances of \$3,430,241, \$3,441,821, \$2,621,985, \$3,839,376 and \$2,878,735, respectively.

(b) The Dormitory Rentals and Fees for 2019-23 are net of scholarship allowances of \$359,851, \$332,083, \$91,196, \$421,936 and \$327,670, respectively.

Source: Amounts for fiscal years 2019-23 are from the District's audited financial statements. For complete audited financial statements of the District for the fiscal year ended June 30, 2023, see Appendix E.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(Yavapai College)
Statement of Net Position
June 30

TABLE 7

	Audited				
	2019	2020	2021	2022	2023
Assets					
Current Assets					
Cash and Investments	\$23,729,517	\$22,668,618	\$26,237,976	\$34,127,833	\$42,280,836
Receivables:					
Accounts	288,711	316,023	465,731	384,480	461,558
Property Taxes	812,317	1,058,370	885,387	946,515	850,074
Government Grants and Contracts	686,731	1,216,768	5,629,132	3,513,572	994,200
Other	540,105	673,358	835,737	1,788,293	750,715
Prepaid Expenses	813,261	1,153,484	816,491	1,308,070	1,130,704
Prepaid Insurance	47,547	39,622	-	-	-
Other	153,189	178,504	186,897	207,482	279,213
Total Current Assets	\$27,071,378	\$27,304,747	\$35,057,351	\$42,276,245	\$46,747,300
Non-Current Assets					
Restricted Assets					
Property Taxes Receivable	\$88,124	\$97,672	\$47,592	\$16,953	\$7,492
Other Receivables	2,224	3,702	1,910	3,016	1,331
Capital Assets, not Being Depreciated	6,971,830	13,132,079	10,398,167	8,087,422	8,873,110
Capital Assets, Being Depreciated/Amortized, Net	154,282,762	151,366,887	156,053,183	158,374,055	156,940,346
Total Non-Current Assets	\$161,344,940	\$164,600,340	\$166,500,852	\$166,481,446	\$165,822,279
Total Assets	\$188,416,318	\$191,905,087	\$201,558,203	\$208,757,691	\$212,569,579
Deferred Outflows of Resources					
Deferred Charges on Debt Restructuring	\$558,251	\$372,167	\$186,084	-	-
Deferred Outflows Related to Pensions	3,957,162	3,925,714	7,169,183	\$6,845,960	\$5,357,204
Total Deferred Outflows of Resources	\$4,515,413	\$4,297,881	\$7,355,267	\$6,845,960	\$5,357,204
Liabilities					
Current Liabilities					
Accounts Payable	\$1,647,157	\$2,018,916	\$3,280,707	\$974,615	\$1,651,316
Retainage Payable	44,482	316,084	83,762	-	-
Accrued Payroll and Employee Benefits	2,224,389	2,545,647	2,689,974	2,662,711	1,428,197
Deposits Held in Custody for Others	99,027	4,936	108,649	108,655	135,785
Unearned Revenues	1,512,531	1,315,675	3,708,595	1,113,809	1,171,618
Dormitory and Other Deposits	55,272	58,517	60,939	50,072	50,471
Current Portion of Compensated Absences	105,883	222,573	245,080	272,609	239,930
Current Portion of Subscription Liability	-	-	-	-	224,967
Current Portion of Long-Term Debt	6,180,947	3,945,947	2,307,099	1,175,000	1,190,000
Current Portion of other Long-Term Liabilities	15,632	12,060	12,803	12,660	17,137
Total Current Liabilities	\$11,885,320	\$10,440,355	\$12,497,608	\$6,370,131	\$6,109,421
Non-Current Liabilities					
Compensated Absences Payable	\$1,729,468	\$1,582,819	\$1,737,668	\$1,819,452	\$1,810,320
Subscription Liability	-	-	-	-	224,907
Long-Term Debt	10,972,372	7,026,425	4,725,000	3,550,000	2,360,000
Net Pension Liability	27,460,621	29,585,426	36,118,864	25,969,018	32,677,086
Other	113,450	106,522	134,694	111,337	110,943
Total Non-Current Liabilities	\$40,275,911	\$38,301,192	\$42,716,226	\$31,449,807	\$37,183,256
Total Liabilities	\$52,161,231	\$48,741,547	\$55,213,834	\$37,819,938	\$43,292,677
Deferred Inflows of Resources					
Deferred Inflows Related to Pensions	\$3,310,978	\$1,880,126	-	\$9,328,842	\$1,382,244
Net Position					
Net Investment in Capital Assets	\$143,098,963	\$152,382,909	\$157,481,991	\$161,537,817	\$160,848,532
Restricted:					
Nonexpendable:					
Employee Loans	100,000	100,000	100,000	100,000	100,000
Expendable:					
Grants and Contracts	173,642	264,381	1,709,299	4,179,665	4,748,246
Debt Service	704,697	246,608	173,066	101,520	7,801

Unrestricted:	<u>(6,617,780)</u>	<u>(7,412,603)</u>	<u>(5,764,720)</u>	<u>2,535,869</u>	<u>7,547,283</u>
Total Net Position	<u>\$137,459,522</u>	<u>\$145,581,295</u>	<u>\$153,699,636</u>	<u>\$168,454,871</u>	<u>\$173,251,862</u>

Source: Amounts for fiscal years 2019-23 are from the District's audited financial statements. For complete audited financial statements of the District for the fiscal year ended June 30, 2023, see Appendix E.

Debt Limitations

Constitutional Debt Limitations: Under the provisions of the Arizona Constitution and Arizona Revised Statutes, the total amount of general obligation bonded indebtedness of a community college district together with payments on leases and real property lease-purchase agreements may not exceed 15% of such district's net secondary assessed valuation.

TABLE 8

FY 2023-24 Net Limited Property Assessed Valuation	\$3,556,683,081
15% of Net Limited Property Assessed Valuation	533,502,462
General Obligation Debt Outstanding	0
Lease and Lease Purchase Agreements for Real and Personal Property	0
Unused 15% Limitation	<u>\$533,502,462</u>

Statutory Debt Limitation: Pursuant to A.R.S. 15-1484(B), the District is subject to a statutory debt limitation restricting the maximum annual debt service on the aggregate amount of all revenue bonds at the time of issuance, including the Series 2024 Bonds to not more than 8% of the District's current expenditures as set forth in the most recently adopted budget of the District for this fiscal year. At the time of the issuance of the Series 2024 Bonds, the District will be in compliance with this statutory debt limitation.

Retirement Plan

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

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

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rate. For the year ended June 30, 2023, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 12.03 percent (11.92 percent retirement and .11 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2023, 2022 and 2021, were \$3,201,288, \$2,830,591 and \$2,558,750 respectively, which were equal to the required contributions for the year.

Reporting Requirements. The Government Accounting Standards Board adopted GASB Statement Number 68, Accounting and Financial Reporting for Pensions (“GASB 68”), which, beginning with fiscal years starting after June 15, 2014, requires employers to report their “proportionate share” of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the employer's pension expense component include its proportionate share of the plan's pension expense, the net effect of annual changes in the employer's proportionate share and the annual. Differences between employer's actual contributions and its proportionate share. As of June 30, 2023, the District reported a liability of \$32,677,086 for its proportionate share of the net pension liability, which compares with a net pension liability of \$25,969,018 as of June 30, 2022.

LITIGATION

To the knowledge of the District, no litigation or administrative action or proceeding is pending, restraining or enjoining, or seeking to restrain or enjoin, the issuance or delivery of the Series 2024 Bonds, the levy and/or collection of taxes to pay the debt service on the Series 2024 Bonds, contesting or questioning the proceedings and authority under which the Series 2024 Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Series 2024 Bonds. Representatives of the District will deliver a certificate to that effect at the time of the initial delivery of the Series 2024 Bonds.

Beginning in 2012 a former employee filed several claims against the District which included seeking reimbursement, on behalf of the federal government, of tuition payments the District received from the Veteran's Administration. In June 2021, the District prevailed on all counts at a jury trial and the plaintiff appealed to the Ninth Circuit, which in turn upheld the verdict on most counts and remanded certain counts. The District believes it has meritorious defenses and intends to vigorously defend against any liability. Hypothetically, even if the plaintiff were to be successful, it is expected that any resulting damages would likely not be within insurance coverage but would not materially adversely affect the District's finances or operations.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and initial sale of the Series 2024 Bonds and with regard to the tax-exempt status thereof will be passed upon by The Stratton Law Firm, PLLC, Scottsdale, Arizona, Bond Counsel ("Bond Counsel"). A signed copy of that opinion, dated and speaking only as of the date of delivery of the Series 2024 Bonds, will be delivered to the District. The proposed form of Bond Counsel opinion is attached as Appendix C hereto. Fees of Bond Counsel will be paid from Series 2024 Bonds proceeds.

Pursuant to ARS §15-1483(B), the District is required to submit information regarding the capital projects that will be funded with the bond proceeds to the Joint Committee on Capital Review ("JCCR") for review, including the 2024 Project. The District complied with the statute by submitting the 2024 Project for review to JCCR which occurred in June 2024.

While Bond Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the District or the Series 2024 Bonds that may be prepared or made available by the District or others to holders of the Series 2024 Bonds or others, except as specifically otherwise indicated in an opinion delivered by them at the time of initial delivery of the Series 2024 Bonds. Certain legal matters will be passed upon solely for the benefit of the Underwriter by Squire Patton Boggs (US) LLP, Phoenix, Arizona.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Series 2024 Bonds. A form of such opinion is included as Appendix C attached hereto.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Series 2024 Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Series 2024 Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Series 2024 Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an “alternative minimum tax” (“AMT”) upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer’s “tentative minimum tax” for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon a taxpayer’s “alternative minimum taxable income” (“AMTI”). A taxpayer’s AMTI is its taxable income with certain adjustments. Interest income on the Series 2024 Bonds is not included in the AMTI of individuals or corporations however, such interest income must be taken into account for federal income tax purposes as an adjustment to AMTI.

Although Bond Counsel has rendered an opinion that, as of the delivery of the Series 2024 Bonds, interest income on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2024 Bonds may otherwise affect a bondholder’s federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Series 2024 Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder’s particular tax status and the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Series 2024 Bonds are not “private activity bonds” within the meaning of Section 141 of the Code.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as Series 2024 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2024 Bonds will not have an adverse effect on the tax status of interest on the Series 2024 Bonds or the market value or marketability of the Series 2024 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2024 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of certain of the Series 2024 Bonds maturing on July 1, 20__ through July 1, 20__ (referred to in this section as “Discount Obligations”) is less than the amount payable at maturity. As a result, the Discount Obligations will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Obligations based upon the amounts shown herein (the “Issue Price”), and the amount payable at maturity of the Discount Obligations will be treated as “original issue discount”. With respect to a taxpayer who purchases a Discount Obligation in the initial public offering at the Issue Price and who holds the Discount Obligation to maturity, the full amount of original issue discount will constitute interest which is not includable in the gross income of the Beneficial Owner of the Discount Obligation for Federal income tax purposes or Arizona income tax purposes and that Beneficial Owner will not, under present Federal income tax law or present Arizona income tax law, realize taxable gain upon payment of the Discount Obligation at maturity.

The original issue discount on each of the Discount Obligations is treated for Federal income tax purposes and Arizona income tax purposes as accruing daily over the term of such Discount Obligations on the basis of a constant interest rate compounding at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight line interpolation between compounding dates).

The amount of original issue discount accruing each period will be added to the Beneficial Owner’s tax basis for the Discount Obligations. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Obligations. A Beneficial Owner of a Discount Obligation who disposes of the Discount Obligation prior to maturity should consult his or her tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Obligation prior to maturity.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent Beneficial Owners of the Discount Obligations. Beneficial Owners who do not purchase the Discount Obligations in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Obligations.

A portion of the original issue discount that accrues in each year to a Beneficial Owner of a Discount Obligation may result in certain collateral Federal income tax consequences as described in “TAX EXEMPTION” herein.

The Beneficial Owners of Discount Obligations in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences. In the case of income tax laws of states other than Arizona, it is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

ORIGINAL ISSUE PREMIUM

The initial public offering prices of the Series 2024 Bonds maturing on July 1, ____ through and including July 1, ____ (collectively, the “Premium Bonds”) are greater than the respective amounts payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the rating of “A1” to the Series 2024 Bonds. Such rating reflects only the views of such organizations and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Additionally, S&P is expected to assign a rating of “AA” to the Series 2024 Bonds with the understanding that the Policy will be delivered by BAM simultaneously with the issuance of the Series 2024 Bonds. Such rating reflects only the view of S&P. An explanation of the significance of any rating assigned by S&P may be obtained at 55 Water Street, 38th Floor, New York, New York 10041-0003. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Generally, a rating agency bases its rating on the information and materials furnished to it, some of which may not have been included in this Official Statement, and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in its judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds.

UNDERWRITING

The Series 2024 Bonds are being purchased, subject to certain conditions, by the Underwriter at an aggregate purchase price of \$_____ (consisting of the par amount of the Series 2024 Bonds, plus net original issue premium, less the compensation of the Underwriter) plus accrued interest, pursuant to a bond purchase agreement

between the District and the Underwriter. If the Series 2024 Bonds are sold to produce the yields shown on the cover page, the Underwriter will receive compensation of \$ _____. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers (including the Underwriter and other dealers depositing Series 2024 Bonds into unit investment trusts) and others at prices or yields different from the public offering prices or yields stated on the cover page hereof, and such public offering prices and yields may be changed, from time to time, by the Underwriter.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of certain owners of the Series 2024 Bonds to provide certain financial information and operating data relating to the District by not later than March 1 in each year commencing March 1, 2025 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, (the "Listed Events Notice"). The Annual Reports, the Listed Events Notices and any other document or information required to be filed by the Continuing Disclosure Certificate will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system, each described in Appendix D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The specific nature of the information to be contained in the Annual Reports and the Material Events Notice is described in Appendix D. These covenants will be made in order to assist the Underwriter in complying with U.S. Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The form of the undertaking necessary pursuant to the Rule is included as Appendix D hereto. A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2024 Bonds in the secondary market. *Also pursuant to Arizona law, the ability of the District to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Series 2024 Bonds and specifically their market price and transferability.

The District's Annual Reports for the fiscal years ended June 30, 2019, 2020 and 2021 were filed timely, but were not linked to all CUSIPs outstanding at that time, The affected CUSIPs are no longer outstanding.

FINANCIAL STATEMENTS

The financial statements of the District as of June 30, 2023 and for its fiscal year then ended, which are included as Appendix E of this Official Statement, have been audited by the Office of the Auditor General, State of Arizona, as stated in its opinion which appears in Appendix E. The District neither requested nor obtained the consent of the Office of the Auditor General, State of Arizona, to include its report. The financial statements speak only as of their date and do not reflect events occurring after that date. The Auditor General, State of Arizona, has performed no procedures subsequent to rendering its opinion on the financial statements.

ADDITIONAL INFORMATION

Additional information and copies of the Preliminary Official Statement and Authorizing Resolution may be obtained from the Underwriter, Raymond James & Associates, Inc., 8501 N. Scottsdale Road, Suite 250, Scottsdale, Arizona 85253, or by contacting Dr. Clint Ewell, Yavapai College, Vice President for Finance and Administration, 1100 E. Sheldon Street, Prescott, Arizona 86301.

CONCLUDING STATEMENT

To the extent that any statements made in this Preliminary Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Preliminary Official Statement has been derived by the District from official and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

Neither this Preliminary Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Series 2024 Bonds.

YAVAPAI COUNTY COMMUNITY COLLEGE
DISTRICT OF YAVAPAI COUNTY, ARIZONA

/s/ _____
Ms. Deb McCasland, *Board Chair*

**YAVAPAI COUNTY, ARIZONA
DEMOGRAPHIC AND ECONOMIC INFORMATION**

The following information concerning Yavapai County, Arizona (the “County”), is for background information only. The boundaries of the District are coterminous with those of the County. The Series 2024 Bonds are not obligations of the County. The Series 2024 Bonds are special, limited obligations of the District payable solely from the sources described herein under the heading “SECURITY AND SOURCE OF PAYMENT.”

General Information

The County was formed in 1864 and is located in the west central portion of Arizona bordering Gila County to the east, Coconino County to the east and north, Mohave and La Paz Counties to the west and Maricopa County to the south. The County's physical characteristics include forested mountains, picturesque rock formations, green valleys and high deserts. The County encompasses an area of approximately 8,125 square miles. The City of Prescott is the County seat.

The following table displays the population statistics for the City of Prescott, the County and Arizona.

Populations Statistics

	City of Prescott	Yavapai County	State of Arizona
2023 Estimated (a)	47,603	249,081	7,431,344
2020 Census	45,827	236,209	7,151,502
2010 Census	39,843	211,033	6,392,017
2000 Census	33,937	167,517	5,130,632
1990 Census	26,455	107,714	3,665,339

(a) Population estimates as of July 1, 2023 (released December 2022) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: Except as otherwise described, U.S. Census Bureau

Economy and Employment

The main industries, which contribute to the County's economy, are services, wholesale and retail trade, and government. Figures from the Arizona Department of Economic Security indicate that an average of 106,845 persons were employed in the County through March 2024, as compared to 105,811 in 2023. The average unemployment rate for the County through March 2024 was 3.5% as compared to 3.7% in 2023. The table below shows comparative employment statistics for the County, Arizona and the United States for the years included.

Comparative Employment Statistics

Calendar Year	Yavapai County		Unemployment Rate		
	Average Employment	Average Unemployment	Yavapai County	State of Arizona	United States
2024 (a)	106,845	3,676	3.5%	3.8%	3.9%
2023	105,811	4,020	3.7%	4.2%	3.7%
2022	104,746	3,625	3.5%	3.8%	3.5%
2021	102,108	3,267	3.1%	3.7%	3.9%
2020	99,047	5,909	5.6%	6.6%	6.7%
2019	99,736	4,507	4.3%	4.7%	3.7%

(a) Data is seasonally adjusted, and is through March 2024.

Source: Arizona Office of Economic Opportunity; U.S. Bureau of Labor Statistics.

The following table shows a breakdown of the County’s total wage and salary employment by major industry.

Yavapai County, Arizona
Average Annual Employment by Industry (Non-Farm)
2019 to 2024

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024(a)</u>
Goods Producing						
Mining and Construction	6,300	6,500	6,700	7,000	7,100	7,200
Manufacturing	3,800	3,600	3,800	4,000	3,700	3,600
Service-Providing						
Trade, Transportation and Utilities	12,700	12,500	13,200	13,700	13,700	13,800
Information	500	400	400	500	500	500
Financial Activities	2,100	2,300	2,500	2,800	2,700	2,700
Professional and Business Services	4,400	4,600	4,900	5,600	6,300	6,200
Educational and Health Services	12,500	12,000	11,900	12,000	12,300	12,500
Leisure and Hospitality	10,500	8,900	10,000	10,600	10,300	10,100
Other Services	2,400	2,200	2,300	2,400	2,500	2,600
Government	<u>11,000</u>	<u>10,600</u>	<u>10,500</u>	<u>10,700</u>	<u>11,100</u>	<u>11,700</u>
Total	65,900	63,700	66,300	69,100	70,300	70,900

(a) Data is not seasonally adjusted, and is through March 2024.

Source: Arizona Department of Administration; Office of Employment and Population Statistics; Current Employment Statistics (CES) tables.

Government

Government is the third-largest employer in the County providing 11,700 jobs according to the 2024 average employment figures as reported by the Arizona Department of Economic Security. Other major contributors to the local economy, in the governmental sector, include the County, Prescott Unified School District, the City of Prescott, and the District.

Commerce

Wholesale and retail trade includes restaurants, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The retail sales for the County are shown below:

Yavapai County
Retail Sales (a)

<u>Year</u>	<u>Amount</u>
2024 (b)	\$447,234,141
2023	3,047,247,237
2022	2,976,880,495
2021	2,829,725,609
2020	2,392,282,094
2019	2,118,121,790

(a) Excludes taxes on food and gasoline.

(b) Data is through February 2024. Retail sales for the similar period in 2023 were \$439,535,208.

Source: Northern Arizona University Economic Policy Institute.

Tourism

Tourism and recreation are important sectors of the County's economy. With three national forests extending into the County, outdoor recreation such as hiking, camping, fishing, boating and swimming is readily available.

Banking

The following sets forth bank deposits in the County for the most recent five fiscal years available.

**Yavapai County Bank Deposits
(\$000)**

As of June 30	Amount
2023	\$5,727,666
2022	6,157,690
2021	5,417,294
2020	4,790,981
2019	4,090,841

Source: Federal Deposit Insurance Corporation.

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APPENDIX B

SUMMARY OF PROVISIONS OF THE BOND RESOLUTION

Definitions.

“**Acquisition Fund**” means the Yavapai County Community College District 2024 Bond Project Acquisition Fund established pursuant to Article III of the Resolution and held by the Trustee.

“**Annual Current Principal Requirement**” means for any Bond Year the amount of principal coming due during such Bond Year on the Series 2024 Bonds and the Parity Obligations.

“**Annual Debt Service Requirement**” means for any Bond Year the aggregate of the Annual Mandatory Sinking Fund Redemption Requirement plus the Annual Current Principal Requirement for that Bond Year and the amount required to be deposited to pay interest on any Series 2024 Bonds or Parity Obligations in that Bond Year. For the purpose of compliance with the requirements of the Resolution with respect to the proposed issuance of additional Parity Obligations, such proposed Parity Obligations shall be treated as Outstanding for the determination of Annual Debt Service Requirement.

“**Annual Mandatory Sinking Fund Redemption Requirement**” means the amount of monies required to be paid in any Bond Year for the payment of, and equal to, the principal amount of Series 2024 Bonds and Parity Obligations, subject to mandatory sinking fund redemption during such Bond Year.

“**Board**” means the Governing Board of the District.

“**Bond Fund**” means the Yavapai County Community College District 2024 Bond Fund established and held by the Trustee pursuant to Article V of the Resolution.

“**Bond Insurer**” means the issuer of any Financial Guaranty Insurance Policy with respect to the Series 2024 Bonds.

“**Bond Purchase Agreement**” means that final, executed agreement authorized under the Resolution to be executed on behalf of the District by the Director of Business Services establishing certain terms of the Series 2024 Bonds and providing for the sale of the Series 2024 Bonds to the Underwriter.

“**Bond Year**” means the period commencing July 1 and ending June 30 of the succeeding calendar year, unless otherwise determined and designated by the Governing Board of the District.

“**Book-Entry-Only System**” means, as to the Series 2024 Bonds, a system under which (i) physical Series 2024 Bond certificates in fully registered form are issued only to the Depository or its nominee as Owner, with the physical Series 2024 Bond certificates “immobilized” in the custody of, or on behalf of, the Depository and (ii) the ownership of book entry interests in Series 2024 Bonds and principal of, premium, if any, and interest thereon may be transferred only through a book entry made by others than the District or the Trustee. The records maintained by entities other than the District or the Trustee constitute the written record that identifies the owners, and records the transfer, of book entry interests in those Series 2024 Bonds and principal of, premium, if any, and interest thereon.

