



COLLEGE OF THE CANYONS

**SANTA CLARITA COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2002



SANTA CLARITA COMMUNITY COLLEGE DISTRICT
OF LOS ANGELES COUNTY
SANTA CLARITA, CALIFORNIA

JUNE 30, 2002

GOVERNING BOARD

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Sharlene L. Coleal	Chief Business Officer
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Cindy Grandgeorge	Accounting Supervisor
Anita Morris	Dean of Human Resources
Michael Wilding, Ph.D.	Dean of Student Services

ORGANIZATION

The Santa Clarita Community College District was established in November 1967 and is comprised of an area of approximately 158 acres located in Los Angeles County. The District currently operates College of the Canyons, a community college. There were no changes in the boundaries of the District during the current year.



SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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26455 Rockwell Canyon Road, Santa Clarita, California 91355 • (661) 259-7800, ext. 3400
Dr. Dianne G. Van Hook, Superintendent-President

December 20, 2002

Vavrinek, Trine, Day & Co. LLP
8270 Aspen Street
Rancho Cucamonga, CA 91730

To Whom It May Concern:

The purpose of the annual audit is to determine the fairness of the presentation of the College's financial statements, as well as assess the systems and procedures of accounting utilized by the District, determine the degree to which the District complies with rules and regulations as set forth in State Regulations and the Accounting Manual for California Community Colleges, and determine that the accountability and propriety of expenditures have been carried out in accordance with the above. The audit process is very important to us. It helps us improve the District's business procedures and accountability mechanisms and enables us to respond to changes in external compliance regulations.

I have reviewed the audited Financial Statements of the Santa Clarita Community College District for the year ended 2002. The 2001-2002 audit continues to confirm a high level of fiscal stability in the Santa Clarita Community College District and affirms our compliance with appropriate accounting procedures and controls. Due to the District's commitment to sound risk management practices, and consistent and dynamic planning processes, the audit reaffirms our ability to deal with ambiguous circumstances, successfully respond to challenges and opportunities presented by college and community growth, and deal with the demand for expanded access in a period of fluctuating and ever-changing economic conditions. District Auditors found no adjustments to information presented in the Chancellor's Office CCFS311 Annual Report. The audit confirms that the debt we have incurred is under the average of what most comparable Community College Districts have incurred. The General Fund obligation for future payment of this debt is manageable.

The fiscal year 2001-2002 audit resulted in no new audit findings. The auditors have presented us with a management letter that contains a recommendation for improvement in our procedures within the Payroll and Human Resources Departments. We have identified both an interim and a permanent change in procedure that will address this recommendation, which involves a transfer of responsibility to the Human Resources Department. The audit affirms the District's commitment to conform to generally accepted accounting principles which, in turn, facilitates the District's ability to safeguard assets and maintain adequate internal controls. As always, College of the Canyons commits to regularly assessing and strengthening processes and procedures to maintain fiscal integrity.

In the years between 1996 and 2001-02, the College student population increased to approximately 13,000, an increase of 85%. At the same time, our budget has increased by approximately 141% and our staff by approximately 140%. This has been a time of tremendous staff and student growth, development, innovation, and achievement for College of the Canyons. Our curriculum and programs have continued to develop and change to meet the needs of emerging, developing, and fast-growing industries in our area. We have added state-of-the-art training programs in subjects relevant to our region's economic growth and development and will continue to do so as the need arises. The fiscal stability and plans we have developed enable us to work with our community partners and regional alliances in a manner that anticipates and prepares for future demands in our local economy. Partnerships

College of the Canyons
2001-02 Audit
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with local community-based organizations have enhanced our fiscal base and resulted in an expansion of student access, support, outreach, and service to our community.

In summary, the District:

- functions pursuant to all statutory requirements of the State and our Board policies;
- has been prudent in the expenditure of funds;
- is serving the educational needs of the State and community in an exemplary manner;
- has developed a budget