“**Business Day**” means a day of the year on which banks in the State of Arizona are not closed and on which the New York Stock Exchange is not closed.

“**Construction Contract**” means, collectively, any contracts between the District and a Contractor, for the acquisition, construction or installation of any of the Improvements.

“**Contractor**” means any contractor under a Construction Contract and any successor or assigns permitted.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District or the Trustee relating to the issuance, sale and delivery of the Series 2024 Bonds, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Series 2024 Bonds and charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the Yavapai County Community College District 2024 Bond Project Costs of Issuance Fund established pursuant to Article III of the Resolution.

“Depository Trustee” means any bank or trust company, which may include the Trustee, meeting the requirements of, and designated as, Depository Trustee in accordance with the Resolution.

“District” means Yavapai County Community College District of Yavapai County, Arizona, a political subdivision of the State of Arizona.

“District Representative” means the Director of Business Services, or any other person authorized by the Chair of the Governing Board of the District to act on behalf of the District with respect to the Resolution.

“Event of Default” means an event of default under the Resolution or under any Parity Obligations except that if such default is other than the failure to pay principal, interest, redemption premium or other debt service when due on the Series 2024 Bonds or any Parity Obligations, such default will not be an Event of Default under the Resolution until sixty (60) days after notice of the Resolution is given by the Trustee to the District.

“Financial Guaranty Insurance Policy” means any municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series 2024 Bonds as provided therein.

“Fiscal Year” means the period commencing each July 1 and ending June 30 of the succeeding calendar year, unless otherwise determined and designated by the District, and the Gross Revenues shall be accounted for on that basis.

“Gross Revenues” means and includes tuitions, fees, rentals and other charges from students, faculty and others using or being served by, or having the right to use, or the right to be served by, the Project, and income, revenues and receipts to be received directly or indirectly from the use and operation of the Resolution.

“Improvements” means the buildings and improvements to be constructed or acquired to be suitable for use by the District as college facilities as the same may be determined from time to time, including the 2024 Bond Project.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the District or the Trustee.

“Interest Payment Date” means each of the dates specified in the Resolution on which interest is due and payable with respect to the Series 2024 Bonds.

“Maximum Annual Debt Service Requirement” means the greatest Annual Debt Service Requirement required to be paid in any Bond Year ending then or thereafter on or under the Outstanding Series 2024 Bonds and Parity Obligations.

“Moody's” means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the District by notice to the Trustee.

“Outstanding”, when used as of any particular time with respect to Series 2024 Bonds, means (subject to the provisions of the Resolution) all Series 2024 Bonds theretofore authenticated and delivered by the Trustee under

the Resolution (including those of the Series 2024 Bonds, the principal and/or interest on which has been paid by the Bond Insurer) except:

- (1) Series 2024 Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Series 2024 Bonds for the payment or redemption of which funds or noncallable Permitted Investments in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of such Series 2024 Bonds, provided that, if such Series 2024 Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice); and
- (3) Series 2024 Bonds in lieu of or in exchange for which other Series 2024 Bonds shall have been executed and delivered by the Trustee pursuant to the Resolution.

When used as of any particular time with respect to the Parity Obligations, Outstanding means all such Parity Obligations theretofore executed and delivered under the applicable authorizing document except: those which have been cancelled or surrendered for cancellation; those for which payment or redemption has been irrevocably provided for with funds or noncallable Permitted Investments in the necessary amount and all other actions have been taken as required under the authorizing documents for the payment of the Resolution; and those in lieu of or in exchange for which Parity Obligations shall have been executed and delivered pursuant to the authorizing documents.

“**Owner**” or any similar term, when used with respect to the Series 2024 Bonds or the Parity Obligations, means the person in whose name such Series 2024 Bonds or Parity Obligations, as applicable, shall be registered.

“**Parity Obligations**” means and includes any bonds, lease purchase agreements or other obligations authorized on a parity with the Series 2024 Bonds in accordance with the terms and conditions of the Resolution, and specifically the District’s Revenue Bonds, Series 2013 and the District’s Revenue Refunding Bonds, Series 2021.

“**Payment Date**” means any date on which a payment of principal or interest is due on the Series 2024 Bonds and as set forth in the Bond Purchase Agreement.

“**Permitted Investments**” means any of the following, if and to the extent the same are at the time legal for the investment of the District’s money and are acceptable to the Bond Insurer, if any:

- (a) United States Obligations.
- (b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Federal Home Loan Banks; Federal Home Loan Mortgage Corporation (including participation certificates); Federal Land Banks; Federal Financing Bank; Export-Import Bank of the United States; the Government National Mortgage Association; or any other agency or instrumentality of the United States of America (created by an Act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America, provided that such obligations are backed by the full faith and credit of the United States of America.
- (c) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements including investment agreements with any bank (including the Trustee), provided that such deposits, certificates and other arrangements are (i) fully insured by the Federal Deposit Insurance Corporation, or (ii) in or with a bank, trust company, or national banking association having a combined capital and surplus not less than \$50,000,000, and which are fully secured by obligations described in paragraphs (a) or (b) of this definition which are held by the Trustee or on behalf of the Trustee and in which the Trustee has at all times a perfected security interest, and which have a market value, at the time of the investment and at least quarterly thereafter, at least equal to the amount so invested.

(d) Repurchase agreements with terms not to exceed 90 days with a bank (including the Trustee) or savings and loan association having an officially reported combined capital, surplus, undivided profits and reserves of at least \$50,000,000, or with brokerage houses listed, or whose parent is listed, on the New York Stock Exchange or which has an officially reported capital, surplus, undivided profits and reserves of at least \$120,000,000, and which repurchase agreements are fully secured by obligations described in paragraphs (a) or (b) of this definition and which have a market value at the time of the investment at least equal to the amount so invested and which are held by the Trustee or on behalf of the Trustee and in which the Trustee has at all times a perfected security interest.

(e) Investments in money market funds rated “AAAm” or “AAAm-G” or better by S&P, the portfolio of which are limited to obligations described in paragraphs (a) and (b) of this definition.

(f) Guaranteed investment contracts secured by investments described in (a) or (b) above.

(g) Such other or additional investments agreed to between the Bond Insurer, if any, and the District.

(h) Any other investment in which the District may lawfully invest such monies in accordance with state law, but only when designated or described by type in a written direction from the District to the Trustee and only if consented to by the Bond Insurer.

“**Personal Property**” means the personal property to be acquired and installed to be used with the Improvements for college purposes.

“**Project**” means any classrooms, student or faculty residence halls, dormitories, dining halls, student union buildings, field houses, stadia and other revenue producing facilities of the District located in the District, together with sites therefor, equipment, furnishings, heating, lighting and other service facilities connected therewith now existing or hereafter constructed or acquired, including, without limitation, bookstore facilities, food service facilities, auditoriums and parking facilities and shall also include such other facilities as in the future may be permitted pursuant to law.

“**Resolution**” means the Bond Resolution.

“**S&P**” means Standard & Poor’s Rating Services, a division of McGraw-Hill, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the District by notice to the Trustee.

“**Series 2024 Bonds**” means the Yavapai County Community College District of Yavapai County, Arizona, Revenue Bonds, Series 2024, dated as stated in the Bond Purchase Agreement, issued pursuant to the Resolution in the original principal amount of not to exceed \$16,000,000 and containing such additional terms as set forth in the Bond Purchase Agreement which shall be made part of and supplement to the Resolution.

“**State**” means the State of Arizona.

“**Trustee**” means a financial institution as set forth in the Bond Purchase Agreement as specified by the District Representative or any successor thereto acting as Trustee with respect to the Series 2024 Bonds under the Resolution.

“**Underwriter**” means the underwriter of the Series 2024 Bonds to be selected by the District Representatives.

“**United States Obligations**” means any bonds or other obligations which are direct obligations of or fully guaranteed as to timely payment of principal, interest and any premium by the United States of America (including REFCORP Strips).

“**Value at Market**” or “**Market Value**” means the indicated bid value of the investment or investments to be valued as shown in the Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation, except that, with respect to guaranteed investment contracts, Value at Market or Market Value means the principal amount payable under the guaranteed investment contract.

“**2024 Bond Project**” means the Improvements and the Personal Property financed by the Series 2024 Bonds, as more particularly described in the recitals to the Resolution, as well as such additional facilities as the Board may decide.

“**2024 Bond Project Costs**” means, with respect to the 2024 Bond Project, the price paid or to be paid to acquire, construct, renovate, implement, install, equip and furnish the buildings and improvements, all architectural, engineering, soils, survey, archaeology, demolition, training, consulting, hardware and software costs, construction management fees, development fees, contingencies and other related costs of acquiring, constructing, renovating, implementing, installing, equipping and furnishing the 2024 Bond Project and all costs payable to a Contractor under a Construction Contract, or incurred by the Trustee or the District with respect to the transaction to which the Resolution pertains.

ARTICLE II

Transfer and Exchange. So long as the Book-Entry-Only System is in effect, the Series 2024 Bonds will not be subject to transfer or exchange. If the Book-Entry-Only System is discontinued, the following shall apply:

a. **Transfer of Series 2024 Bonds.** Any Series 2024 Bond may, in accordance with its terms, be transferred upon the register required to be kept pursuant to the provisions of the Resolution by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2024 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Series 2024 Bond shall be surrendered for transfer, the Trustee shall execute and deliver a new Series 2024 Bond in fully registered form for a like aggregate principal amount.

b. **Exchange of Series 2024 Bonds.** Series 2024 Bonds may be exchanged at the designated corporate trust office of the Trustee for a like aggregate principal amount of Series 2024 Bonds of authorized denominations of the same maturity and interest rate. In connection with any such exchange or transfer of Series 2024 Bonds, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax, or other governmental charge required to be paid, or any fee or expense of the Trustee or the District with respect to such exchange or transfer.

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Resolution to be signed or executed by Series 2024 Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Series 2024 Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Series 2024 Bonds shall be sufficient for any purpose of the Resolution (except as otherwise herein provided), if made in the following manner:

a. The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution of the Resolution. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

b. The fact of the ownership of Series 2024 Bonds by any person and the amount, the maturity and the numbers of such Series 2024 Bonds and the date of his holding the same be proved on the registration books maintained pursuant to the Resolution.

Nothing contained in Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Series 2024 Bond shall bind every future Owner of the same Series 2024 Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Payment of Unclaimed Amounts. In the event any check for payment of interest on a Series 2024 Bond is returned to the Trustee unendorsed or is not presented for payment or any Series 2024 Bond is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Series 2024 Bond shall have been made available to the Trustee for the benefit of the Owner of the Resolution, it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Series 2024 Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Series 2024 Bond or amounts due under the Resolution. Subject to the escheat laws of the State, the Trustee's obligation to hold such funds shall continue for two years and six months following the date on which such interest or principal payment became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Trustee shall surrender such unclaimed funds so held to the District, whereupon any claim of whatever nature by the Owner of such Series 2024 Bond arising under such Series 2024 Bond shall be made upon the District.

ARTICLE III

Application of Acquisition Fund Investment Earnings. Subject to the Resolution pertaining to arbitrage rebate, any investment earnings on the moneys on hand in the Acquisition Fund, shall be deposited in the Acquisition Fund to pay 2024 Bond Project Costs, except that, if directed to do so by the District Representative, the Trustee shall transfer, on or before each Interest Payment Date, all or a portion of such earnings to the Bond Fund to be applied and credited to pay principal and interest due on the Series 2024 Bonds.

Payments by the District. Subject to the limitation to payment from Gross Revenues, the District shall make, or cause to be made, payments to the Trustee of principal and interest at least three (3) days prior to each Payment Date, taking into account any funds on deposit in the Bond Fund as a credit towards any payment then due. The Trustee, not less than ten (10) Business Days prior to each Payment Date, shall notify the District of the amount required to be paid after taking into account interest earnings which will be transferred to the Bond Fund in accordance herewith, on or before such Payment Date.

ARTICLE V

Establishment of Bond Fund. The Trustee shall establish a special fund designated as the "Yavapai County Community College District 2024 Bond Fund" (which shall also be known as the "Bond Fund"). All moneys at any time deposited by the Trustee in the Bond Fund shall be held by the Trustee in trust for the benefit of the Owners of the Series 2024 Bonds and the Parity Obligations. So long as any Series 2024 Bonds are Outstanding, the District shall have no beneficial right or interest in the Bond Fund or the moneys deposited therein, except only as provided in the Resolution, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Deposits. The Director of Business Services of the District shall remit to the Trustee by noon of the day which is three (3) Business Days preceding each Interest Payment Date for deposit into the Bond Fund, such amounts of the Gross Revenues of the District as are available and necessary to make the deposits required herein and maintain the funds and accounts herein established and to make the payments required with respect to the Series 2024 Bonds. The Board may, at its option, make the required remittances from any money lawfully available therefor. The Trustee shall deposit in the Bond Fund all payments of principal, interest and premium, if any, received.

Application of Moneys. All amounts in the Bond Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest and redemption premiums, if any, with respect to the Series 2024 Bonds as the same shall become due and payable, in accordance with the provisions of Articles II and IV of the Resolution.

Transfers of Investment Earnings to Bond Fund. Subject to the Resolution pertaining to arbitrage rebate and the Resolution pertaining to the Acquisition Fund, the Trustee shall, at least semiannually fifteen days prior to

each Interest Payment Date, transfer any net income or profit on the investment of moneys in the funds under the Resolution to the Bond Fund or, at the direction of the District Representative, the Acquisition Fund.

Surplus. Any surplus remaining in any of the funds or accounts created under the Resolution, after redemption and payment of all Series 2024 Bonds, including accrued interest and premium, if any, and payment of any applicable fees to the Trustee, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the District.

Separate Funds and Accounts. Monies and investments properly paid into and held in the funds and accounts established under the Resolution, other than the Bond Fund, shall not be subject to the claims of the owners of any Parity Obligations. The owners of the Series 2024 Bonds shall have no claim or lien upon any monies or investments properly paid into and held in the funds and accounts established under the proceedings for any Parity Obligations other than any debt service fund.

Notice of Anticipated Deficiency. If the Trustee is notified in writing by the District of its expectation that it will not make a payment of principal or interest when due, the Trustee shall immediately give notice thereof to the Bond Insurer, if any, by facsimile transmission or other delivery method the Bond Insurer deems acceptable. Failure to give such notice shall not excuse performance by the Bond Insurer under the Financial Guaranty Insurance Policy.

ARTICLE VI

Pledge. Each Series 2024 Bond authorized under the Resolution is payable from a pledge of, and secured by a lien on, the Gross Revenues as may be necessary for its prompt and punctual payment on parity with the pledge of Gross Revenues to the payments due on any Parity Obligations as provided herein. Said pledge of, and said lien on, the Gross Revenues is hereby irrevocably made and created by the District for the prompt and punctual payment of principal and interest due on the Series 2024 Bonds according to their terms, and to create and maintain the funds as specified in the Resolution. None of the Series 2024 Bonds or the Parity Obligations shall be entitled to priority or distinction one over the other in the application of the Gross Revenues hereby pledged to the payment of the Resolution, regardless of the issue of the Series 2024 Bonds or the Parity Obligations in series, or the delivery of any of the Series 2024 Bonds or the Parity Obligations prior to the delivery of any other of the Series 2024 Bonds or the Parity Obligations of said series, or regardless of the time or times the Series 2024 Bonds or the Parity Obligations mature or are called for redemption prior to maturity or otherwise. All of the Series 2024 Bonds and the Parity Obligations are co-equal as to the pledge of and lien on the Gross Revenues pledged for the payment of the Resolution and share ratably, without preference, priority or distinction, as to the source or method of payment from Gross Revenues or security therefor.

Protection of Lien. The Trustee and the District will not make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien of the Resolution upon the interests granted hereby or any part of the Resolution. The Trustee and the District will not issue any obligations the payment of which is secured by an equal claim on or interest in property or revenues pledged under the Resolution except in lieu of, or upon transfer of registration or exchange of, any Series 2024 Bond as provided herein and except for Parity Obligations.

Parity Obligations. The District reserves the right to issue additional Parity Obligations payable from and secured by an equal lien on the Gross Revenues with the Series 2024 Bonds herein authorized and for the purpose or purposes as specified by law, but no such additional Parity Obligations shall be issued unless all of the following conditions are met:

- a. All deposits in the funds and accounts created under Article V of the Resolution must be current.
- b. A certificate of the Director of Business Services of the District or other officer acting as chief fiscal officer of the District shall have been received and placed on file with the Trustee to evidence that the aggregate amount of Gross Revenues herein pledged and received by or on behalf of the

District during the Fiscal Year next preceding the date of issuance of any such additional Parity Obligations is at least equal to 200% of the Maximum Annual Debt Service Requirement (including such Parity Obligations) for the Outstanding Series 2024 Bonds and any Parity Obligations for the Bond Years in which the Series 2024 Bonds or any Parity Obligations are Outstanding.

If the District issues Parity Obligations to refund the Series 2024 Bonds or one or more series of Parity Obligations by providing for payment of the amounts due thereon in advance of their maturity then, for purposes of the Resolution, such refunded Series 2024 Bonds and Parity Obligations, to the extent they will no longer be Outstanding after the refunding, will be treated as not Outstanding for the purpose of determining the Annual Debt Service Requirement.

c. The obligation to make payments on the Parity Obligations from Gross Revenues shall not be subject to acceleration for any reason and such payments shall not be made immediately due and payable prior to their scheduled due date except as provided for optional and mandatory redemption.

Parity Obligations may include any long-term obligation or deferred payment for property including, without limitation, installment purchase or lease purchase agreements. For the purpose of the Resolution, payments on installment purchase or lease purchase agreements shall be deemed to include a principal component and an interest component and references in the Resolution to the payment of principal, interest and premium shall include the payment of lease purchase or installment purchase payments. On or before the date of issuance of any Parity Obligations, the District shall deliver to the Trustee in writing a description of the Parity Obligations, the dates and amounts due thereon and shall further provide the Trustee with a copy of the proceedings authorizing the Parity Obligations.

ARTICLE VII

Held in Trust. The moneys and investments held by the Trustee under the Resolution are irrevocably held in trust for the benefit of the Owners of the Series 2024 Bonds, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in the Resolution, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the District, the Trustee or any Owner of Series 2024 Bonds.

Investments Authorized. Upon written order of the District Representative, moneys held by the Trustee under the Resolution shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments having the highest yield reasonably obtainable. In the absence of such direction, the Trustee may invest or reinvest moneys it holds in the funds and accounts under the Resolution in investments described in paragraph (e) of the definition of Permitted Investments. The District Representative may by written order filed with the Trustee direct such investment in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Resolution. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Accounting. The Trustee shall furnish to the District, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Resolution.

Allocation of Earnings. Subject to the Resolution pertaining to arbitrage rebate, the Resolution pertaining to the Acquisition Fund, and the Resolution pertaining to net income or profit, any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value, except that guaranteed investment

contracts shall be valued at their principal amount payable. The Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Arbitrage Covenant. The District hereby covenants with the Owners of the Series 2024 Bonds that it will make or permit no use of the proceeds of the Series 2024 Bonds or other moneys which would cause the Series 2024 Bonds to be “arbitrage bonds” subject to federal income taxation by reason of the Resolution of the Internal Revenue Code of 1986, as amended.

Tax Covenants. In consideration of the acceptance and execution of the Resolution by the Trustee and the purchase by the Owners of Series 2024 Bonds, from time to time, and in consideration of retaining the exclusion of the interest income on the Series 2024 Bonds from gross income for federal income tax purposes, the District covenants with the Trustee and the Series 2024 Bond holders from time to time to neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in the interest income on the Series 2024 Bonds to become subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of issuance of the Series 2024 Bonds or such laws as they may be modified or amended.

The District agrees that it will comply with such requirement(s) and will take any such action(s) as are necessary to prevent interest income with respect to the Resolution or the Series 2024 Bonds from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by special counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Resolution or the Series 2024 Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Series 2024 Bonds; and limiting the use of the proceeds of the Series 2024 Bonds and property financed thereby.

The Trustee shall establish a separate “Arbitrage Rebate Fund”. The Arbitrage Rebate Fund shall be held separate and apart from all other funds and accounts held by the Trustee. The Arbitrage Rebate Fund shall be funded with earnings and profits from the investment of the Series 2024 Bond proceeds on an annual basis. The District will compute, or engage professionals to compute, the exact amount of earnings which need to be deposited into the Arbitrage Rebate Fund no later than sixty (60) days before each anniversary of the Series 2024 Bond issuance. If requested by the Trustee, the District shall provide Trustee with copies of such computation.

No later than sixty (60) days after each fifth anniversary of the Series 2024 Bond issuance, upon receipt from the District, the Trustee shall file a completed Form 8038-T, and remit the payment required by [Code Section 148(f)(3), as directed by the District with the Internal Revenue Service Center, Ogden, Utah 84201. Such payment shall be from moneys contained in the Arbitrage Rebate Fund. In addition, upon the payment or redemption of the last Series 2024 Bond of the issue, upon receipt from the District, the Trustee shall file, within sixty (60) days after the last redemption, a completed Form 8038-T and remit, as directed by the District, the final payment as required by Code Section 148(f)(3). In the event there is insufficient moneys in the Arbitrage Rebate Fund to make a payment when due, the District shall pay to the Trustee from Gross Revenues or other money lawfully available therefor the amount necessary to provide the Trustee with an amount sufficient to make such payment when due.

Record Retention. Unless otherwise directed in writing by the District Representative, the Trustee shall maintain books and records showing the receipt, expenditure and investment of funds, including investment earnings received or losses incurred so long as any Series 2024 Bonds are outstanding and for at least three years thereafter.

ARTICLE VIII

Appointment of Trustee. U.S. Bank Trust Company, National Association has been appointed Trustee by the District for the purpose of receiving all moneys required to be deposited with the Trustee under the Resolution and to allocate, use and apply the same as provided in the Resolution. The District covenants that it will maintain as Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Series 2024 Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of the Resolution the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to redeem the Series 2024 Bonds when duly presented for payment at maturity, or on redemption, and to cancel all Series 2024 Bonds upon payment of the Resolution. The Trustee shall keep accurate records of all funds administered by it and of all Series 2024 Bonds paid and discharged.

The Trustee, and any other trustee with respect to any Parity Obligations, are authorized and directed to enter into such agreements as may be reasonable and appropriate between the trustees for the application of Gross Revenues and other amounts held in any funds or accounts under the Resolution or under the proceeds with respect to such Parity Obligations.

Liability of Trustee; Standard of Care. The recitals of facts, covenants and agreements herein and in the Series 2024 Bonds contained shall be taken as statements, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Resolution or of the Series 2024 Bonds or shall incur any responsibility in respect of the Resolution, other than in connection with the duties or obligations herein or in the Series 2024 Bonds assigned to or imposed upon them, respectively, including but not limited to the Trustee's obligations under the Resolution. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in the Resolution and no implied covenants or obligations shall be read into the Resolution against the Trustee. After the occurrence of an Event of Default, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent indenture trustee would exercise under the circumstances in the conduct of the Trustee's corporate trust business.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under the Resolution, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Protection and Rights of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Resolution, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Series 2024 Bond or to take any action at his request unless such Series 2024 Bond shall be deposited with the Trustee and satisfactory evidence of the ownership of such Series 2024 Bond shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the District with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith in accordance therewith.

Whenever in the administration of its duties under the Resolution, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect of the Resolution be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the District Representative and such certificate shall be full

warranty to the Trustee for any action taken or suffered under the provisions of the Resolution upon the faith of the Resolution, but in its discretion the Trustee may, in lieu of the Resolution, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may become the Owner of the Series 2024 Bonds with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Series 2024 Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Series 2024 Bonds then Outstanding.

The recitals, statements and representations by the District contained in the Resolution or in the Series 2024 Bonds shall be taken and construed as made by and on the part of the District and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any of the Resolution.

The Trustee may execute any of the trusts or powers of the Resolution and perform the duties required of it under the Resolution by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Resolution, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Resolution or for anything whatever in connection with the funds and accounts established under the Resolution, except only for its own willful misconduct or negligence.

No provision in the Resolution shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under the Resolution.

The Trustee shall not be accountable for the use or application by the District or any other party of any funds which the Trustee has released in accordance with the terms of the Resolution.

Notwithstanding any provision in the Resolution to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under the Resolution, unless the Trustee has actual notice of the Resolution or is specifically notified in writing of such default by the District or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Series 2024 Bonds then Outstanding.

Compensation of Trustee. The District shall from time to time, as agreed upon between the District and the Trustee, pay, or cause to be paid, to the Trustee reasonable compensation for its services, and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties under the Resolution. The fees and reimbursement shall be pursuant to a schedule agreed to between the Trustee and the Director of Business Services, which schedule may be amended in writing from time to time by the District and the Trustee.

Removal of Trustee. The District (but only if no Event of Default has occurred and is continuing), or the owners of a majority in aggregate principal amount of all Series 2024 Bonds Outstanding, or the Bond Insurer, by written directive, at any time and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company doing business and having an office in the State of Arizona, having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by Federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of the Resolution, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the District and the Bond Insurer. Upon receiving such notice of resignation, the District shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the District does not appoint a successor trustee within thirty (30) days

following receipt of such notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the District shall execute any documents reasonably required to affect the transfer of rights and obligations of the Trustee to the successor trustee. Upon such acceptance, the successor trustee shall mail notice of the Resolution to the Series 2024 Bond Owners at their respective addresses set forth on the Series 2024 Bond registration books maintained pursuant to the Resolution.

Notwithstanding the foregoing, in the event the Trustee merges or becomes consolidated with any other entity which resulting entity is otherwise qualified to be a successor trustee under the Resolution, such resulting entity shall assume all rights, obligations and duties of the Trustee under the Resolution without the execution or filing of any papers or any further act on the part of either party hereto.

Appointment of Agent. The Trustee may appoint an agent or agents to exercise any of the powers, rights or remedies granted to the Trustee under the Resolution, and to hold title to property or to take any other action which may be desirable or necessary.

Commingling. The Trustee may commingle any of the funds held by it pursuant to the Resolution in a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee under the Resolution shall be accounted for separately notwithstanding such commingling by the Trustee.

Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under the Resolution, which shall be available for inspection by the District, or any of their agents, at any time during regular business hours. The Trustee shall provide the District Representative with semiannual reports of funds transactions and balances.

Force Majeure. The Trustee shall not be considered in breach of or in default in its obligations under the Resolution or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources or energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Facsimile Instruction. The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Resolution provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

The Trustee agrees to accept and act upon instructions or directions pursuant to the Resolution sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee’s understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit

instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

ARTICLE IX

Amendments Permitted. The Resolution and the rights and obligations of the Owners of the Series 2024 Bonds, may be modified or amended at any time by a supplemental resolution which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Series 2024 Bonds then Outstanding, exclusive of Series 2024 Bonds disqualified as provided in the Resolution, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Series 2024 Bond or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal of the Resolution or reducing any premium payable upon the redemption of the Resolution, without the express consent of the Owner of such Series 2024 Bond, or (2) reduce or have the effect of reducing the percentage of Series 2024 Bonds required for the affirmative vote or written consent to an amendment or modification of the Resolution, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental resolution shall become effective as provided in the Resolution.

The Resolution and the rights and obligations of the Owners of the Series 2024 Bonds, may be modified or amended at any time by a supplemental resolution, without the consent of any such Owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the District, (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (3) in regard to questions arising under the Resolution, as the parties hereto or thereto may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Series 2024 Bonds. Any such supplemental resolution shall become effective upon adoption by the District and acceptance by the Trustee.

Procedure for Amendment With Written Consent of Series 2024 Bond Owners. The Resolution may be amended by supplemental resolution as provided in the Resolution in the event the consent of the Owners of the Series 2024 Bonds are required pursuant to the Resolution. A copy of such supplemental resolution, together with a request to the Series 2024 Bond Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Series 2024 Bond at his address as set forth on the Series 2024 Bond registration books maintained pursuant to the Resolution, but failure to mail copies of such supplemental resolution and request shall not affect the validity of the supplemental resolution when assented to as in the Resolution provided.

Such supplemental resolution shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a majority in principal amount of the Series 2024 Bonds then Outstanding (exclusive of Series 2024 Bonds disqualified as provided in the Resolution) and a notice shall have been mailed as hereinafter in the Resolution provided. The consent of an Owner of a Series 2024 Bond shall be effective only if accompanied by proof of ownership of the Series 2024 Bonds for which such consent is given, which proof shall be such as is permitted by the Resolution. Any such consent shall be binding upon the Owner of the Series 2024 Bond giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice of the Resolution) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in the Resolution provided for has been mailed.

After the Owners of the required percentage of Series 2024 Bonds shall have filed their consents to such supplemental resolution, the Trustee shall mail a notice to the Owners of the Series 2024 Bonds in the manner hereinbefore provided in the Resolution for the mailing of such supplemental resolution of the notice of adoption of the Resolution, stating in substance that such supplemental resolution has been consented to by the Owners of the required percentage of Series 2024 Bonds and will be effective as provided in the Resolution (but failure to mail copies of said notice shall not affect the validity of such supplemental resolution or consents thereto). A record, consisting of the papers required by the Resolution to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental resolution shall become effective upon the mailing of such last-mentioned notice, and such supplemental resolution shall be deemed conclusively binding upon the parties hereto and the Owners of all Series 2024 Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Disqualified Series 2024 Bonds. Series 2024 Bonds owned or held by or for the account of the District or by any person directly or indirectly controlled by, or under direct or indirect common control with the District (except any Series 2024 Bonds held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Series 2024 Bonds provided for in the Resolution, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Resolution.

Effect of Supplemental Resolution. From and after the time any supplemental resolution becomes effective pursuant to Article IX, the Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Series 2024 Bonds Outstanding, as the case may be, shall thereafter be determined, exercised and enforced under the Resolution subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental resolution shall be deemed to be part of the terms and conditions of the Resolution for any and all purposes.

The Trustee may require each Series 2024 Bond Owner, before his consent provided for in Article IX shall be deemed effective, to reveal whether the Series 2024 Bonds as to which such consent is given are disqualified as provided in the Resolution.

Endorsement or Replacement of Series 2024 Bonds Delivered After Amendments. The Trustee may determine that Series 2024 Bonds delivered after the effective date of any action taken as provided in Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Series 2024 Bond Outstanding at such effective date and presentation of his Series 2024 Bond for the purpose at the office of the Trustee, a suitable notation shall be made on such Series 2024 Bond. The Trustee may determine that the delivery of substitute Series 2024 Bonds, so modified as in the opinion of the Trustee is necessary to conform to such Series 2024 Bond Owners' action, which substitute Series 2024 Bonds shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Series 2024 Bond then Outstanding, such substitute Series 2024 Bond shall be exchanged at the principal office of the Trustee, without cost to such Owner, for a Series 2024 Bond of the same character then Outstanding, upon surrender of such Outstanding Series 2024 Bond.

Amendatory Endorsement of Series 2024 Bonds. The provisions of Article IX shall not prevent any Series 2024 Bond Owner from accepting any amendment as to the particular Series 2024 Bonds held by him, provided that proper notation of the Resolution is made on such Series 2024 Bonds.

Consent of the Bond Insurer. Any provision of the Resolution recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer thereunder without the prior written consent of the Bond Insurer. The Bond Insurer may consent in lieu of the Owners for any modification or amendment except for any modification or amendment described in clauses 1 or 2 of Section 9.1 of the Resolution.

Adverse Effect on Owners. Notwithstanding any other provision of the Resolution, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of the Resolution, the Trustee shall consider the effect on the Owners as if there were no Financial Guaranty Insurance Policy.

ARTICLE X

General. The District hereby expressly covenants and agrees with the Owner or Owners of the Series 2024 Bonds, so long as any of the Series 2024 Bonds are Outstanding, as provided in Article.

Performance of Covenants. The District covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein and in each and every Series 2024 Bond executed, authenticated and delivered under the Resolution and in all proceedings of the District pertaining thereto.

Instruments of Further Assurance. The District covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further

acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, granting, conveying, pledging, assigning and confirming unto the Trustee the District's interest in and to the interests, revenues, assessments and receipts pledged hereby to the payment of the principal of the Resolution, premium, if any, and interest on the Series 2024 Bonds in the manner and to the extent contemplated herein.

General Covenants. So long as any of the Series 2024 Bonds are Outstanding, the District covenants and agrees:

a. That it will maintain and preserve and keep the Project in good repair, working order and condition so that the Project will at all times be available for maximum use and occupancy, and that it will at all times continuously operate and manage the Project in an efficient manner and at reasonable cost.

b. That proper books of records and accounts, separate from all other records and accounts of the District, will be kept, in which complete and correct entries shall be made of all transactions relating to the acquisition and development of any portion of the 2024 Bond Project, that the District will promptly assist and cooperate with the Auditor General of the State of Arizona in the conduct of any audit of the District, and the audit report prepared by a certified public accountant or by the Auditor General of the State of Arizona reflecting in reasonable detail the financial condition of the District for the previous fiscal year shall be furnished to the Trustee, the Bond Insurer and to any holder of the Series 2024 Bonds upon written request of such holder not more than ten (10) days after receipt by the District of such report.

c. That the Trustee, the Bond Insurer and any holder or holders of the Series 2024 Bonds, or their agents duly authorized for that purpose, shall have the right at all reasonable times while the Series 2024 Bonds are Outstanding to inspect the Project and all records, accounts and data of the District relating to the Project and Gross Revenues.

d. That the tuition, fees, charges, admissions, rentals chargeable to the occupants, students, faculty and others using and being served by, or having the right to use, or having the right to be served by the District, shall be so fixed and revised from time to time and shall be so collected that the proceeds of the Resolution shall be sufficient at all times to provide moneys sufficient to make all of the payments and deposits required to be made under the Resolution and to maintain the minimum balances specified herein.

Contractual Obligations. The provisions of the Resolution and of each section and subsection of the Resolution shall constitute a contract by and between the District and the Owners or any of them, and after delivery of any such Series 2024 Bonds no change, alteration or amendment of any provision of the Resolution or of any section or subsection of the Resolution shall ever be made which will impair the interest of the Owners of any of the Series 2024 Bonds then Outstanding, except as provided in Article IX of the Resolution.

ARTICLE XI

Limited Liability of the District. Except for the payment of principal, interest and redemption premium, if any, on the Series 2024 Bonds from Gross Revenues when due in accordance with the Resolution and the performance of the other covenants and agreements of the District contained in the Resolution, the District shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Series 2024 Bonds with respect to the Resolution, or the terms, execution, delivery or transfer of the Series 2024 Bonds, or the distribution of payments to the Owners by the Trustee.

No Liability of the District for Trustee Performance. The District will have no obligation or liability to any of the other parties or to the Owners of the Series 2024 Bonds with respect to the performance by the Trustee of any duty imposed upon it under the Resolution.

Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or

both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XII

Rights held in Trust. The Trustee is hereby granted all of the rights in and to payment under the Resolution in trust, including without limitation all of the rights to exercise such rights and remedies conferred on the Trustee pursuant hereto as may be necessary or convenient to enforce payment of any amounts required to be deposited in the Bond Fund and enforcement of the pledge of Gross Revenues under the Resolution.

Events of Default. The following shall be an Event of Default under the Resolution: upon (1) the nonpayment of the whole or any part of any payment due under the Resolution at the time when the same is to be paid as provided herein, (2) the violation by the District of any other covenant or provision of the Resolution, (3) the occurrence of an event of default with respect to any outstanding Parity Obligations, or (4) the insolvency or bankruptcy of the District as the same may be defined under any law of the United States of America or the State of Arizona, or any voluntary or involuntary action of the District or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and if such default has not been cured (i) in the case of nonpayment of any payment under the Resolution on the due date, or the nonpayment of installment payments on their due dates with respect to any Parity Obligations; and (ii) in the case of the breach of any other covenant or provision of the Resolution or of any other agreement pertaining to Parity Obligations within sixty (60) days after notice in writing from the Trustee specifying such default.

Remedy. Subject to the Resolution, if an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon request of the Owners of twenty- five percent (25%) in aggregate principal amount of the Series 2024 Bonds and after being indemnified to its satisfaction from any liability or expense shall, exercise one or more of the following remedies:

a. The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Series 2024 Bonds under the Resolution by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Resolution, or in aid of the execution of any power granted herein, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Series 2024 Bonds and the Resolution. All rights of action under the Resolution or under any of the Series 2024 Bonds may be enforced by the Trustee without the possession of any of the Series 2024 Bonds or the production of the Resolution on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the holders of the Series 2024 Bonds.

b. The Trustee, upon the bringing of a suit to enforce any of its rights under the Resolution, as a matter of right without notice and without giving bond to the District or anyone claiming under them, may (i) have a receiver appointed of all the Gross Revenues which are pledged for the payment of the Series 2024 Bonds, pending such proceedings, with such powers as the Court making such appointment shall confer, including such powers as may be necessary or usual in such cases for the protection, possession, control and management of the Project and for the collection and proper disbursement of the Gross Revenues pledged for the payment of the Series 2024 Bonds, and the District does hereby irrevocably consent to such appointment and (ii) seek and obtain such injunctive relief as may be appropriate.

The Trustee is hereby appointed, and the successive respective Owners by taking and owning the Series 2024 Bonds, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Owners, with authority to make or file, in the respective names of the Owners or in behalf of all Owners as a class, any proof of debt, amendment to proof of debt, petition or other document; to receive payment of all sums becoming distributable on account of the Resolution; to execute any and all acts and things for and in behalf of all Owners as a class, as may be necessary or advisable, in the opinion of the Trustee, in order to have the respective claims of the Owners against the District allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the District shall be a party. The Trustee shall have full powers of substitution and delegation in respect of any such powers.

Notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Series 2024 Bonds nor to declare any principal or interest not then past due or in default to be immediately due and payable.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of Article XII shall be applied by the Trustee in the order following upon presentation of the several Series 2024 Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender of the Resolution if fully paid:

First, to the payment of the costs and expenses of the Trustee and of the Series 2024 Bond Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid with respect to the Series 2024 Bonds for principal and interest, with interest on the overdue principal and installments of interest at the applicable interest rate (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Series 2024 Bonds, then to the payment of such principal and interest allocating such payments (i) first to interest due and unpaid, ratably without preference or priority of any installment of unpaid interest over any other installment of unpaid interest, (ii) then to principal due and unpaid, ratably without preference or priority of any installment of unpaid principal over any other installment of unpaid principal, and (iii) then to interest on overdue interest, ratably without preference or priority of any installment over any other installment.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Series 2024 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Series 2024 Bonds by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

Non-waiver. Nothing in Article XII or in any other provision of the Resolution or in the Series 2024 Bonds, shall affect or impair the obligation of the District to pay amounts due on the Series 2024 Bonds as provided herein, or affect or impair the right of action, which is absolute and unconditional, of the Series 2024 Bond Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Series 2024 Bonds to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by Article XII to the Trustee or the Owners of Series 2024 Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Series 2024 Bond Owners.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Resolution, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Series 2024 Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series 2024 Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Series 2024 Bonds Outstanding.

Limitation on Series 2024 Bond Owners' Right to Sue. No Owner of any Series 2024 Bond issued under the Resolution shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Resolution, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Resolution; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Series 2024 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such

request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Series 2024 Bonds of any remedy under the Resolution; it being understood and intended that no one or more Owners of Series 2024 Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Resolution, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Series 2024 Bonds.

The right of any Owner of any Series 2024 Bond to receive payment of the principal, interest and premium, if any, on said Owner's Series 2024 Bond as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing or any other provision of the Resolution.

Bond Insurer Control of Proceedings. Anything in the Resolution to the contrary notwithstanding, unless the Bond Insurer is in bankruptcy, receivership, insolvency or similar proceedings or is in default or is contesting its obligations under the Financial Guaranty Insurance Policy, (a) the Bond Insurer shall be entitled to control and direct enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Resolution, (b) the Bond Insurer shall have the right to approve any reorganization or liquidation plan with respect to the District and shall have the right to vote thereon on behalf of all Owners; and (c) the Bond Insurer shall also be entitled to approve all waivers of Events of Default.

ARTICLE XIII

Defeasance. If and when all Outstanding Series 2024 Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest and redemption premium (if any) with respect to all Series 2024 Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with a Depository Trustee, in trust for such purpose, at or before maturity, money which, together with the amounts then on deposit in the Bond Fund is fully sufficient to pay or cause to be paid all Series 2024 Bonds Outstanding, including all principal and interest and redemption premium, if any;

(c) by depositing with a Depository Trustee, in trust for such purpose, any noncallable Permitted Investments in such amount as shall be certified to the Trustee and the District by a national firm of certified public accountants acceptable to both the Trustee and the District, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Bond Fund, together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all Series 2024 Bonds (including all principal, interest and redemption premium, if any) at their respective maturity dates or prior redemption dates; notwithstanding that any Series 2024 Bonds shall not have been surrendered for payment, all obligations of the Trustee and the District with respect to all Outstanding Series 2024 Bonds shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (b) and (c) of this section, to the Owners of the Series 2024 Bonds not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) and (c), the Series 2024 Bonds shall continue to represent direct and proportionate interests of the Owners of the Resolution in the amounts and investments so deposited.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) through (c) of this section, which are not required for the payment to be made to Owners, shall be paid over to the District.

Any Series 2024 Bond or portion of the Resolution in authorized denominations may be paid and discharged as provided in this section; provided, however, that if any such Series 2024 Bond or portion of the Resolution is to be redeemed, notice of such redemption shall have been given in accordance with the provisions of the Resolution or the District shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such

Series 2024 Bond or portion of the Resolution is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Series 2024 Bond or portion of the Resolution will not mature or be redeemed within sixty (60) days of the deposit referred to in paragraphs (b) and (c) of this section, the Trustee shall give notice of such deposit by first class mail to the Owners.

After provision for the Series 2024 Bonds has been made under (c) above, at the direction of the District, all or any part of the Permitted Investments held by the Depository Trustee may be liquidated and the proceeds therefrom together with all or any portion of the moneys held by the Depository Trustee may be used to acquire other Permitted Investments which the Depository Trustee shall hold provided that thereafter the moneys and Permitted Investments held by the Depository Trustee shall remain sufficient, as evidenced by a certificate of a national firm of certified public accountants to pay and discharge all Series 2024 Bonds (including all principal, interest and redemption premium, if any) at their respective maturity dates or prior redemption dates.

No Series 2024 Bond may be so provided for and no liquidation or acquisition may be made if, as a result of the Resolution, or of any other action in connection with which the provisions for payment of such Series 2024 Bond is made, the interest payable on any Series 2024 Bond is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee and the District may rely upon an opinion of nationally recognized bond counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Series 2024 Bonds.

Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 2024 Bonds shall be paid by the Bond Insurer pursuant to the Financial Guaranty Insurance Policy, the Series 2024 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, and the assignment and pledge hereunder and all covenants, agreements and other obligations of the District to the registered Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered Owners.

The Depository Trustee shall be any bank or trust company, which may be the Trustee, designated by the District, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

ARTICLE XIV

Covenant as to Conflict of Interest. A.R.S. Section 38-511 provides that the District may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the District is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the District may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the District from any other party to the contract arising as a result of the contract. To be in compliance with this statute in the event it was held to be applicable to the Resolution, the Trustee hereby covenants and agrees that within three years after the adoption and acceptance of the Resolution it will not take any action or perform any act which would give District the right to cancel the Resolution pursuant to the provisions of said A.R.S. Section 38-511.

Consent of the Bond Insurer; Consent in Lieu of Owners. Except as otherwise provided in Section 14.5 of the Resolution, the Bond Insurer's consent shall be required for the following purposes: (i) execution and delivery of any supplemental resolution; (ii) removal of the Trustee or selection and appointment of any successor trustee; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires consent of the Owners. The Bond Insurer may consent in lieu of Owners as provided in Section 9.7 thereof and such consent shall be deemed consent of a majority of the Owners.

Default by the Bond Insurer. Any provision of the Resolution to the contrary notwithstanding, if under any provision thereof any action is to be taken only with the consent or approval of the Bond Insurer, if at the time such consent or approval would otherwise be called for, the Bond Insurer is in bankruptcy, receivership, insolvency or similar proceedings or is in default of or is contesting its obligations under the Financial Guaranty Insurance Policy,

then the consent or approval of the Bond Insurer shall not be required. If no Financial Guaranty Insurance Policy is in effect, then all references to the Financial Guaranty Insurance Policy and the Bond Insurer shall be deemed to be omitted from the Resolution.

Binding Effect and Successors. The Resolution shall be a contract binding upon and inuring to the benefit of the District, the Trustee, the Owners and their respective successors and assigns. Whenever in the Resolution either the District or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns of the Resolution, and all the covenants and agreements in the Resolution contained by or on behalf of the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns of the Resolution whether so expressed or not.

Destruction of Cancelled Series 2024 Bonds. Whenever in the Resolution provision is made for the surrender to or cancellation by the Trustee and the delivery to the District of any Series 2024 Bonds, the Trustee may, upon the request of the District Representative, in lieu of such cancellation and delivery, destroy such Series 2024 Bonds and deliver a certificate of such destruction to the District.

The Bond Insurer as Third Party Beneficiary. To the extent that the Resolution confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Resolution, the Bond Insurer is thereby explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

Parties Interested Herein. Nothing in the Resolution or the Series 2024 Bonds, expressed or implied, is intended or shall be construed to confer upon, or give or grant to, any person or entity, other than the District, the Trustee, the Bond Insurer and the registered Owners of the Series 2024 Bonds, any legal or equitable right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation of the Resolution, and all covenants, stipulations, provisions and agreements in the Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee, the Bond Insurer and the registered Owners of the Series 2024 Bonds.

Waiver of Notice. Whenever in the Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

ARTICLE XV

General. The officers of the District, on behalf of the District, are each hereby authorized and directed to execute and deliver such certificates, proceedings and agreements, including any agreements or certificates pertaining to continuing disclosure with respect to the Series 2024 Bonds, as may be necessary or convenient to be executed and delivered on behalf of the District to evidence compliance with, or further the purposes of, all the terms and conditions of the Resolution. The Director of Business Services may make such insertions, deletions or changes to the Resolution prior to the delivery of the Series 2024 Bonds as are necessary to further the purposes of the Resolution. Execution and delivery of the Series 2024 Bonds shall be conclusive evidence of such officers' approval of any such insertions, deletions or changes.

Completion and Execution of the Bond Purchase Agreement. The final terms of the Series 2024 Bonds, including provisions for the maturity schedule, interest rates and redemption provisions, shall be set forth in the Bond Purchase Agreement. The Chair of the Governing Board, any other member of the Governing Board or the Director of Business Services is each hereby authorized and directed to approve the terms of the Series 2024 Bonds and the Bond Purchase Agreement and to execute the Bond Purchase Agreement, as completed, in substantially the form on file with the District, such execution to be conclusive evidence of approval of the final terms of the Bonds and any insertions, deletions or modifications of the Bond Purchase Agreement.

Sale to Underwriter. The sale of the Series 2024 Bonds to the Underwriter is hereby ordered in accordance with the proposal of the Underwriter with such final terms and provisions as may be approved by the Director of Business Services. The Chair of the Governing Board, or any other member of the Governing Board or the Director

of Business Services, is each hereby authorized and directed to request authentication of the Series 2024 Bonds and to cause the Series 2024 Bonds to be delivered to the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery of the Resolution as provided herein.

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FORM OF APPROVING LEGAL OPINION

August __, 2024

GOVERNING BOARD
YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT OF
YAVAPAI COUNTY, ARIZONA

RAYMOND JAMES & ASSOCIATES, INC.
SCOTTSDALE, ARIZONA

We have examined the transcript of proceedings relating to the issuance by the Yavapai County Community College District of Yavapai County, Arizona (the “District”), of its \$16,000,000 aggregate principal amount of Revenue Bonds, Series 2024 (the “Bonds”) issued pursuant to a resolution of the District adopted on May 21, 2024 (the “Bond Resolution”).

As to questions of fact material to our opinion, we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly organized and validly existing pursuant to the laws of the State of Arizona, is designated by law as a political subdivision of the State of Arizona, and has all requisite power to execute and deliver, to perform its obligations pursuant to the Bond Resolution and to issue the Bonds.

2. The Bond Resolution has been duly authorized, executed and delivered by the District and is valid and binding upon and enforceable against the District.

3. The proceedings show lawful authority for the Bonds under the Constitution and laws of the State of Arizona. The Bonds are valid and legally binding on the District, and the Bonds and all bonds and other obligations heretofore or hereafter issued on a parity therewith are payable exclusively from and enjoy a first lien on the tuitions, fees, rentals and other charges from students, faculty and others using or being served by, or having the right to use, or the right to be served by any classrooms and revenue producing projects, existing or hereafter constructed, held for and on behalf of the District and located in the District, all as provided in the Bond Resolution.

4. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with

such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions, and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion, we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

Timothy A. Stratton, Esq.
The Stratton Law Firm, PLLC

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$16,000,000*
YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
OF YAVAPAI COUNTY, ARIZONA
(YAVAPAI COLLEGE)
REVENUE BONDS
SERIES 2024

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 985205)

This Continuing Disclosure Certificate (this “*Disclosure Certificate*”) is undertaken by Yavapai County Community College District of Yavapai County, Arizona (the “*District*”) in connection with the issuance of \$16,000,000* Revenue Bonds, Series 2024 (the “*Bonds*”). In consideration of the initial sale and delivery of the Bonds, the District covenants as follows:

Section 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is for the benefit of the Bondholders and in order to assist the Participating Underwriter (as defined herein) in complying with the Rule (as defined herein).

Section 2. **Definitions.** Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

“*Annual Report*” shall mean the annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Bondholder*” shall mean any registered owner or beneficial owner of the Bonds.

“*Bond Counsel*” shall mean The Stratton Law Firm, PLLC or such other nationally recognized bond counsel as may be selected by the District.

“*Dissemination Agent*” shall mean the District, or any person designated in writing by the District as the Dissemination Agent.

“*EMMA*” shall mean the Electronic Municipal Market Access system, or any successor thereto approved by the U.S. Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

“*Financial Obligation*” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Listed Events*” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“*Official Statement*” shall mean the final official statement dated July ___, 2024 relating to the Bonds.

* Preliminary, subject to change.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than March 1 of each year (the “*Filing Date*”), commencing March 1, 2025 provide electronically to MSRB, in a format prescribed by MSRB, an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District).

(b) If the District is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the District shall, in a timely matter, send a notice to EMMA in substantially the form attached as Exhibit A not later than the Filing Date.

(c) If the District’s audited financial statements are not submitted with the Annual Report and the District fails to provide to EMMA a copy of its audited financial statements within 30 days of receipt thereof by the District, then the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) Determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper electronic filing address of EMMA, and

(ii) If the Dissemination Agent is other than the District, file a report or reports with the District certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the District; provided, however, that if the audited financial statements of the District are not available at the time of the filing of the Annual Report, the District shall file unaudited financial statements of the District with the Annual Report and, when the audited financial statements of the District are available, the same shall be submitted to EMMA within thirty (30) days of receipt thereof by the District.

(b) The District’s Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, annual audited financial statements for the District.

(B) Annually updated financial information and operating data of the type contained in the following tables of the Official Statement:

- Table 1 - Schedule of Actual Gross Revenues;
- Table 4 - Total Enrollment; and
- Table 5 - Full Time Student Equivalents Enrollment.

(C) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) **Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared:** The audited annual financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the District's audited annual financial statements is contained in Note 1 of the audited financial statements included within the Official Statement.

Notice of amendment to the accounting principles shall be sent within 30 days to EMMA.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section shall govern the giving of notices by the District, either directly or by directing the Dissemination Agent to do so, of the occurrence of any of the following events with respect to the Bonds. The District shall, in a timely manner, not in excess of ten business days after the occurrence of the event, provide notice of the following events with EMMA:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.
- (b) “Materiality” will be determined in accordance with the applicable federal securities laws.

Note to Section 5(12): For the purposes of the event identified in Section 5(a)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the District to give notice of such defeasance or prior redemption.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate if:

- (a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the District, or the type of business conducted;
- (b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Section 9. Filing with EMMA. The District shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. Additional Information. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may seek specific performance by court order to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. Compliance by District. The District hereby covenants to comply with the terms of this Disclosure Certificate. The District expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter or Bond Counsel.

Section 13. Subject to Appropriation. Pursuant to Arizona law, the District’s undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and sending the Annual Report and notices of Listed Events to EMMA. Should funds that would enable the District to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to EMMA in the form attached as *Exhibit C*.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Section 15. Governing Law and Interpretation of Terms. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Dated: July __, 2024

**YAVAPAI COUNTY COMMUNITY COLLEGE
DISTRICT OF YAVAPAI COUNTY, ARIZONA**

By: _____
Its: Director of Business Services

**EXHIBIT A
NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Yavapai County Community College District of Yavapai County, Arizona
Name of Bond Issue: \$ _____ Revenue Bonds, Series 2024

Dated Date of Bonds: July __, 2024 Base CUSIP: 985205__

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Disclosure Certificate dated _____, 2024. The District anticipates that the Annual Report for fiscal year ended June 30, ____ will be filed by _____.

Dated: _____, _____

Yavapai County Community College District of Yavapai
County, Arizona
By _____
Its _____

**EXHIBIT B
NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS**

Name of Issuer: Yavapai County Community College District of Yavapai County, Arizona
Name of Bond Issue: \$ _____ Revenue Bonds, Series 2024

Dated Date of Bonds: July __, 2024 Base CUSIP: 985205__

NOTICE IS HEREBY GIVEN that the District failed to provide its audited financial statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Disclosure Certificate dated _____, 2024, with respect to the above-named Bonds. The District anticipates that the audited financial statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____, _____

Yavapai County Community College District of Yavapai
County, Arizona
By _____
Its _____

**EXHIBIT C
NOTICE OF FAILURE TO APPROPRIATE FUNDS**

Name of Issuer: Yavapai County Community College District of Yavapai County, Arizona
Name of Bond Issue: \$ _____ Revenue Bonds, Series 2024

Dated Date of Bonds: July __, 2024 Base CUSIP: 985205__

NOTICE IS HEREBY GIVEN that the District failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated _____, 2024.

Dated: _____, _____

Yavapai County Community College District of Yavapai
County, Arizona
By _____
Its _____

**AUDITED FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2023**

The District neither requested nor obtained the consent of the State of Arizona Office of the Auditor General to include their report and the Office of the Auditor General has performed no procedures subsequent to rendering their opinion on the financial statements.

The following audited general purpose financial statements are for the fiscal year ended June 30, 2023. These are the most recent audited annual general purpose financial statements available to the District. These financial statements may not represent the current financial conditions of the District. For discussions about such statements and the availability of other financial reports of the District, see “FINANCIAL CONDITION OF THE DISTRICT – Financial Reports and Examination of Accounts” herein.

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ANNUAL COMPREHENSIVE FINANCIAL REPORT



YAVAPAI COUNTY COMMUNITY
COLLEGE DISTRICT | ARIZONA
PRESCOTT
VERDE VALLEY
CTEC
PRESCOTT VALLEY
CHINO VALLEY
SEDONA



Fiscal Year Ended June 30, 2023

Yavapai
COLLEGE

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Published and distributed by

The Office of Business Services

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

For the fiscal year ended June 30, 2023

Yavapai
COLLEGE

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Introductory Section



Letter of Transmittal

December 14, 2023

The District Governing Board of Yavapai County Community College District:

The Annual Comprehensive Financial Report (ACFR) of the Yavapai County Community College District (the "District"), Prescott, Arizona for the fiscal year ended June 30, 2023, is submitted herewith.

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

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

The District is required to undergo a single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and *Government Auditing Standards* issued by the Comptroller General of the United States. Information related to this report, including the Schedule of Expenditures of Federal Awards and auditors' reports on internal controls and compliance with applicable laws and regulations will be available at a future date by contacting the Vice President of Finance and Administrative Services.

THE REPORTING ENTITY

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

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





HISTORY

The District was established in 1966 under the Arizona Community College Law of 1966. During the first year of instruction, 1968, classes were held at various sites in Prescott. The first buildings were dedicated in February 1970, on 100 acres in Prescott that were once part of historic Fort Whipple. To better serve the growing communities on the east side of Yavapai County, the Verde Valley Campus was established in 1975 on 120 acres in Clarkdale. Yavapai College education centers are located in Chino Valley, Prescott Valley, Sedona, and include the Career & Technical Education Center, located near the Prescott Airport.

The District is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools and has been throughout its history. In September 2022, the District went through a full reaccreditation by the Higher Learning Commission (HLC) and its status was reaffirmed in January 2023 with no recommendations reported. The next reaffirmation of accreditation will be in fiscal year 2032-33.

SERVICE AREA

Yavapai County, named for the Yavapai Native Americans (“Yavapai” means “The People of the Sun”) is a land of extremes with a blend of the Old West and the contemporary. Yavapai County was among the original four counties created when Arizona was still a territory and the provisional seat of the Arizona territorial government was established in Yavapai County at Fort Whipple on January 22, 1864.

Yavapai County offers many local attractions ranging from natural to cultural to educational. Scenic pine forests provide year-round recreational opportunities. Museums, monuments, and rodeos reflect Arizona’s tribal and territorial past. The

county benefits from the presence of several higher education institutions including Embry Riddle Aeronautical University, Northern Arizona University, Prescott College, and Yavapai College.

The District serves a diverse student population in a rural area covering approximately 8,123 square miles, which is larger than the states of Rhode Island, Delaware, and Connecticut, with the 2022 population (provided by the US Census Bureau) of 246,191 and a population density of 30 people per square mile.

Yavapai County is located in the west central portion of the state. Its boundaries include the incorporated cities and towns of Camp Verde, Chino Valley, Clarkdale, Cottonwood, Dewey-Humboldt, Jerome, Prescott, Prescott Valley, and Sedona. The larger unincorporated areas of the county include the communities of Ash Fork, Bagdad, Black Canyon City, Congress, Crown King, Mayer, Paulden, Seligman, and Yarnell.

ECONOMIC OUTLOOK

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



After starting out very robust, state revenues ended up slightly ahead of budget for the 2022-23 fiscal year. Both sales tax and individual income tax were below forecast while corporate income tax exceeded budget. Data supports that the Federal Reserve's gradual increase of the Fed Funds rate has slowed down inflation, although still significantly above where it was pre-pandemic. Arizona's tight labor market, solid job gains, low unemployment rates, and rapid wage increases continue to be offset by slowing retail sales, inflation exceeding income growth, and challenging housing affordability issues. Forecasts call for slowing job growth as tight monetary policy begins to bite the economy. The long-term forecast for Arizona continues to be good and is expected to outpace growth at the national level, especially after interest rates begin to be cut.

Yavapai County is experiencing slightly lower unemployment rates than the state for the last 12 months. Post pandemic, the high cost of housing is the most significant obstacle that employers face with attracting workers. Forecasts call for the county to have positive net migration, however, most will result from retirees and not the working class.

Property taxes provide the majority of funding for the District and are very stable due to the State's property tax formula. Statutorily, assuming a levy increase isn't sought, taxing authorities are able to levy the same amount as the prior year. If net assessed values increase the levy rate decreases and vice-versa.

Housing prices in the county and state have continued to be at historic levels. This is primarily due to a supply/demand imbalance. We expect the growth in total assessed values, which are statutorily controlled, to increase modestly into next fiscal year and the primary property tax levy to increase moderately due to new construction.

The District's recurring operating funding from the state remained at about 4.5% of the total revenues for the fiscal year.

MAJOR PROGRAM INITIATIVES



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

Capital Improvements/Planned Maintenance

In September 2022, working together with the architectural firm SmithGroup, the 2022-2030 Facilities Master Plan was completed. Extensive analyses, site visits, meetings with administrators, staff, and faculty, and open forums with the community were done to create this multi-year roadmap focused on identifying strategies to further YC's mission of transforming lives and communities through higher education. This plan is designed to serve as a living document that is adaptable to changes, allowing flexibility in its application as specific planning initiatives and goals evolve over time. The improvements will primarily be funded with state monies and the District's Future Capital Projects Accumulation monies.

Capital projects completed during the fiscal year included the expansion of the dining area and addition of office space at CTEC, the Glassford Hill access road at the Prescott Valley center, the addition of housing sites for four permanent RVs and six RV parking spaces/hookups on the Verde campus, and the addition of electric charging stations on both the Prescott and Verde campuses. In addition, the renovation of the library (Bldg M) into the Center of Learning and Innovation began on the Verde campus.

During the fiscal year, the District worked on several large preventative maintenance projects including the replacement of the HVAC systems and skylights at CTEC, replacing the electrical controls and doing other upgrades to the greenhouses at the Chino Valley center, LED lighting upgrades at most District sites and the repavement of the resident halls parking lot and roadway behind buildings 3 and 4 on the Prescott campus.

FY 2022-23 Capital Projects

Verde Valley Campus

RV Pads



Center for Learning and Innovation



CTEC Center Food Service Expansion



Prescott Valley Center New Access Road





ENROLLMENT

Total enrollment for the fiscal year exceeded 11,980 students including both credit and non-credit classes. The District's credit and non-credit enrollment have stabilized after declining throughout the pandemic. For-credit full-time student equivalents (FTSE) is projected to increase in fiscal year 23-24 partly due to the two new bachelor of science programs being offered. The District expects non-credit enrollments to steadily increase as COVID fears lessen and retirees continue to relocate to Yavapai County. The District offers a broad array of community education programming including Community Education, College for Kids, Edventures, and Osher Lifelong Learning Institute (OLLI).

STUDENT ACHIEVEMENT

Student accomplishments continue to be our most important gauge of success. Over 1,750 degrees and or certificates were awarded to over 1,180 students. Throughout the course of the academic year, 52 students received the Law Enforcement and Corrections certificate, 73 students received the Nursing Assistant certificate, 56 students received a Commercial Driving Training certificate, 52 students received a Culinary Arts Fundamentals certificate, 45 students received a Structural Welding certificate, and 89 students completed all requirements of the Nursing degree. In addition, approximately 25 students completed studies and passed the exam to earn a high school equivalency diploma. Four students were named to the 2023 All-Arizona Academic Team. All-Arizona Academic Team members receive tuition waivers to an Arizona University of their choice, courtesy of the Arizona Board of Regents.

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

actively adding both academic and behavioral practices to help students stay on track. This includes making it easier for students to find programs of interest to them, intrusive advising, pathways to allow high achieving high school students to earn College credits through Dual Enrollment, pathways that allow students to continue their academic journeys at universities, and pathways that connect students directly to jobs. Supporting students through their journey is a continuous and evolving process.

STRATEGIC PLANNING

Guided by the District's mission, vision, and District Governing Board's goals, in creating the 2022-2024 strategic plan, the College used an evidence-based approach with extensive internal and external research and stakeholder feedback to inform our strategic goals and initiatives. The Strategic Planning Committee, comprised of employees from different departments and a current student, meet regularly to review existing goals and make recommendations for the future. The District adopted an integrated rolling approach to its planning that allows the institution to be flexible and responsive to dynamic local, national, and global environments. The planning process involves continuous evaluation of the strategic priorities progress towards achieving the District's mission and goals. This approach will enable the District to respond to emerging opportunities and alert to uncertainty in our environment, need, and opportunities.





Strategic Goals

Belonging

- Strengthen our commitment to individual and organizational efforts to build respect, dignity, caring, equality and self-esteem in all employees and students.

Living Wage

- Ensure a program mix that prepares graduates to obtain living wage jobs.

Adult Learners

- Respond to shifting community and workforce needs to serve adult learners.

Delivery

- Redefine time, place, and methods of educational delivery to create a more learner-centric environment.

Additionally, the College has several major concurrent planning initiatives, including Academic, Budget (Financial), Development (the Foundation), Facility Master Plan, Human Resources, Marketing & Recruitment, Retention, Economic Development, and Technology Plans.

Integrated planning ensures these plans are aligned. Moreover, integrated planning engages all sectors of the academy—academic affairs, student affairs, community relations, workforce innovation, and administrative services—to ensure we are all pulling in the same direction.

FUTURE PROGRAM INITIATIVES

Beginning in fiscal year 2023-24, the District began offering a Bachelor of Science in Business and Nursing. These are the first of several bachelors degrees that will be offered by the District since the State began allowing community colleges to offer them. In addition, the District offered a new

Automated Industrial Technology certificate, a Community Health/Critical Care Paramedic certificate and the Licensed Practical Nursing (LPN) certificate. These new certificate programs will prepare students for various careers in these industries through a combination of lecture, group discussion and hands on skill building experiences. Academic program reviews will be performed in all instructional degree and certificate programs.

As mentioned previously, Yavapai College's service area is large, with residents dispersed in some remote areas where the District does not have a facility. To improve these residents' access to instruction, and to assist others with their technology needs, the District implemented a check-out system for laptops, internet hotspots, and other equipment. The College has also improved its outdoor Wi-Fi coverage and partnered with libraries and school districts to create an interactive map of all the free public Wi-Fi locations in Yavapai County.

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

FINANCIAL INFORMATION

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

Internal Controls

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability





for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments from management.

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

Budgetary Controls

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

The District complies with state statutes requiring that a report of the District's adopted budget be published annually with the prescribed format as required by the State of Arizona, Arizona Auditor General. The State also requires community colleges to keep their inflation-adjusted costs per student at 1980 levels through an Expenditure Limitation. The District demonstrates compliance by issuance of an annual budgeted expenditure limitation report that is examined by the Arizona Auditor General.

Cash Management

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

The District invests idle funds in a prudent, conservative, and secure manner for the highest yield as prescribed by Arizona Revised Statutes. The principal investment vehicle used during the fiscal year has been the County Treasurer's investment pool which is both liquid and conservatively managed.

Stewardship

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





Key to accomplishing these obligations include:

- ◆ Creating a positive and healthy work environment that will foster creativity, teamwork, collaboration and productivity among members of the College community.
- ◆ Hiring and retaining qualified and productive employees.
- ◆ Using the Purchasing and Contracting department to ensure fair and competitive prices, the most appropriate method to select the provider (including the use of strategic contracts) and ensuring the appropriate approval process is followed.
- ◆ Protecting, preserving and maintaining the physical assets for which the District is responsible in a manner that assures their continued existence in the best possible condition.
- ◆ Promoting the efficient utilization of space, classrooms, equipment, utilities and natural resources.
- ◆ Managing college data in accordance with state and federal laws and industry best practices while focusing on the principles of confidentiality, integrity, and availability.

Financial Reporting

The Annual Comprehensive Financial Report for the District was formulated with data from several sources including District records and the Yavapai County Treasurer and Assessor Offices. These statements present information on the financial condition of the District and determine whether resources were adequate to cover the costs of providing services during the reporting period. The District's Annual Report 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 Annual Comprehensive Financial Report and should be read for a full understanding of the financial information presented within.

RISK MANAGEMENT

The District maintains a full complement of insurance coverage in accordance with Arizona Revised Statutes. Liability coverage is carried on a broad basis, including errors and omissions and "wrongful acts" coverage and is maintained with the policy limits in excess of \$50,000,000. Property coverage is maintained on a replacement value basis in accordance with an agreed upon schedule of values. Additional coverage includes: auto fleet liability, crime and fidelity coverage, cyber liability, boiler and machinery insurance, workers' compensation, and student athlete and accident coverage.

District Finance, Facilities, Campus Safety, Human Resources and Information Technology Services are dedicated to the risk management function and actively work to avoid and mitigate risks through the implementation of health, safety, emergency management, information security, and loss procedures.

INDEPENDENT AUDIT

The Arizona Auditor General conducts the annual financial audit for the District. Testing procedures determine whether the financial statements are free of material misstatement and ensure compliance with Arizona Revised Statutes that require an annual audit of the District's financial statements. The Auditor General's Independent Auditors' Report is included in this document. For the fiscal year ended June 30, 2023, the District received an unmodified opinion.



GFOA AWARDS

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 Annual Comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty-second consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The GFOA has also given the District the Distinguished Budget Presentation Award for its

annual budget for the fiscal year ended June 30, 2024. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and as a communications device.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Vice President of Finance and Administrative Services



Director of Business Services/Controller





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Yavapai County Community College District
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

Principal Officers

June 30, 2023



District Governing Board

Pictured left to right

Mr. Ray Sigafoos, District 1

Ms. Deb McCasland, *Chair*, District 2

Mr. Toby Payne, District 3

Mr. Chris Kuknyo, *Secretary*, District 4

Mr. Steve Bracety, District 5

President

Dr. Lisa Rhine

Administration

Dr. Doug Berry, *Provost*

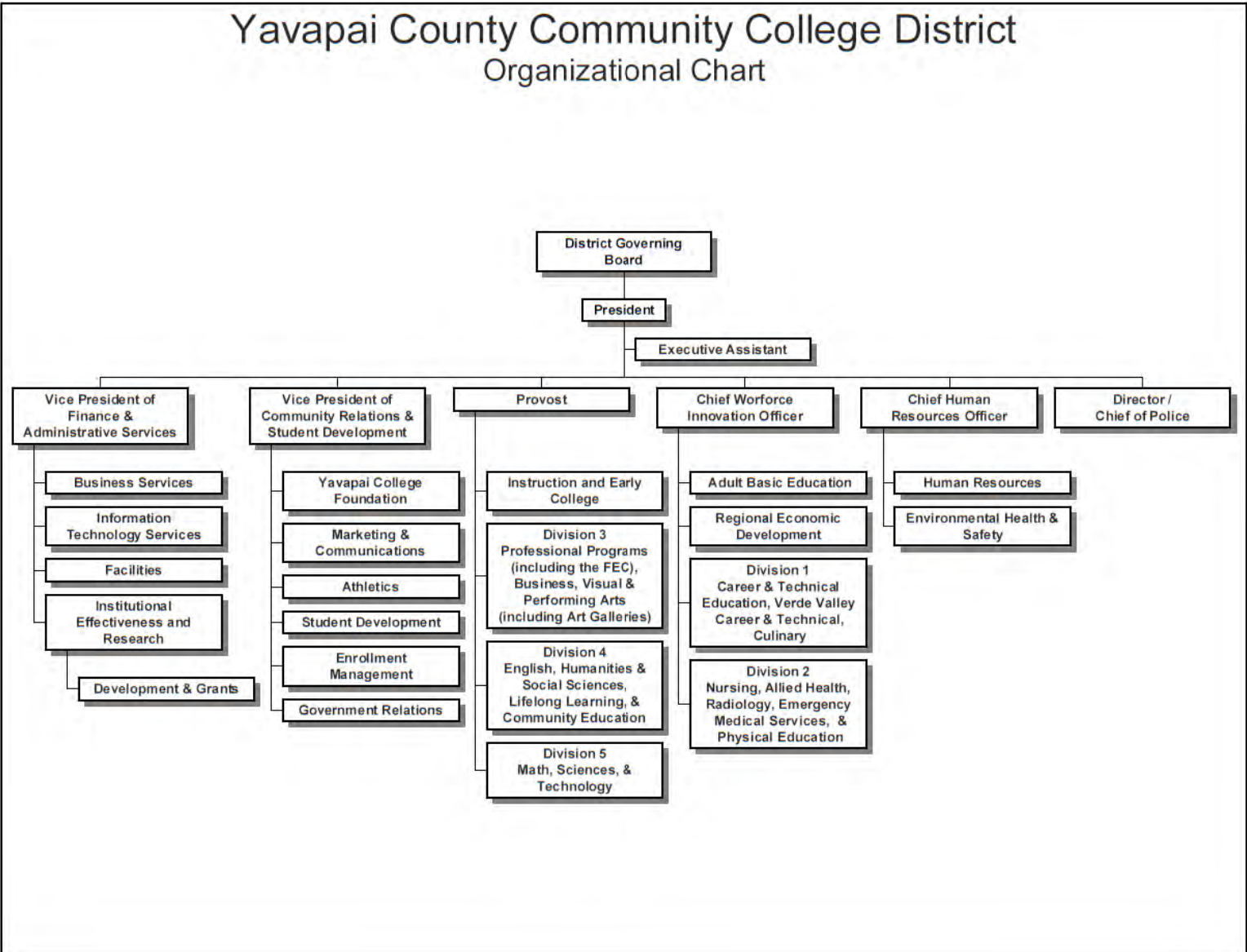
Dr. Clint Ewell, *Vice President of Finance and Administrative Services*

Mr. Rodney Jenkins, *Vice President for Community Relations & Student Development*

Dr. Kimberly Moore, *Chief Workforce Innovation Officer*

Dr. Janet Nix, *Chief Human Resources Officer*

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
Organizational Chart



Financial Section





LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of
Yavapai County Community College District

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Yavapai County Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report.

Basis for opinions

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 U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

Emphasis of matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Management's responsibilities for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 17 through 26, schedule of the District's proportionate share of the net pension liability on page 53, and the District's schedule of pension contributions on page 54 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other reporting required by Government Auditing Standards

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

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

December 14, 2023



Management's Discussion and Analysis

December 14, 2023,

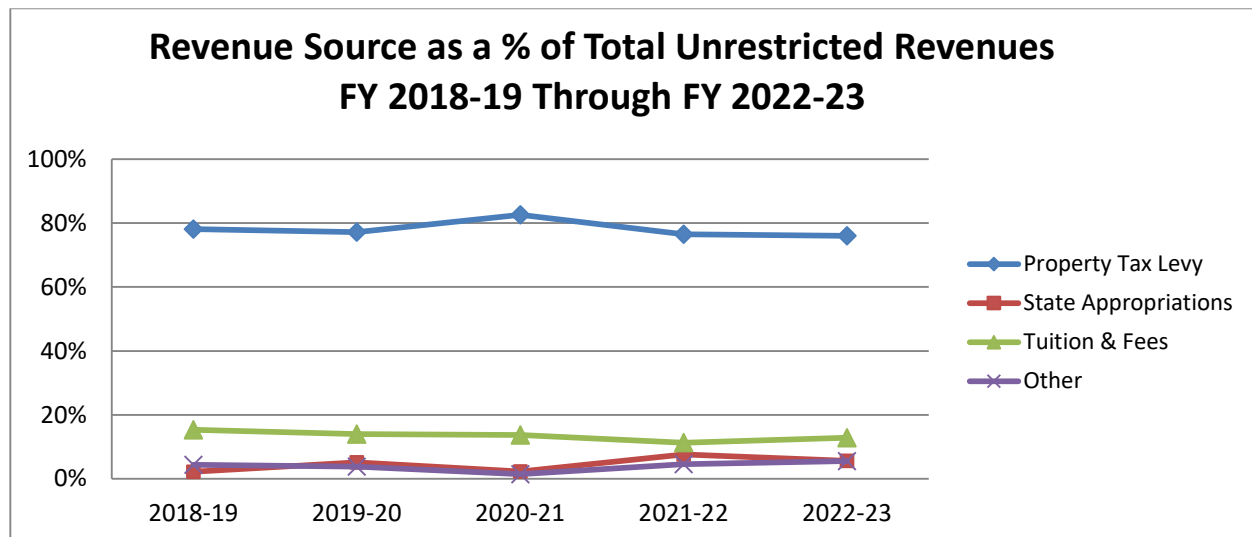
This section of the Yavapai County Community College District (the "District"), Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Comparative information from the previous fiscal year is provided in the condensed financial information to show the readers how the District's financial performance has changed and whether the District's health may have improved or deteriorated. Please read it in conjunction with the Vice President of Finance and Administrative Services and Director of Business Services/Controller's letter of transmittal beginning on page 1 and the basic financial statements beginning on page 27.

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

Financial Highlights

Consistent with its mission to provide effective learning environments, instruction is the primary function of the District.

Major funding sources supporting all functions include property taxes and tuition and fees. The District exercises primary and secondary tax levy authority for generation of funds for operating, capital equipment and improvements, and debt retirement purposes. In FY 2022-23, the District's State Appropriations, both operating and rural aid, decreased from the prior fiscal year. The other three categories of unrestricted revenues increased from the prior year resulting in small changes as a % of total unrestricted revenues.



The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$173,251,862.

The District's total net position increased from the prior year by \$4,796,991. Net investment in capital assets decreased by \$689,285 (.4%). Restricted net position increased by \$474,862 (10.8%) and unrestricted net position increased by \$5,011,414 (197.6%).

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

Overview of Financial Statements

The Statement of Net Position reflects the financial position of the District at June 30, 2023. It shows the various assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the various categories of net position. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as outflows of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as inflows of resources (revenue) until that time.

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



The condensed financial information below highlights the main categories of the Statement of Net Position. Assets are distinguished between capital and current or noncurrent assets. Liabilities are distinguished between long-term liabilities and other liabilities. Net position is divided into three categories reflecting the institutional equity in assets by broad characteristics. In addition to the District's capital assets, the District holds resources that have been restricted by external parties for specific programs or purposes. The remaining portion of net position is unrestricted and dedicated to the primary mission of the District.

Condensed Statement of Net Position

	<u>6/30/2023</u>	<u>6/30/2022</u>
Assets:		
Current assets	\$ 46,747,300	\$ 42,276,245
Noncurrent assets, other than capital assets	8,823	19,969
Capital assets, net of depreciation and amortization	<u>165,813,456</u>	<u>166,461,477</u>
Total assets	<u>212,569,579</u>	<u>208,757,691</u>
Deferred Outflows of Resources	<u>5,357,204</u>	<u>6,845,960</u>
Liabilities:		
Other liabilities	4,437,387	4,909,862
Long-term liabilities	<u>38,855,290</u>	<u>32,910,076</u>
Total liabilities	<u>43,292,677</u>	<u>37,819,938</u>
Deferred Inflows of Resources	<u>1,382,244</u>	<u>9,328,842</u>
Net Position:		
Net investment in capital assets	160,848,532	161,537,817
Restricted net position	4,856,047	4,381,185
Unrestricted net position	<u>7,547,283</u>	<u>2,535,869</u>
Total net position	<u>\$173,251,862</u>	<u>\$168,454,871</u>

Current assets increased by \$4,471,055 primarily due to an increase in cash related to having less capital projects than usual, receiving smart and safe Arizona fund shared revenues (prop 207) and state shared tax revenues (prop 301) that weren't spent as of June 30, 2023, and receiving more than nine times the amount of interest income revenue that was budgeted due to the unprecedented increase in short-term investment interest rates. This was partly off-set by a decrease of over \$3,230,000 in federal HEERF related receivables. Capital assets, net of depreciation/amortization, decreased from the prior year. While the District did numerous capital improvement and preventative maintenance projects during the year, these were more than offset by the depreciation/amortization of existing assets.

Deferred outflows and inflows of resources are predominantly comprised of activity relating to pensions. Deferred outflows and inflows of resources are changes in the net pension liability that will be recognized as pension expense in future years and contributions after the measurement date that will reduce the net pension liability in future years. Variances in these lines will arise from year to year due to the performance of investments, contribution changes to ASRS plans, composition of employer participants, and several other actuarial assumptions. For the current fiscal year, the deferred inflow of resources decreased by \$7,946,598 mostly due to the pension fund's investment performance going from a 25.1% return last fiscal year to a 1.1% return in the current fiscal year. This large decrease in deferred inflow of resources was almost fully off-set by a similar increase in pension liability, included in long-term liabilities, for the same reason. Deferred outflows and inflows amounts are provided by the Arizona State Retirement System.

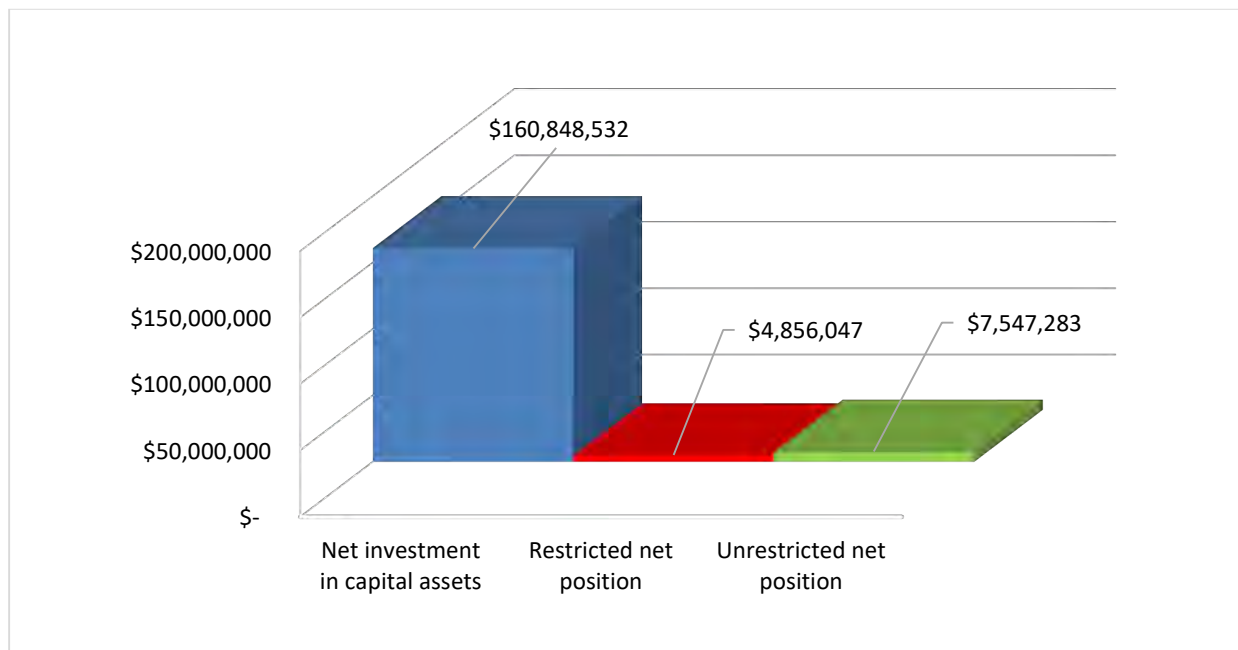
Other liabilities decreased by \$472,475 as a result of less payroll and employee benefits being accrued based upon the final payroll of this fiscal year compared to the prior year, and this being off-set by higher accounts payables related to general operations.

The \$5,945,214 increase in long-term liabilities was primarily the result of an increase in the District's net pension liability of \$6,708,068, and the recording of a \$224,907 subscription liability in accordance with

GASB 96, being off-set by the principal payments made on the District's revenue bonds. The increase in net pension liability primarily resulted from actual plan investment performance underperforming compared to plan assumptions as well as changes in estimates used to determine the plan's liability such as discount rate, future raises, inflation and mortality rates.

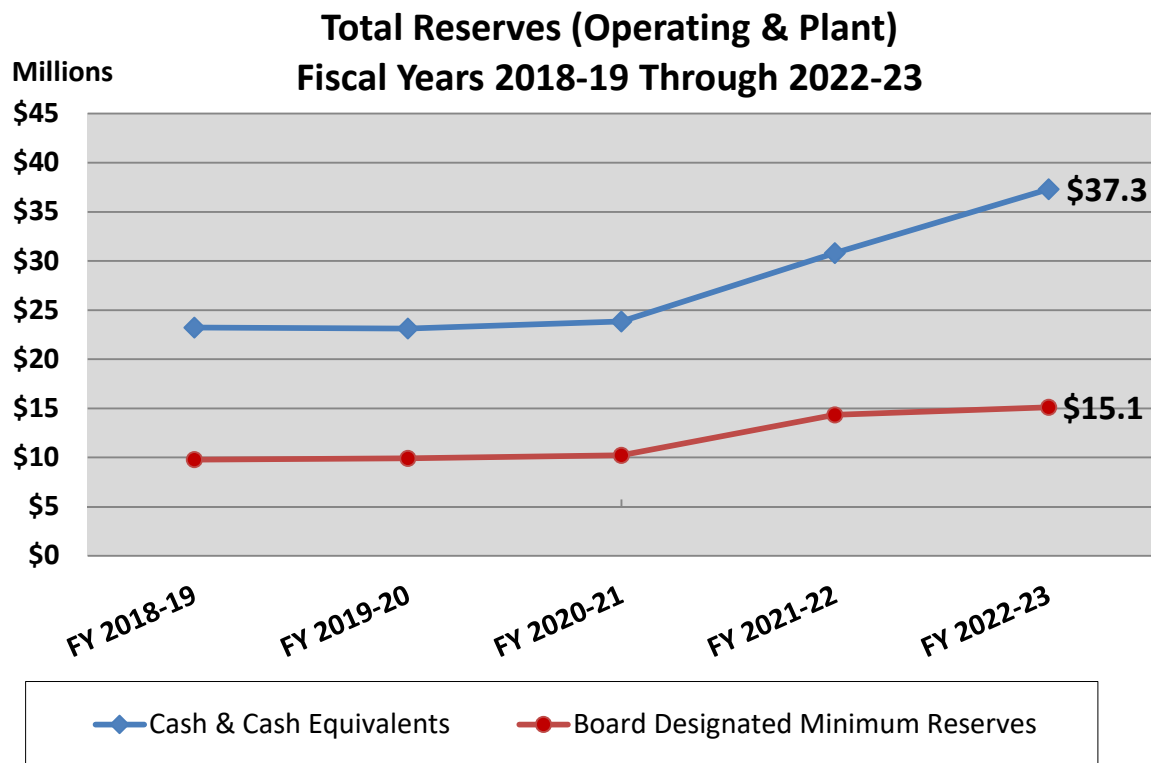
The District's net investment in capital assets decreased by \$689,285 over the previous fiscal year. This decrease was attributable to the depreciation and amortization of the District's capital assets and the reduction of debt acquired to pay for these assets exceeding the amount of capital assets purchased during the year. Restricted net position increased by \$474,862 due to the receipt of state shared tax revenues (prop 301) and the smart and safe Arizona fund shared revenues (prop 207) which were not fully spent and will be carried over to the next fiscal year. The increase in unrestricted net position of \$5,011,414 was primarily attributed to having less capital project expenditures than usual, receiving more than nine times the amount of interest income revenue than was budgeted due to the unprecedented increase in short-term investment interest rates, vacancy savings, and unspent operating contingency budgets.

Net Position as of June 30, 2023



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

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, which is unrestricted, may be used to meet the District's ongoing mission to the public. Much of these monies are kept in reserve in accordance with the District Governing Board's minimum reserve requirements and amounts exceeding these requirements are primarily used to fund future year's capital projects. As seen on the following chart, the District continues to maintain sufficient cash reserves and has adequate resources to meet all current obligations.



The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations for the fiscal year ended June 30, 2023. It shows the various revenues and expenses, both operating and non-operating, reconciling the beginning net position amount to the ending net position amount as presented on the Statement of Net Position.

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

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

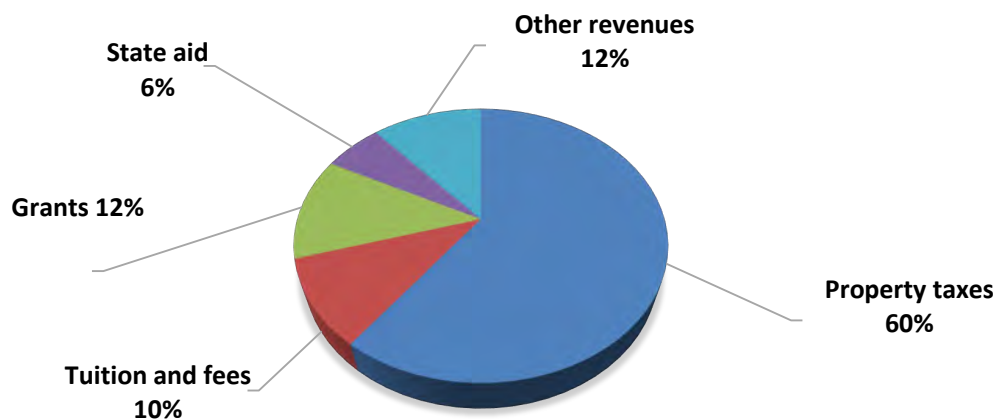
	<u>Year Ended</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>
Revenues		
Operating:		
Tuition and fees, net of scholarship allowances	\$ 8,433,893	\$ 7,223,360
Other	3,645,911	2,949,307
Non-operating:		
Property taxes	49,988,538	49,449,575
Government grants	10,099,147	20,963,403
State aid	4,999,600	6,027,233
Smart and safe Arizona fund appropriations	2,457,079	1,658,906
Private grants and gifts	2,338,638	1,692,953
Investment earnings	992,715	70,831
Gain on disposal of capital assets	<u>14,005</u>	<u>1,804</u>
Total revenues	<u>82,969,526</u>	<u>90,037,372</u>
Expenses		
Operating:		
Educational and general:		
Instruction	22,092,462	19,788,002
Public service	3,379,051	2,948,761
Academic support	5,391,109	5,215,523
Student services	11,248,405	9,207,312
Institutional support	11,740,897	10,695,803
Operation and maintenance of plant	8,428,425	8,122,436
Scholarships	5,850,966	10,409,119
Auxiliary enterprises	2,147,701	1,895,159
Depreciation and amortization	<u>7,818,078</u>	<u>7,628,745</u>
Total operating expenses	78,097,094	75,910,860
Non-operating:		
Interest expense on debt	<u>81,638</u>	<u>136,397</u>
Total expenses	<u>78,178,732</u>	<u>76,047,257</u>
Income before other revenues, expenses, gains, or losses	4,790,794	13,990,115
Capital grants and gifts	<u>6,197</u>	<u>765,120</u>
Increase in net position	4,796,991	14,755,235
Net position, beginning of year	<u>168,454,871</u>	<u>153,699,636</u>
Net position, end of year	<u>\$173,251,862</u>	<u>\$168,454,871</u>

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

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

Overall, revenues decreased from the previous fiscal year by \$7,067,846. Higher property taxes due to new commercial and residential construction were partially off-set by the reduction of secondary taxes related to the District's general obligation bonds. Gross tuition and fees, without being offset by scholarship allowances that were unusually high in the prior year due to the federal HEERF scholarships, increased slightly. Decreased government grant revenues of \$10,864,256 resulted from significantly less federal HEERF grants being received by the District in the current year. State aid, which includes the District's operating and rural appropriations, and a portion of state shared tax revenues, decreased \$1,027,633 mostly due to the District receiving less operating and rural community college state appropriations compared to the prior year. Lastly, investment earnings increased by \$921,884 due to the increase in short-term investment interest rates caused by the Federal Reserve's sharp increase in the federal funds rates.

Revenues by Source Fiscal Year 2023

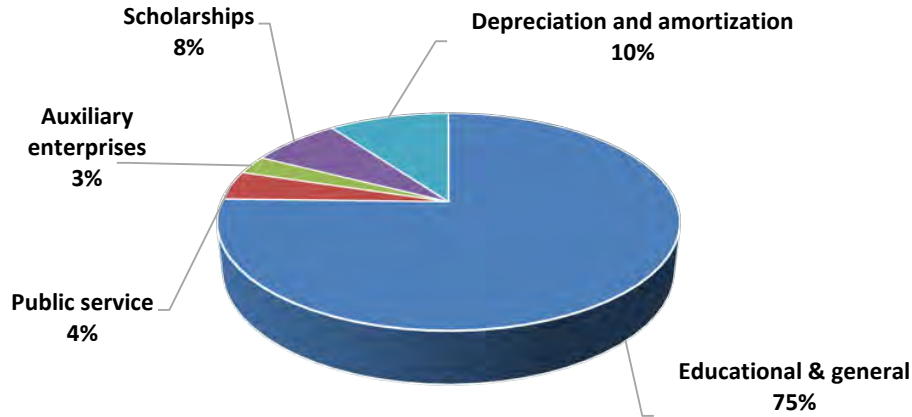


Depreciation/amortization expense is recorded in accordance with the adoption of the full accrual basis of accounting. The construction and acquisition of capital assets, although budgeted and tracked as an expenditure in the accounting system, is not reflected as an expense in these statements. Such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

Overall, operating expenses increased \$2,186,234 from the previous fiscal year. The primary reasons for the increase were due to an increase in Instruction, Public Service, Student Services and Institutional Support being off-set by a large decrease in Scholarships. Instruction increased by \$2,304,460 due to employee raises, the new OER course materials grant, higher expenditures related to non-capitalized equipment and supplies in the technical programs, and the addition of several new positions. Public Service increased \$430,290 due to employee raises, the new DOL Quest and USDA Rural Business Development grants, additional SBDC grant funding, and higher personnel and non-personnel expenses at the Performing Arts Center. Student Services increased by \$2,041,093 due to raises, the addition of 11 advisor and several athletic department positions, two new Family Enrichment Center (FEC) positions and a large HEERF grant received by the FEC to assist with employee retention. These increases were partly off-set by a \$4,558,153 reduction in Scholarships due to significantly less federal HEERF monies received by the District compared to the prior year.

Lastly, depreciation and amortization reflects the capital asset additions related to the District’s long-range Capital Improvement Plan and its continued commitment to effective asset management with the goal of having well-maintained assets for the lowest total cost of ownership.

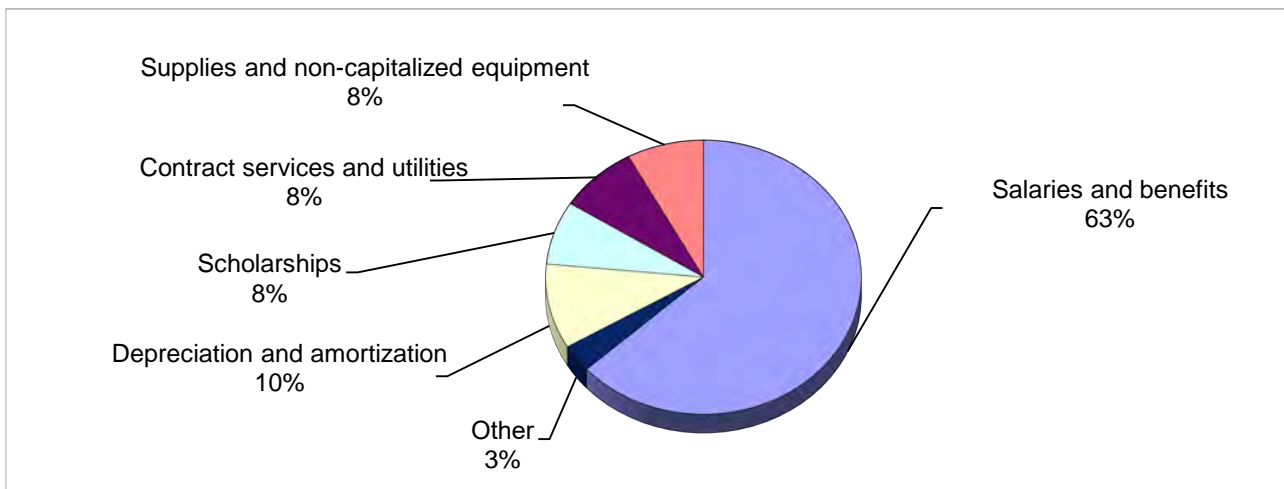
Expenses by Function Fiscal Year 2023



In addition to functional classification, a summary of the District’s operating expenses by natural classification for the years ended June 30, 2023, and 2022 follows:

	<u>FY 2023</u>	<u>FY 2022</u>	<u>% Change</u>
Salaries and benefits	\$49,401,303	\$43,842,287	12.7%
Supplies and non-capitalized equipment	6,154,835	6,124,656	.5%
Contract services and utilities	6,328,717	5,666,750	11.7%
Scholarships	5,850,966	10,409,119	-43.8%
Depreciation and amortization	7,818,078	7,628,745	2.5%
Other	2,543,195	2,239,303	13.6%
	<u>\$78,097,094</u>	<u>\$75,910,860</u>	2.9%

Expenses by Natural Classification Fiscal Year 2023



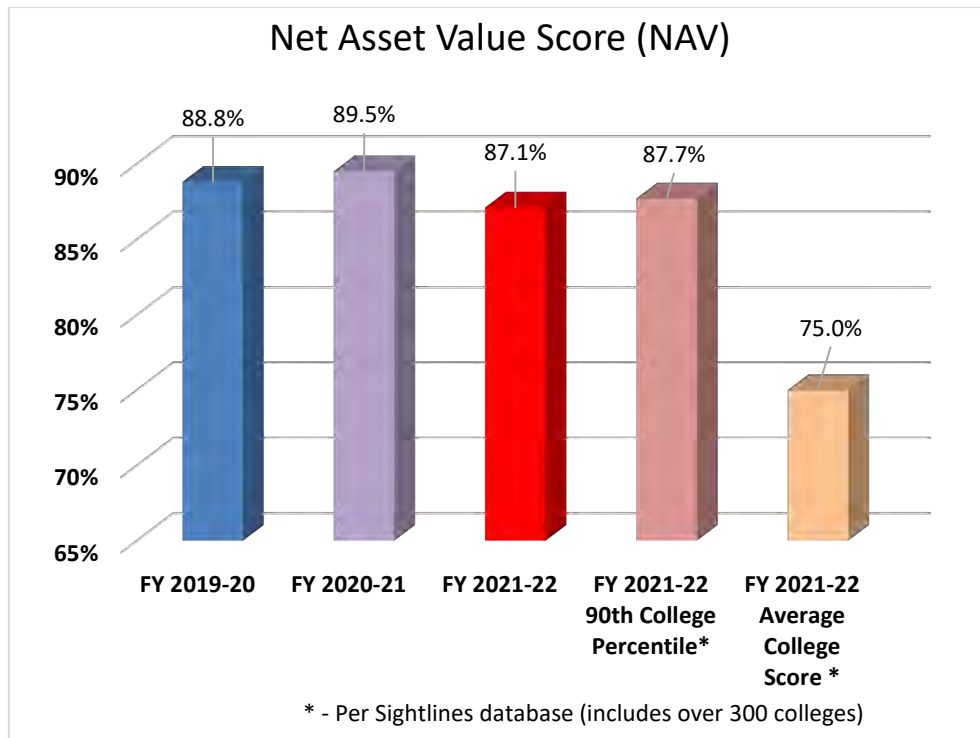
The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2023. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount – which is shown on the Statement of Net Position described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the Statement of Revenues, Expenses, and Changes in Net Position described above.

Capital Assets and Debt Management

The District completed several capital projects during the fiscal year including the expansion of the dining area and addition of office space at CTEC, the Glassford Hill access road at the Prescott Valley center, the addition of housing sites for four permanent RVs and six RV parking spaces/hookups on the Verde campus, and the addition of electric charging stations on both the Prescott and Verde campuses. In addition, work got under way for the new Center of Learning and Innovation (Bldg M) which will replace the traditional library on the Verde campus. These projects were primarily funded with the District’s Future Capital Projects Accumulation monies.

In fiscal year 2022-2023, the District worked on several large preventative maintenance projects including the replacement of the HVAC systems and skylights at CTEC, replacing the electrical controls and doing other upgrades to the greenhouses at the Chino Valley center, LED lighting upgrades at most locations, and the repavement of the resident halls parking lot and roadway behind buildings 3 and 4 on the Prescott campus. These projects as well as many smaller projects were primarily funded with the District’s Future Capital Projects Accumulation monies.

The District adheres to the philosophy that preventative maintenance will extend the useful life of the assets and lower the Total Costs of Ownership. Presented below is the Net Asset Value (NAV) index score for the District, provided by Sightlines, a third-party facilities benchmarking professional services firm. The NAV score represents the condition of the District’s buildings. The higher the score, the better condition of the buildings. The District’s FY 2021-22 score places it near the top 10% of colleges and universities in Sightlines’ database.



The District re-invests in equipment to ensure employees have the tools needed to remain productive and students gain marketable skills relevant to the modern workforce. Equipment, along with all other capital assets (except land and construction in progress), is reported net of accumulated depreciation/amortization in accordance with the reporting standards issued by GASB. This has the effect of reducing the book value of capital assets. Depreciation and amortization totaled \$7,818,078 for the year and is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Position. Additional information on the District’s capital assets can be found in Note 4 to the basic financial statements.

During fiscal year 2022-23, the District reduced its outstanding long-term revenue bond debt by \$1,175,000. Long-term debt outstanding at June 30, 2023, is as follows:

<u>Description</u>	<u>Original Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Revenue bonds from private placements				
Series 2013	\$5,000,000	7/1/23-7/1/28	2.45%	\$1,875,000
Series 2021	3,910,000	7/1/23-7/1/25	.80% - 1.35%	1,675,000

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

Request for Information

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Net Position - Primary Government
June 30, 2023**

ASSETS:	Business Type Activities
Current assets:	
Cash and cash equivalents	\$ 42,280,836
Receivables (net of allowances for uncollectibles)	
Accounts	461,558
Property taxes	850,074
Government grants and contracts	994,200
Other	750,715
Prepaid expenses	1,130,704
Other	279,213
Total current assets	46,747,300
Noncurrent assets:	
Restricted assets:	
Property taxes receivable (net of allowances for uncollectibles)	7,492
Other receivables	1,331
Capital assets, not being depreciated/amortized	8,873,110
Capital assets, being depreciated/amortized, net	156,940,346
Total noncurrent assets	165,822,279
Total assets	212,569,579
Deferred Outflows of Resources:	
Deferred outflows related to pensions	5,357,204
Total deferred outflows of resources	5,357,204
LIABILITIES:	
Current liabilities:	
Accounts payable	1,651,316
Accrued payroll and employee benefits	1,428,197
Deposits held in custody for others	135,785
Unearned revenues	1,171,618
Dormitory and other deposits	50,471
Current portion of compensated absences payable	239,930
Current portion of subscription liability	224,967
Current portion of long-term debt	1,190,000
Current portion of other long-term liabilities	17,137
Total current liabilities	6,109,421
Noncurrent liabilities:	
Compensated absences payable	1,810,320
Subscription liability	224,907
Long-term debt	2,360,000
Net pension liability	32,677,086
Other	110,943
Total noncurrent liabilities	37,183,256
Total liabilities	43,292,677
Deferred Inflows of Resources	
Deferred inflows related to pensions	1,382,244
Total deferred inflows of resources	1,382,244
NET POSITION:	
Net investment in capital assets	160,848,532
Restricted:	
Nonexpendable:	
Employee loans	100,000
Expendable:	
Grants and contracts	4,748,246
Debt service	7,801
Unrestricted	7,547,283
Total net position	\$ 173,251,862

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Financial Position - Component Unit
June 30, 2023**

	Yavapai College Foundation
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 536,294
Restricted cash	457,634
Promises to give, current portion	1,150,515
Prepaid expenses	71,783
Total current assets	<u>2,216,226</u>
Other long-term assets:	
Promises to give, net of current portion	741,114
Investments	22,220,611
Property and equipment, net	23,084
Beneficial interest in perpetual trust	476,442
Total other long-term assets	<u>23,461,251</u>
Total assets	<u>25,677,477</u>
LIABILITIES AND NET ASSETS:	
Current liabilities:	
Accounts payable	13,161
Accrued expenses	13,765
Due to Yavapai College	495,671
Scholarships payable	693,038
Deferred revenue	612,697
Total liabilities	<u>1,828,332</u>
Net assets:	
Without donor restrictions	
Undesignated	212,553
Board designated	1,312,646
Total without donor restrictions	<u>1,525,199</u>
With donor restrictions	22,323,946
Total net assets	<u>23,849,145</u>
Total liabilities and net assets	<u>\$ 25,677,477</u>

See accompanying notes to financial statements.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
For the Fiscal Year Ended June 30, 2023

	Business Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$2,878,735)	\$ 8,433,893
Bookstore income	48,597
Dormitory rentals (net of scholarship allowances of \$327,670)	890,870
Other	2,706,444
Total operating revenues	12,079,804
Operating expenses:	
Educational and general:	
Instruction	22,092,462
Public service	3,379,051
Academic support	5,391,109
Student services	11,248,405
Institutional support	11,740,897
Operation and maintenance of plant	8,428,425
Scholarships	5,850,966
Auxiliary enterprises	2,147,701
Depreciation and amortization	7,818,078
Total operating expenses	78,097,094
Operating loss	(66,017,290)
Nonoperating revenues (expenses):	
Property taxes	49,988,538
State appropriations	3,693,700
Government grants	10,099,147
Share of state sales taxes	1,305,900
Smart and safe Arizona fund appropriations	2,457,079
Private grants and gifts	2,338,638
Investment earnings	992,715
Interest expense on debt	(81,638)
Gain on disposal of capital assets	14,005
Total nonoperating revenues (expenses)	70,808,084
Income before other revenues, expenses, gains or losses	4,790,794
Capital grants and gifts	6,197
Increase in net position	4,796,991
Net position, beginning of year	168,454,871
Net position, end of year	\$ 173,251,862

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Activities - Component Unit
For the Fiscal Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Yavapai College Foundation
Revenue and other support:			
Contributions, memberships and grants	\$ 67,558	\$ 3,365,207	\$ 3,432,765
Noncash contributions	63,242	500	63,742
Program service income	148,110	-	148,110
JLLPAC events	768,682	-	768,682
Investment return	296,751	1,948,618	2,245,369
Change in fair value of perpetual trust	-	14,206	14,206
Other income	(176)	-	(176)
Net assets released from purpose restrictions	1,891,286	(1,891,286)	-
	3,235,453	3,437,245	6,672,698
Special events:			
Revenues from special events	46,092	14,700	60,792
Costs of direct donor benefits	(22,106)	-	(22,106)
	23,986	14,700	38,686
Gross profit on special events	23,986	14,700	38,686
	3,259,439	3,451,945	6,711,384
Operating expenses:			
Program expenses			
Grants and scholarships	612,590	-	612,590
JLLPAC events	838,589	-	838,589
Osher Endowment for Osher Lifelong Learning Institute	136,201	-	136,201
Foundation Auxiliaries	104,139	-	104,139
Other programs	1,016,981	-	1,016,981
	2,708,500	-	2,708,500
Supporting expenses			
Administration	297,396	-	297,396
Fundraising	145,049	-	145,049
Total supporting expenses	442,445	-	442,445
	3,150,945	-	3,150,945
Total operating expenses	3,150,945	-	3,150,945
Change in net assets	108,494	3,451,945	3,560,439
Net assets - beginning of year	1,416,705	18,872,001	20,288,706
Net assets - end of year	\$ 1,525,199	\$ 22,323,946	\$ 23,849,145

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows - Primary Government
For the Fiscal Year Ended June 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:	Business Type Activities
Tuition and fees	\$ 8,445,561
Bookstore receipts	34,758
Dormitory rentals	890,320
Other receipts	3,782,219
Payments to suppliers and providers of goods and services	(14,248,093)
Payments for employee wages and benefits	(50,427,404)
Scholarship payments to students	(5,850,966)
Deposits held in custody for others received	877,775
Deposits held in custody for others disbursed	(868,597)
Net cash used for operating activities	(57,364,427)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	50,094,441
Grants	12,541,869
State and smart & safe of Arizona fund appropriations	6,150,779
Share of state sales taxes	1,305,900
Private gifts	2,384,349
Federal direct lending receipts	2,325,041
Federal direct lending disbursements	(2,307,090)
Net cash provided by noncapital financing activities	72,495,289
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants and gifts	459
Proceeds from sale of capital assets	14,005
Principal paid on capital debt/obligations	(1,175,000)
Interest paid on capital debt/obligations	(81,638)
Purchases of capital assets	(6,710,759)
Net cash used for capital and related financing activities	(7,952,933)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	975,074
Net cash provided by investing activities	975,074
Net increase in cash and cash equivalents	8,153,003
Cash and cash equivalents, beginning of year	34,127,833
Cash and cash equivalents, end of year	\$ 42,280,836
	(Continued)

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Cash Flows - Primary Government
For the Fiscal Year Ended June 30, 2023
(Continued)**

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (66,017,290)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	7,818,078
Provision for uncollectible accounts	85,559
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Increase in accounts receivables	(162,637)
Increase in other receivables	(71,731)
Increase in deposits held in custody for others	9,179
Increase in accounts payable	676,701
Increase in unearned revenues	88,745
Increase in dormitory & other deposits	399
Increase in net pension liability	6,708,068
Increase in other liabilities (accrued retiree)	4,083
Decrease in other receivables	1,053,220
Decrease in prepaid expenses	177,366
Decrease in deferred outflows of resources related to pensions	1,488,756
Decrease in accrued payroll and employee benefits	(1,234,514)
Decrease in compensated absences	(41,811)
Decrease in deferred inflows of resources related to pensions	(7,946,598)
Net cash used for operating activities	\$ (57,364,427)

Noncash investing, capital, and noncapital financing activities:

The District recorded the receipt of gifts of depreciable assets of \$5,738.
Intangible subscription asset additions of \$449,874.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

Note 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the District's financial statements have been modified to reflect the implementation of this new standard.

A. Reporting Entity

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

The Yavapai College Foundation (the Foundation) is a legally separate, tax-exempt organization, formed in the State of Arizona in 1971. The Board of Directors for the Foundation is elected from the general membership at the annual meeting. The term of office for each board member is three years with overlapping terms. The Foundation acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and capital contributions. Beginning in November 2006, the Foundation also began receiving revenue from and making specified payments for the District's Community Events Program which provides a variety of theatrical and musical productions for the community. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can be used only by, or for the benefit of, the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board standards for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the District's respective

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

counterpart financial statements. For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the District's financial statements as required by GAAP for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2023, the Foundation gifted property and distributed funds in the amount of \$1,533,281 to or on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

B. Basis of Presentation and Accounting

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

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

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition, bookstore, food service, and dormitory charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the costs of sales and services, administrative expenses, and depreciation/amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

A statement of cash flows provides information about the District's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

equivalents are classified as either operating, noncapital financing, capital financing, or investing.

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

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

C. Cash and Investments

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

D. Capital Assets

Capital assets are reported at actual cost or historical cost if historical records are not available. Donated assets are reported at acquisition value.

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

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	None	N/A
Buildings	5,000	Straight line	40 years
Improvements other than buildings	5,000	Straight line	15 years
Equipment	5,000	Straight line	5 years
Intangibles			
Right-to-use subscription assets	75,000	Straight line	Varies*
Other	75,000	Straight line	30 years
Library books	1	Straight line	10 years

* Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

E. Postemployment Benefits

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

F. Investment Earnings

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

G. Compensated Absences

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

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

Employees may accumulate sick leave hours based upon employee class. Unused sick leave will carry over from year to year. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who have at least 15 years of service with the District, and are eligible for retirement under the standards set by the Arizona State Retirement System, sick leave benefits do vest, and they may receive payment for up to 70 days of accumulated sick leave at \$60 a day. Accordingly, these benefits are accrued as a liability in the financial statements.

H. Scholarship Allowances

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

I. Subscription-based Information Technology Arrangements

The District recognizes subscription liabilities with an initial, individual value of \$75,000 or more. The District uses its estimated incremental borrowing rate to measure subscription

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

liabilities unless it can readily determine the interest rate implicit in the arrangement. The District uses professional judgement to determine its estimated incremental borrowing rate, which is predominately based upon current market rates for similar rated bonds and maturities and the District's most recent debt issuance.

Note 2 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District's maintenance or capital outlay with the County Treasurer. A.R.S. does 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 another's property when making investment decisions about those monies. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

Deposits – At June 30, 2023, the carrying amount of the District's deposits was (\$2,291,253), and the District's bank balance was \$139,340. The District does not have a formal policy with respect to custodial credit risk.

Investments – The District had total investments of \$44,565,739 at June 30, 2023. The District has some investments measured within the fair value level 1 hierarchy established by generally accepted accounting principles. The District's investments categorized as Level 1 are valued using prices quoted in active markets for those investments as following:

Fair value investments – Level 1

Government Money Market Fund	<u>\$6,503,586</u>
Total investments measured at fair value	<u>\$6,508,586</u>

The District also had the following investments in external investment pools measured at fair value:

External investment pool measured at fair value

County Treasurer's investment pool	<u>\$38,062,153</u>
Total external investment pools measured at fair value	<u>\$38,062,153</u>

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

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. The District does not have a formal policy with respect to custodial credit risk. The \$6,503,586 of

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

Government Money Market Funds was not registered in the District's name and held by the counterparty trustee.

Credit risk – The District does not have a formal policy with respect to credit risk. At June 30, 2023, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's investment pool	Unrated	Not applicable	\$38,062,153
Wells Fargo Government Money Market Fund	AAAm	S&P	<u>6,503,586</u>
Total			<u>\$44,565,739</u>

Interest rate risk – The District does not have a formal policy with respect to interest rate risk. At June 30, 2023, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
County Treasurer's investment pool	\$38,062,153	22.0
Wells Fargo Government Money Market Fund	<u>6,503,586</u>	1.0
Total	<u>\$44,565,739</u>	

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

<u>Cash, Deposits, and Investments</u>	<u>Amount</u>	<u>Statement of Net Position</u>	<u>Amount</u>
Cash on hand	\$ 6,350	Cash and cash equivalents	<u>\$42,280,836</u>
Deposits	(2,291,253)	Total	<u>\$42,280,836</u>
Investments	<u>44,565,739</u>		
Total	<u>\$42,280,836</u>		

Note 3 – Receivables

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

<u>Account Name</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Accounts - current	\$ 1,351,223	\$ (889,665)	\$ 461,558
Government grants and contracts - current	994,200	-	994,200
Other	750,715	-	750,715
Property taxes			
Current	977,502	(127,428)	850,074
Noncurrent	24,140	(16,648)	7,492

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

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

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated/amortized:					
Land	\$ 7,828,893	\$ 5,000	\$ -	\$ -	\$ 7,833,893
Construction in progress	<u>258,529</u>	<u>975,776</u>	<u>-</u>	<u>(195,088)</u>	<u>1,039,217</u>
Total capital assets not being depreciated/amortized	<u>8,087,422</u>	<u>980,776</u>	<u>-</u>	<u>(195,088)</u>	<u>8,873,110</u>
Capital assets being depreciated/amortized:					
Buildings	210,052,476	2,227,770	-	-	212,280,246
Improvements other than buildings	30,966,537	1,640,890	-	195,088	32,802,515
Equipment	18,845,961	1,842,849	429,643	-	20,259,167
Intangibles					
Right-to-use subscription assets	-	449,874	-	-	449,874
Other	273,587	-	-	-	273,587
Library books	<u>2,357,981</u>	<u>27,898</u>	<u>1,152,900</u>	<u>-</u>	<u>1,232,979</u>
Total capital assets being depreciated/amortized	<u>262,496,542</u>	<u>6,189,281</u>	<u>1,582,543</u>	<u>195,088</u>	<u>267,298,368</u>
Less accumulated depreciation/amortization for:					
Buildings	66,716,828	5,125,652	-	-	71,842,480
Improvements other than buildings	20,273,470	1,134,257	-	-	21,407,727
Equipment	15,196,982	1,435,522	429,643	-	16,202,861
Intangibles					
Right-to-use subscription assets	-	12,496	-	-	12,496
Other	109,436	9,120	-	-	118,556
Library books	<u>1,825,771</u>	<u>101,031</u>	<u>1,152,900</u>	<u>-</u>	<u>773,902</u>
Total accumulated depreciation/amortization	<u>104,122,487</u>	<u>7,818,078</u>	<u>1,582,543</u>	<u>-</u>	<u>110,358,022</u>
Total capital assets being depreciated/amortized, net	<u>158,374,055</u>	<u>(1,628,797)</u>	<u>-</u>	<u>195,088</u>	<u>156,940,346</u>
Capital assets, net	<u>\$ 166,461,477</u>	<u>\$ (648,021)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,813,456</u>

The District had active construction projects as of June 30, 2023. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Source of Payment</u>	<u>Costs-to-date</u>	<u>Remaining Commitment</u>
Verde Valley Center for Learning	Capital Projects Accumulation Account	\$500,888	\$3,533,099
Verde Valley RV Park	Capital Projects Accumulation Account	163,324	230,109
Prescott Bldg 32 HVAC	Capital Projects Accumulation Account	80,283	329,580

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

The District had contractual commitments related to subscription-based information technology arrangements for which the subscription term had not yet commenced at June 30, 2023, for a college-wide ERP system. At June 30, 2023, the District had made payments of \$238,290 to the vendor and had remaining contractual commitments with the vendor of \$449,874, including the subscription liabilities that will be recognized at the commencement of the subscription terms.

Note 5 - Long-Term Liabilities

Long-term liability and obligation activity for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Long-term debt:					
Revenue bonds from direct placements	\$4,725,000	\$ -	\$1,175,000	\$3,550,000	\$1,190,000
Total bonds payable	<u>4,725,000</u>	<u>-</u>	<u>1,175,000</u>	<u>3,550,000</u>	<u>1,190,000</u>
Subscription liability	-	449,874	-	449,874	224,967
Net pension liability	25,969,018	6,708,068	-	32,677,086	-
Compensated absences payable	2,092,061	1,126,890	1,168,701	2,050,250	239,930
Other	<u>123,997</u>	<u>27,666</u>	<u>23,583</u>	<u>128,080</u>	<u>17,137</u>
Total long-term liabilities	<u>\$ 32,910,076</u>	<u>\$ 8,312,498</u>	<u>\$ 2,367,284</u>	<u>\$ 38,855,290</u>	<u>\$ 1,672,034</u>

The District also had an unused line of credit in the amount of \$2,000,000.

Bonds – The District’s debt consists of various issues of revenue bonds from direct placements that are generally callable with interest payable semiannually. Debt proceeds pay primarily for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. The District repays revenue bonds from tuition, fees, rentals, and other charges to students, faculty, and others. The original amount of outstanding revenue bonds was \$8,910,000.

The Arizona Constitution, Article 9, Section 8, states that a county or school district may become indebted for an amount not to exceed fifteen percent of taxable property. For fiscal year 2022-23, the District could issue \$499,984,270 of debt and remain within the legal debt margin.

The District has pledged future tuition, fees, dormitory rentals, bookstore income and other charges to students, faculty and others to repay the June 2013 and April 2021 revenue bonds. The revenue bonds are payable solely from these revenue sources and are payable through 2028 and 2025, respectively. Annual principal and interest payments on the revenue bonds are expected to require less than 9.9% of tuition, fees, dormitory rentals, bookstore, and other income. In the current year, total revenues of \$12,752,456 were pledged to cover the principal and interest paid of \$1,256,638.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

Revenue bonds outstanding at June 30, 2023, were as follows:

<u>Description</u>	<u>Original Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Revenue bonds from direct placements				
Series 2013	\$5,000,000	7/1/23-7/1/28	2.45%	\$1,875,000
Series 2021	3,910,000	7/1/23-7/1/25	.80% - 1.35%	1,675,000

The following schedule details debt service requirements to maturity for the District's revenue bonds payable at June 30, 2023:

Year Ending June 30,	Revenue Bonds from Direct placements	
	<u>Principal</u>	<u>Interest</u>
2024	\$1,190,000	\$ 66,463
2025	1,205,000	48,580
2026	375,000	28,298
2027	385,000	19,110
2028	<u>395,000</u>	<u>9,677</u>
Total	<u>\$3,550,000</u>	<u>\$172,128</u>

Subscription-based information technology arrangements (SBITAs) – The District has obtained the right to use a college-wide ERP system under the provisions of a subscription-based information technology arrangement.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription asset	\$449,874
Less: accumulated amortization	<u>12,496</u>
Carrying value	<u>\$437,378</u>

The following schedule details minimum subscription payments to maturity for the District's subscription liability at June 30, 2023:

Year ending June 30	Principal	Interest
2024	\$224,967	\$ -
2025	224,907	6,809

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'

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June 30, 2023**

compensation, employees' health, and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Note 7 - Pensions

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

Defined Benefit Plan

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

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

	Retirement	
	<u>Initial membership date:</u>	
	<u>Before July 1, 2011</u>	<u>On or after July 1, 2011</u>
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65

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Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.03 percent for retirement of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.92 percent for retirement of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.62 percent for retirement of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2023, were \$3,201,288.

Pension liability - At June 30, 2023, the District reported a liability of \$32,677,086 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2022. The total liability used to calculate net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2022, was .002 percent which was an increase of .0026 from its proportion measured as of June 30, 2021.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
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Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2023, the District recognized pension expense for ASRS of \$3,483,084. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 278,428	\$ -
Changes of assumptions or other inputs	1,621,827	-
Net differences between projected and actual earnings on plan investments	-	860,746
Changes in proportion and differences between district contributions and proportionate share of contributions	255,661	521,498
District contributions subsequent to the measurement date	<u>3,201,288</u>	<u>-</u>
Total	<u>\$5,357,204</u>	<u>\$1,382,244</u>

The \$3,201,288 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in expense as follows:

Year ending June 30	
2024	\$1,160,889
2025	(270,425)
2026	(1,494,457)
2027	1,377,665

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9–8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

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Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20%)
Real estate	<u>20%</u>	6.00%
Total	<u>100%</u>	

Discount rate – At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current discount rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District’s proportionate share of Net pension liability	\$48,214,070	\$32,677,086	\$19,721,670

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
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Plan fiduciary net position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable - The District's accrued payroll and employee benefits included \$267,688 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2023.

Defined Contribution Plans

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

Funding policy - The Arizona State Legislature allows the District to establish contribution rates each year that are at least as much as the ASRS contribution amounts. For the year ended June 30, 2023, the District and employees contributed at the rate of 12.03 percent of the member's annual covered payroll. Amounts collected from both employees and the District are remitted to the three plans on a bi-weekly basis.

Pension expense – For the year ended June 30, 2023, the District recognized pension expense for defined contribution plans of \$676,713. For the year ended June 30, 2023, forfeitures reduced the District's pension expense by \$1,876.

Pension contributions payable - The District's accrued payroll and employee benefits included \$56,615 of outstanding pension contribution amounts payable to TIAA/CREF, VALIC, and VOYA Financial for the year ended June 30, 2023.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
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June 30, 2023**

Note 8 - Operating Expenses

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

Salaries and benefits	\$ 49,401,303
Contract services	4,180,736
Supplies and non-capitalized equipment	6,154,835
Communications and utilities	2,147,981
Scholarships	5,850,966
Depreciation and amortization	7,818,078
Other	<u>2,543,195</u>
Total	<u>\$78,097,094</u>

A.R.S. §35-391 requires the disclosure of the amount of any reward, discount, incentive or other financial consideration received resulting from the use of credit card payments by governmental entities. During the current fiscal year, the District received \$78,869 in rebates from the use of credit cards.

Note 9 - Discretely Presented Component Unit Disclosures

Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

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

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

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

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- FRIENDS of the Family Enrichment Center – The purpose of this group is to support and raise funds for the Family Enrichment Center (FEC). The FEC offers quality learning experiences to a diverse group of children while providing invaluable teacher training to the College’s early and elementary education students.
- FRIENDS of the Southwest Wine Center – The purpose of this group is to support the viticulture and enology program.

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

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

Basis of Accounting and Financial Statement Presentation

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

Fair Value Measurements

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

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

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

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

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

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

Investments

Investments are recorded at fair value as determined by quoted prices in active markets or other valuation inputs. Investment income or loss is included in the change in net assets without donor restrictions, on the statement of activities, unless restricted by donor or law. Investment income or loss consists of interest and dividend income and realized and unrealized gains and losses, less external investment expenses.

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

Endowment Funds

The Foundation's endowment funds consist of 180 funds established for a variety of purposes. The endowment funds include both endowment funds restricted by donors and funds designated by the Board of Directors as endowments. Net assets associated with these endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund also includes

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

accumulated earnings in the fund that are also classified as net assets with donor restrictions until those amounts are appropriated for the expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

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

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

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

Investments

The following is a summary of the value of investments at June 30, 2023:

Money market funds	\$ 236,003
Fixed Income	6,201,329
Equity funds	9,705,471
International equity funds	<u>6,077,808</u>
	<u><u>\$22,220,611</u></u>

The following schedule summarizes the investment return for the year ended June 30, 2023:

Interest and dividend income	\$ 496,769
Net realized gains	295,574
Net unrealized gains (losses)	1,478,543
Income distribution from perpetual trust	27,090
Investment fees	<u>(52,607)</u>
	<u><u>\$2,245,369</u></u>

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

Fair Value of Financial Instruments

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

The following is a summary of financial instruments measured at fair value on a recurring basis at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 236,003	\$ -	\$ -	\$ 236,003
Fixed Income	6,201,329	-	-	6,201,329
Equity funds	9,705,471	-	-	9,705,471
International equity funds	<u>6,077,808</u>	<u>-</u>	<u>-</u>	<u>6,077,808</u>
Total investments	22,220,611	-	-	22,220,611
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>476,442</u>	<u>476,442</u>
	<u><u>\$22,220,611</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 476,442</u></u>	<u><u>\$22,697,053</u></u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2023**

Endowment Funds

Endowment funds include funds restricted in perpetuity by the donors, funds restricted for a specified period (term endowments) and a board designated fund. As of June 30, 2023, there were 13 funds that were underwater for a total of \$31,521.

Endowment net asset composition at June 30, 2023, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Funds</u>
Board designated fund	\$ 908,693	\$ -	\$ 908,693
Donor restricted funds:			
Permanently restricted funds	-	18,149,315	18,149,315
Term endowment funds	<u>-</u>	<u>1,111,353</u>	<u>1,111,353</u>
	<u>\$ 908,693</u>	<u>\$19,260,668</u>	<u>\$20,169,361</u>

Changes in endowment funds are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Funds</u>
Balance, June 30, 2022	\$ 800,249	\$15,553,140	\$ 16,353,389
Contributions	-	2,576,561	2,576,561
Board designations	16,603	(14,274)	2,329
Interest and dividend income	19,113	398,675	417,788
Realized gains	11,834	247,140	258,974
Unrealized gains	59,718	1,263,432	1,323,150
Amounts appropriated for expenditure	<u>1,176</u>	<u>(764,006)</u>	<u>(762,830)</u>
Balance, June 30, 2023	<u>\$ 908,693</u>	<u>\$19,260,668</u>	<u>\$ 20,169,361</u>

Required Supplementary Information Section



YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 PROPORTIONATE SHARE OF NET PENSION LIABILITY
 June 30, 2023

	Reporting Fiscal Year (Measurement Date)									
	2022/23 (2021/22)	2021/22 (2020/21)	2020/21 (2019/20)	2019/20 (2018/19)	2018/19 (2017/18)	2017/18 (2016/17)	2016/17 (2015/16)	2015/16 (2014/15)	2014/15 (2013/14)	2013/14
District's proportion of the net pension liability	0.2002%	0.1976%	0.2085%	0.2033%	0.1969%	0.1975%	0.1961%	0.1963%	0.1968%	Information not available
District's proportionate share of the net pension liability	\$ 32,677,086	\$ 25,969,018	\$ 36,118,864	\$ 29,585,426	\$ 27,460,621	\$ 30,763,535	\$ 31,657,352	\$ 30,574,152	\$ 29,124,740	
District's covered payroll	23,875,608	22,263,493	22,743,998	21,475,349	19,631,503	18,617,192	18,437,842	18,155,456	17,826,189	
District's proportion share of the net pension liability as a percentage of its covered payroll	136.86%	116.64%	158.81%	137.76%	139.88%	165.24%	171.70%	168.40%	163.38%	
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

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

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Statutorily required contributions	\$ 3,201,288	\$ 2,830,591	\$ 2,558,750	\$ 2,630,912	\$ 2,392,974	\$ 2,132,540	\$ 2,003,934	\$ 2,007,043	\$ 1,976,968	\$ 1,905,579
Contributions in relation to the statutorily required contribution	(3,201,288)	(2,830,591)	(2,558,750)	(2,630,912)	(2,392,974)	(2,132,540)	(2,003,934)	(2,007,043)	(1,976,968)	(1,905,579)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 27,050,509	\$ 23,875,608	\$ 22,263,493	\$ 22,743,998	\$ 21,475,349	\$ 19,631,503	\$ 18,617,192	\$ 18,437,842	\$ 18,155,456	\$ 17,826,189
Contributions as a percentage of covered payroll	11.83%	11.86%	11.49%	11.57%	11.14%	10.86%	10.76%	10.89%	10.89%	10.69%

Statistical Section



STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	56
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	59
These schedules contain trend information to help the reader assess the District's most significant revenue sources, property tax, and tuition.	
Debt Capacity	65
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	71
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	76
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

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

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17 (1)	2015/16	2014/15	2013/14
Net investment in capital assets	\$ 160,848,532	\$ 161,537,817	\$ 157,481,991	\$ 152,382,909	\$ 143,098,963	\$ 133,877,780	\$ 121,457,300	\$ 107,845,781	\$ 97,808,266	\$ 86,471,782
Restricted - expendable	4,756,047	4,281,185	1,882,365	510,989	878,339	1,200,234	1,076,477	1,203,553	1,369,160	1,310,624
Restricted - nonexpendable	100,000	100,000	100,000	100,000	100,000	100,000	200,000	200,462	495,124	516,894
Unrestricted	7,547,283	2,535,869	(5,764,720)	(7,412,603)	(6,617,780)	(11,235,524)	(10,689,678)	(8,891,326)	(10,746,840)	(11,174,451)
Total net position	\$ 173,251,862	\$ 168,454,871	\$ 153,699,636	\$ 145,581,295	\$ 137,459,522	\$ 123,942,490	\$ 112,044,099	\$ 100,358,470	\$ 88,925,710	\$ 77,124,849

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

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

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

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Operating expenses:										
Educational and general:										
Instruction	\$ 22,092,462	\$ 19,788,002	\$ 18,844,972	\$ 20,257,487	\$ 18,627,532	\$ 18,372,048	\$ 18,094,814	\$ 17,901,745	\$ 18,066,535	\$ 17,783,284
Public service	3,379,051	2,948,761	1,800,557	2,247,444	2,191,127	1,735,370	1,772,188	1,591,489	1,474,787	1,499,841
Academic support	5,391,109	5,215,523	5,082,592	4,959,894	4,602,601	4,347,184	4,489,410	4,904,174	4,268,016	4,211,551
Student services	11,248,405	9,207,312	8,482,718	8,359,344	7,430,277	6,905,853	6,351,387	6,322,124	6,116,857	5,886,627
Institutional support	11,740,897	10,695,803	10,828,921	11,447,171	10,067,807	8,941,261	8,957,750	8,648,787	8,670,047	8,759,934
Operation and maintenance of plant	8,428,425	8,122,436	6,970,800	7,347,099	6,742,118	6,413,053	6,025,815	6,267,373	6,527,970	6,177,478
Scholarships	5,850,966	10,409,119	6,809,891	5,790,516	5,950,319	6,287,936	6,320,185	6,712,073	7,611,455	8,180,284
Auxiliary enterprises	2,147,701	1,895,159	1,822,706	1,943,218	2,033,663	1,947,162	1,923,756	1,880,689	1,752,743	1,472,356
Depreciation	7,818,078	7,628,745	7,728,980	7,588,582	7,174,803	6,599,726	6,401,955	6,118,198	5,731,591	5,780,151
Total operating expenses	78,097,094	75,910,860	68,372,137	69,940,755	64,820,247	61,549,593	60,337,260	60,346,652	60,220,001	59,751,506
Operating revenues:										
Tuition and fees pledged as security for revenue bonds	8,433,893	7,223,360	7,845,535	8,408,631	8,957,444	8,428,264	8,278,893	8,308,480	8,930,193	8,799,116
Bookstore income	48,597	78,420	74,540	133,991	162,945	195,656	180,954	196,417	209,632	211,418
Food Service income	-	137,770	-	-	-	-	-	-	-	-
Dormitory rentals pledged as security for revenue bonds	890,870	753,840	263,569	772,731	823,156	796,861	828,212	773,805	779,073	619,166
Other	2,706,444	1,979,277	487,994	1,402,117	1,563,697	1,542,733	1,243,645	1,143,191	1,242,302	1,069,747
Total operating revenues	12,079,804	10,172,667	8,671,638	10,717,470	11,507,242	10,963,514	10,531,704	10,421,893	11,161,200	10,699,447
Operating loss	(66,017,290)	(65,738,193)	(59,700,499)	(59,223,285)	(53,313,005)	(50,586,079)	(49,805,556)	(49,924,759)	(49,058,801)	(49,052,059)
Nonoperating revenues (expenses):										
Property taxes	49,988,538	49,449,575	49,433,560	50,705,820	50,561,375	48,584,970	48,540,679	47,420,835	45,967,654	45,571,425
Government grants	10,099,147	20,963,403	13,582,961	11,191,331	10,894,560	11,316,220	10,937,647	11,573,903	12,610,675	13,241,015
State appropriations	3,693,700	4,876,600	1,283,300	3,065,800	1,288,900	1,356,400	1,574,600	1,696,000	1,689,900	893,900
Share of state sales taxes	1,305,900	1,150,633	1,031,911	838,562	778,901	725,010	696,928	682,641	666,264	597,221
Smart and safe Arizona fund appropriations	2,457,079	1,658,906	769,131	-	-	-	-	-	-	-
Private grants and gifts	2,338,638	1,692,953	1,705,565	1,611,282	1,444,067	1,393,012	1,199,853	1,254,889	1,056,495	761,844
Investment earnings	992,715	70,831	66,444	464,145	457,782	195,500	110,841	100,452	93,256	91,630
Interest expense on debt	(81,638)	(136,397)	(367,066)	(570,657)	(780,289)	(1,101,584)	(1,249,134)	(1,389,862)	(1,544,711)	(1,695,668)
Loss on defeasance of debt	-	-	-	-	(346,595)	-	-	-	-	-
Gain (loss) on disposal of capital assets	14,005	1,804	12,195	7,185	1,331,212	10,513	12,350	(11,504)	10,766	8,389
Total nonoperating revenues	70,808,084	79,728,308	67,518,001	67,313,468	65,629,913	62,480,041	61,823,764	61,327,354	60,550,299	59,469,756
Income before other revenues, expenses, gains or losses	4,790,794	13,990,115	7,817,502	8,090,183	12,316,908	11,893,962	12,018,208	11,402,595	11,491,498	10,417,697
Capital appropriations	-	-	-	-	-	-	-	-	-	248,600
Capital grants and gifts	6,197	765,120	300,839	31,590	1,200,124	4,429	110,161	30,165	309,363	475,770
Increase in net position	\$ 4,796,991	\$ 14,755,235	\$ 8,118,341	\$ 8,121,773	\$ 13,517,032	\$ 11,898,391	\$ 12,128,369	\$ 11,432,760	\$ 11,800,861	\$ 11,142,067

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

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
2013/14	43,747,725	43,747,724	1
2014/15	42,036,867	42,036,866	1
2015/16	42,312,883	41,937,884	374,999
2016/17	41,393,014	39,317,198	2,075,816
2017/18	45,586,098	44,870,438	715,660
2018/19	45,090,861	40,721,980	4,368,881
2019/20	46,385,213	43,838,630	2,546,583
2020/21	49,097,736	49,097,736	-
2021/22	48,002,250	48,002,250	-
2022/23	48,401,894	48,401,894	-

Source: Audited Reports on Annual Budgeted Expenditure Limitation except for the most recent year which is unaudited.

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

Note 2: Budgeted expenditures are net of allowable exclusions.

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

Fiscal Year	Original Tax Levy ²	Adjustments	Adjusted Levy	Collections Initial Tax Year	Percentage of Original Tax Levy	Collections in Subsequent Years	Total Collections To Date	Percent of Total Tax Collections to Adjusted Levy
2013/14	\$ 45,803,400	\$ (385,712)	\$ 45,417,688	\$ 44,576,740	97.32%	\$ 825,906	\$ 45,402,646	99.97%
2014/15	46,313,200	(454,186)	45,859,014	44,829,589	96.80%	1,022,180	45,851,769	99.98%
2015/16	47,635,600	(170,311)	47,465,289	46,611,360	97.85%	844,348	47,455,708	99.98%
2016/17	48,203,300	274,892	48,478,192	47,542,093	98.63%	923,851	48,465,944	99.97%
2017/18	48,839,300	(211,540)	48,627,760	47,816,314	97.91%	798,606	48,614,920	99.97%
2018/19	50,628,300	(60,073)	50,568,227	49,818,650	98.40%	736,043	50,554,693	99.97%
2019/20	50,911,500	(259,719)	50,651,781	49,655,293	97.53%	963,924	50,619,217	99.94%
2020/21	49,959,700	(231,065)	49,728,635	48,928,364	97.94%	758,088	49,686,452	99.92%
2021/22	49,309,600	23,532	49,333,132	48,521,190	98.40%	776,271	49,297,461	99.93%
2022/23	50,055,100	(66,892)	49,988,208	49,255,886	98.40%	-	49,255,886	98.54%

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

Note 1: Includes both primary and secondary taxes.

Note 2: Taxes levied for the fiscal year is the budgeted levy. The actual levy is generally lower when assessed because of a decrease in net assessed values due to taxpayer appeals.

Note 3: Amounts collected are on a cash basis.

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

Fiscal Year	Primary Assessed Value (1)				Total Direct Tax Rate (2)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential and Vacant Property	Commercial Property	Unattached Personal Property	Total Taxable Assessed Value			
2013/14	\$ 1,819,990,776	\$ 325,100,587	\$ 87,538,236	\$ 2,232,629,599	2.0468	\$ 19,088,929,991	11.70%
2014/15	1,840,982,742	295,068,513	81,221,556	2,217,272,811	2.0837	19,418,863,184	11.42%
2015/16	1,929,113,529	263,001,270	87,068,649	2,279,183,448	2.0901	20,061,477,030	11.36%
2016/17	2,012,130,501	251,908,085	80,371,356	2,344,409,942	2.0561	21,142,413,672	11.09%
2017/18	2,131,382,392	238,029,643	93,738,001	2,463,150,036	1.9828	22,327,112,822	11.03%
2018/19	2,267,175,515	249,865,108	82,497,218	2,599,537,841	1.9476	23,680,652,430	10.98%
2019/20	2,414,473,528	260,089,904	91,113,641	2,765,677,073	1.8408	25,260,274,257	10.95%
2020/21	2,578,773,696	295,973,631	83,007,380	2,957,754,707	1.6891	27,104,661,346	10.91%
2021/22	2,757,762,120	304,563,551	80,895,529	3,143,221,200	1.5688	28,946,138,131	10.86%
2022/23	2,936,015,572	311,958,819	85,254,073	3,333,228,464	1.5017	30,915,392,632	10.78%

Source: Yavapai County Assessor's Office.

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

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

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

Fiscal Year	Yavapai College			Overlapping Rates (2)						
	Primary Levy	Secondary Levy	Total	Yavapai County	Cities and Towns From To		Fire and Special Districts From To		School Districts From To	
2013/14	1.8241	0.2227	2.0468	2.9084	0.3351	1.6000	0.0622	16.2403	1.1401	7.8940
2014/15	1.8606	0.2231	2.0837	2.9305	0.3149	1.5739	0.0627	16.5100	2.4776	7.7759
2015/16	1.8721	0.2180	2.0901	2.9098	0.3047	1.7165	0.0642	17.1800	2.3885	7.7757
2016/17	1.8439	0.2122	2.0561	2.8920	0.3025	1.7316	0.0616	19.9088	2.0177	7.7737
2017/18	1.7827	0.2001	1.9828	2.8431	0.2821	1.6612	0.0583	8.3655	2.0537	8.5411
2018/19	1.7584	0.1892	1.9476	2.7437	0.2699	1.6455	0.0557	12.7400	2.2376	8.5394
2019/20	1.6883	0.1525	1.8408	2.9472	0.2599	1.6150	0.0565	12.1200	2.2348	8.4380
2020/21	1.6131	0.0760	1.6891	2.8201	0.2484	1.5841	0.0000	11.6000	1.9434	7.7737
2021/22	1.5557	0.0131	1.5688	2.7160	0.2378	1.5318	0.0000	4.2365	0.0000	7.5223
2022/23	1.5017	0.0000	1.5017	2.2086	0.2281	1.4765	0.0653	9.7739	1.9900	7.5300

Source: Yavapai County Assessor's Office.

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

Note 2: Rates include primary and secondary.

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

Fiscal Year	Primary			Secondary		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
2013/14	\$ 2,232,629,599	1.8241	\$ 40,725,397	\$ 2,279,676,521	.2227	\$ 5,076,840
2014/15	2,217,272,811	1.8606	41,254,578	2,267,389,484	.2231	5,058,546
2015/16	2,279,183,448	1.8721	42,668,593	2,279,183,448	.2180	4,968,620
2016/17	2,344,409,942	1.8439	43,228,575	2,344,409,942	.2122	4,974,838
2017/18	2,463,150,036	1.7827	43,910,576	2,463,150,036	.2001	4,928,763
2018/19	2,599,537,841	1.7584	45,710,273	2,599,537,841	.1892	4,918,326
2019/20	2,765,677,073	1.6883	46,692,926	2,765,677,073	.1525	4,217,658
2020/21	2,957,724,707	1.6131	47,711,057	2,957,724,707	.0760	2,247,871
2021/22	3,143,221,200	1.5557	48,899,092	3,143,221,200	.0131	411,762
2022/23	3,333,228,464	1.5017	50,055,092	3,333,228,464	-	-

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

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

Taxpayer	2022 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2022/23 Primary Assessed Valuation	2013 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2013/14 Primary Assessed Valuation
Freeport McMoran (previously Phelps Dodge)	\$ 142,535,061	1	4.28%	\$ 146,649,680	1	6.57%
Arizona Public Service	120,128,857	2	3.60%	87,066,710	2	3.90%
Unisource Energy Corporation	20,222,148	3	0.61%	15,204,320	5	0.68%
Drake Cement LLC	19,630,433	4	0.59%	11,949,882	6	0.54%
Transwestern Pipeline Company LLC	17,654,414	5	0.53%	31,600,298	3	1.42%
Burlington Northern Santa Fe Railway Company	13,607,491	6	0.41%	10,625,479	7	0.48%
Phoenix Cement Co	10,887,406	7	0.33%	24,927,738	4	1.12%
EL Paso Natural Gas Company	9,951,104	8	0.30%	8,943,116	8	0.40%
Wal-Mart	7,860,104	9	0.24%			
New Enchantment LLC	7,346,165	10	0.22%			
Qwest Corporation				8,606,911	9	0.39%
TWC II - Prescott Mall LLC				5,074,990	10	0.23%
Total Top Ten	<u>\$ 369,823,183</u>		<u>11.11%</u>	<u>\$ 350,649,124</u>		<u>15.73%</u>

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 TUITION SCHEDULE
 Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
2013/14	\$ 2,100	\$ 70
2014/15	2,160	72
2015/16	2,250	75
2016/17	2,370	79
2017/18	2,490	83
2018/19	2,610	87
2019/20	2,184	91
2020/21	2,280	95
2021/22	2,280	95
2022/23	2,352	98

Source: District records.

Note 1: Tuition based on one year of full-time equivalent credit (30) for in-state students at District's base tuition rate. Beginning FY 2019/20, credits 13 and beyond were offered at no charge per semester.

For FY 2022/23, tier 1 classes were \$113 per credit hour and tier 2 classes were \$126 per credit hour.

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

Fiscal Year	General Obligation Bonds (1)	Revenue Bonds (1)	Pledged Revenue Obligations (1)	Capital Lease Obligations	Total Outstanding Debt	Percentage of Personal Income (2)	Per Capita (2)
2013/14	\$ 34,439,498	\$ 4,725,000	\$ 11,405,646	\$ 40,505	\$ 50,610,649	0.75%	\$ 235
2014/15	30,181,593	4,440,000	10,448,313	-	45,069,906	0.64%	206
2015/16	25,798,688	4,145,000	9,450,982	-	39,394,670	0.47%	177
2016/17	21,315,784	3,845,000	8,413,651	-	33,574,435	0.40%	149
2017/18	16,732,878	3,535,000	7,331,319	-	27,599,197	0.32%	121
2018/19	7,724,331	3,220,000	6,208,988	-	17,153,319	0.20%	74
2019/20	3,040,715	2,895,000	5,036,657	-	10,972,372	0.11%	47
2020/21	639,099	6,395,000	-	-	7,034,099	0.06%	30
2021/22	-	4,725,000	-	-	4,725,000	0.04%	20
2022/23	-	3,550,000	-	-	3,550,000	0.03%	14

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

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

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

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

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Secondary Assessed Value	\$ 3,333,228,464	\$ 3,143,221,200	\$ 2,957,724,707	\$ 2,765,677,073	\$ 2,599,537,841	\$ 2,463,150,036	\$ 2,344,409,942	\$ 2,279,183,448	\$ 2,553,473,159	\$ 2,279,676,521
Legal Debt Margin										
Debt limit - 15% of secondary assessed value	499,984,270	471,483,180	443,658,706	414,851,561	508,070,699	463,292,759	432,296,793	409,121,073	383,020,974	341,951,478
Amount of debt applicable to debt limit:										
General obligation bonded debt	0	0	(470,000)	(2,670,000)	(7,150,000)	(15,715,000)	(20,110,000)	(24,405,000)	(28,600,000)	(32,670,000)
Legal debt margin	\$ 499,984,270	\$ 471,483,180	\$ 443,188,706	\$ 412,181,561	\$ 500,920,699	\$ 447,577,759	\$ 412,186,793	\$ 384,716,073	\$ 354,420,974	\$ 309,281,478
Total general obligation bonded debt as a percentage of legal debt limit	0.00%	0.00%	0.11%	0.64%	1.41%	3.39%	4.65%	5.97%	7.47%	9.55%

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

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

Fiscal Year	Estimated Population (Yavapai County) (1)	Secondary Assessed Value of Real Estate	General Obligation Bonds (2)	Amount Available For Retirement of General Obligation Bond Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013/14	213,557	\$ 2,279,676,521	\$ 34,439,498	\$ 964,317	\$33,475,181	1.47%	\$ 155.68
2014/15	216,582	2,267,389,484	30,181,593	892,170	29,289,423	1.29%	134.11
2015/16	219,393	2,279,183,448	25,798,688	783,958	25,014,730	1.10%	112.89
2016/17	222,867	2,344,409,942	21,315,784	747,020	20,568,764	0.88%	91.19
2017/18	226,100	2,463,150,036	16,732,878	623,576	16,109,302	0.65%	70.60
2018/19	229,820	2,599,537,841	7,724,331	704,697	7,019,634	0.27%	30.26
2019/20	233,062	2,765,677,073	3,040,715	246,608	2,794,107	0.10%	11.99
2020/21	237,067	2,957,724,707	637,099	173,066	464,033	0.02%	1.96
2021/22	242,253	3,143,221,200	-	-	-	-	-
2022/23	246,191	3,333,228,464	-	-	-	-	-

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

Note 1: See the Population and Personal Income Schedule for Yavapai County on page 74 for data.

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

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

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Percentage of Debt Service to Operating Expenses
2013/14	\$ 3,940,000	\$ 1,109,600	\$ 5,049,600	\$ 59,759,430	8.45%
2014/15	4,070,000	965,400	5,035,400	60,220,001	8.36%
2015/16	4,195,000	850,850	5,045,850	60,346,652	8.36%
2016/17	4,295,000	756,750	5,051,750	60,337,260	8.37%
2017/18	4,395,000	660,800	5,055,800	61,549,593	8.21%
2018/19	4,545,000	334,550	4,879,550	64,820,247	7.53%
2019/20	4,480,000	230,600	4,710,600	69,940,755	6.74%
2020/21	2,200,000	89,750	2,289,750	68,372,137	3.35%
2021/22	470,000	18,800	488,800	75,910,860	0.64%
2022/23	-	-	-	78,097,094	0.00%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 GENERAL OBLIGATION BONDS
 June 30, 2022

Jurisdiction	Debt Outstanding
<u>Direct Debt:</u>	
Yavapai County Community College District GO Bonds	\$ -
Total direct debt	-
<u>Overlapping Debt(1):</u>	
School Districts	74,010,000
Fire Districts	9,991,306
Total overlapping debt	84,001,306
Total direct and overlapping debt	\$ 84,001,306

Source: Yavapai County Treasurer's Office.

Note 1: Excludes improvement districts.

Note 2: All jurisdictions are within the boundaries of the District.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
2013/14	\$ 10,751,131	\$ 1,190,000	\$ 656,981	\$ 1,846,981	5.82
2014/15	11,214,479	1,230,000	607,518	1,837,518	6.10
2015/16	10,479,162	1,280,000	562,736	1,842,736	5.69
2016/17	10,579,821	1,325,000	516,109	1,841,109	5.75
2017/18	11,072,125	1,380,000	464,509	1,844,509	6.00
2018/19	11,769,695	1,425,000	414,114	1,839,114	6.40
2019/20	10,979,198	1,485,000	361,996	1,846,996	5.94
2020/21	8,710,400	1,530,000	214,168	1,744,168	4.99
2021/22	10,217,259	1,670,000	98,613	1,768,613	5.78
2022/23	12,752,456	1,175,000	81,638	1,256,638	10.15

Source: District records.

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

Note 2: Fiscal year 2022/23 principal and interest payments resulted from the series 2013 and 2021 revenue bonds.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
ECONOMIC INDICATORS FOR YAVAPAI COUNTY
June 30, 2023

Employment by Sector	Employees
Trade, Transportation and Utilities	13,300
Education and Health Services	12,400
Leisure and Hospitality	10,700
Government	10,100
Mining and Construction	7,200
Professional and Business Services	5,300
Manufacturing	3,900
Financial Activities	2,800
Other Services	2,500
Information	500

Employment by Occupation	Percent of Total
Food Preparation and Serving Related	14.5%
Office and Administrative	14.4%
Sales and Related	11.9%
Transportation and Material Moving	8.8%
Construction and Extraction	8.0%
Management	7.7%
Healthcare Practitioners and Technical	6.5%
Education, Training, and Library	6.4%
Other	6.2%
Installation, Maintenance, and Repair	5.4%
Production	4.8%
Healthcare Support	4.7%
Business and Financial Operations	4.2%
Building, Grounds and Maintenance	4.1%
Protective Service	2.9%
Personal Care and Service	2.3%
Community and Social Services	1.6%

Unemployment Rate	4.2%
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Labor Force	110,135
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Source: Arizona Department of Commerce and United States Department of Labor.

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

Major Employers	FY 2022/23			FY 2013/14		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai Regional Medical Center	1,980	1	1.80%	1,353	2	1.48%
Yavapai County	1,522	2	1.38%	1,424	1	1.56%
Walmart	1,188	3	1.08%	585	8	0.64%
Veterans Medical Center	1,164	4	1.06%	932	3	1.02%
Freeport McMoran Copper Mine	1,150	5	1.04%	876	4	0.96%
Verde Valley Medical Center	756	6	0.69%	839	5	0.92%
Embry-Riddle University	670	7	0.61%			
State of Arizona	664	8	0.60%	558	10	0.61%
Humbolt Unified School District	632	9	0.57%	644	6	0.70%
Yavapai College	604	10	0.55%	560	9	0.61%
Sturm Ruger & Company	-	-	-	631	7	0.69%
Total	10,330		9.38%	8,402		9.19%

Source: District and the listed employers records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
MISCELLANEOUS STATISTICS

June 30, 2023

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

Population	2010	2020	2022
Yavapai County	211,144	236,209	246,191
State of Arizona	6,392,017	7,151,502	7,359,197

Age Distribution	% of Total
0-14	12.3%
15-24	9.4%
25-44	18.3%
45-64	25.8%
65+	34.2%

Population Composition	% of Total
<u>RACE</u>	
White	77.1%
Hispanic	15.7%
African American	1.0%
Native American	2.2%
Asian or Pacific Islander	1.6%
Other	2.4%
TOTAL	100.0%

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

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

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)
2013/14	213,557	\$ 6,956,439	\$ 32,574
2014/15	216,582	7,548,122	34,851
2015/16	219,393	7,923,856	36,117
2016/17	222,867	8,318,748	37,326
2017/18	226,100	8,926,016	39,478
2018/19	229,820	9,410,073	40,945
2019/20	233,062	10,092,937	43,306
2020/21	237,067	11,190,206	47,203
2021/22	242,253	11,884,929	49,060
2022/23	246,191	12,500,990	51,121

Source: Bureau of Economic Analysis and US Census Bureau.

Note 1: Personal Income and Per Capita Personal Income were not available for fiscal year 2022/23. Amounts were estimated based upon the prior years average net change.

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

Fiscal Year	Attendance		Gender		Residency			
	Full-Time	Part-Time	Male	Female	Resident	Out of County	Out of State	Foreign
2013/14	20.0%	80.0%	44.0%	56.0%	85.9%	11.4%	2.6%	0.1%
2014/15	22.0%	78.0%	43.0%	57.0%	85.6%	11.6%	2.7%	0.1%
2015/16	26.0%	74.0%	44.9%	55.1%	83.7%	14.1%	2.1%	0.1%
2016/17	24.0%	76.0%	45.4%	54.6%	82.3%	15.2%	2.4%	0.1%
2017/18	23.0%	77.0%	46.3%	53.7%	87.7%	9.2%	3.0%	0.1%
2018/19	23.0%	77.0%	41.0%	59.0%	86.9%	11.0%	2.0%	0.1%
2019/20	20.0%	80.0%	41.0%	59.0%	83.9%	9.0%	7.0%	0.1%
2020/21	18.0%	82.0%	40.0%	60.0%	84.3%	8.2%	7.4%	0.1%
2021/22	15.0%	85.0%	41.0%	59.0%	85.2%	8.0%	6.7%	0.1%
2022/23	16.0%	84.0%	42.0%	58.0%	87.0%	8.0%	4.9%	0.1%

Fiscal Year	Degrees Awarded	Certificates Awarded
2013/14	571	1068
2014/15	569	1084
2015/16	567	1197
2016/17	539	1212
2017/18	520	1237
2018/19	558	1332
2019/20	745	1466
2020/21	825	1426
2021/22	581	1303
2022/23	504	1134

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
2013/14	25	33	2.0%	0.9%	12.4%	0.9%	53.3%	30.5%
2014/15	26	33	2.0%	0.9%	12.4%	0.9%	53.2%	30.6%
2015/16	25	32	2.0%	1.1%	14.0%	0.8%	53.1%	29.0%
2016/17	24	32	2.1%	1.1%	14.7%	0.8%	55.0%	26.3%
2017/18	23	32	2.1%	1.2%	16.2%	0.9%	57.4%	22.2%
2018/19	24	32	2.0%	1.1%	18.0%	0.8%	58.9%	19.2%
2019/20	22	31	1.8%	1.2%	17.7%	0.8%	60.5%	18.0%
2020/21	22	28	1.9%	1.3%	19.0%	0.8%	62.5%	14.4%
2021/22	22	30	1.9%	1.3%	19.7%	0.9%	66.8%	9.4%
2022/23	21	31	2.0%	1.7%	20.6%	1.2%	65.1%	9.4%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
HISTORIC ENROLLMENT
Last Ten Fiscal Years

Headcount	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Credit	9,352	9,713	8,393	10,086	9,809	10,116	10,000	10,245	10,970	11,518
Non-Credit	2,633	2,319	1,334	3,340	4,427	4,185	4,351	4,126	4,348	4,013

FTSE by Campus	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Prescott	692	670	137	1,109	1,127	1,154	1,149	1,229	1,357	1,446
Verde	167	178	52	211	209	242	262	270	271	278
Sedona	14	20	19	18	21	22	1	1	1	21
Prescott Valley	72	65	26	99	96	125	134	155	135	208
Chino Valley	84	63	50	69	67	60	66	70	85	79
CTEC	264	222	167	240	266	267	272	287	298	305
Online	1,459	1,541	2,236	1,283	1,253	1,205	1,163	1,111	1,183	1,162
Dual enrollment	386	376	325	406	313	324	339	341	323	331
Other (1)	36	38	31	53	76	72	60	84	153	173
Total District	3,174	3,173	3,043	3,488	3,428	3,471	3,446	3,548	3,806	4,003

Source: District records.

Note 1: Other primarily includes courses held at non-campus locations.

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

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Faculty										
Regular	98	96	99	105	105	97	97	101	104	106
Adjunct	73	82	57	66	75	93	90	98	96	99
Staff										
Regular	367	342	321	325	330	319	301	306	300	297
Temporary	66	64	45	57	54	57	58	56	64	58

Source: District records.

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

Asset Type	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Computers and Peripherals	\$ 1,507,717	\$ 1,537,801	\$ 1,616,147	\$ 1,631,024	\$ 1,546,901	\$ 1,295,356	\$ 1,142,010	\$ 1,150,495	\$ 1,233,762	\$ 1,196,160
Network Equipment	2,725,852	2,535,318	2,701,523	2,477,802	2,883,050	3,064,437	2,913,689	2,654,860	2,677,376	2,359,675
Audio Visual Equipment	1,242,743	1,317,197	1,651,268	1,528,311	1,516,487	1,296,684	1,249,516	1,229,944	1,225,266	831,455
Office Equipment & Furniture	9,449,080	8,245,683	8,004,528	6,799,055	6,020,864	5,545,699	5,197,832	4,811,720	4,904,479	4,435,695
Software	2,149,149	2,149,149	2,149,149	2,149,149	2,149,149	2,149,149	2,149,149	2,149,149	2,149,148	2,149,148
Vehicles	3,184,626	3,060,813	2,855,762	2,673,598	2,438,450	2,187,536	1,987,405	1,928,094	1,702,607	1,597,998
Intangibles	723,461	273,587	273,587	273,587	273,587	273,587	273,587	273,587	273,587	273,587
Library Books	1,232,979	2,357,981	2,487,785	2,628,385	2,671,516	2,821,116	2,937,130	2,943,627	2,911,534	2,931,383
Buildings ⁽¹⁾	212,280,246	210,052,476	201,902,654	192,612,218	190,931,114	188,925,334	168,515,842	168,842,849	153,119,356	146,564,885
Construction in Progress	1,039,217	258,529	4,769,641	7,503,553	1,343,304	150,275	14,601,323	1,041,996	10,889,328	6,072,505
Site Improvements	32,802,515	30,966,537	30,227,383	29,039,709	27,772,836	25,342,107	23,687,737	21,081,294	20,032,047	17,367,536
Land	7,833,893	7,828,893	5,628,526	5,628,526	5,628,526	5,628,526	5,628,526	5,628,526	5,628,526	5,415,888
	\$ 276,171,478	\$ 270,583,964	\$ 264,267,953	\$ 254,944,917	\$ 245,175,784	\$ 238,679,806	\$ 230,283,746	\$ 213,736,141	\$ 206,747,016	\$ 191,195,915

Source: District records.

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

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED UNDER THIS SUBCAPTION “BOOK-ENTRY-ONLY SYSTEM” HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE DISTRICT, BOND COUNSEL OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Series 2024 Bonds in the aggregate principal amount of the Series 2024 Bonds and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of beneficial interests in the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of a beneficial interest in a Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2024 Bonds such as redemptions, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2024 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will, if applicable, consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments represented by the Series 2024 Bonds will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2024 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2024 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2024 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2024 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2024 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2024 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Trustee or the District. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bonds are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2024 Bonds will be printed and delivered.

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO INDIRECT PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2024 Bonds UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2024 Bonds; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2024 Bonds; (5)

ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2024 Bonds; OR
(6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered Owner of the Series 2024 Bonds, as nominee for DTC, references herein to “Owner” or registered owners of the Series 2024 Bonds (other than under the caption “TAX EXEMPTION”) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Series 2024 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the District or the Trustee to DTC only.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or teletype as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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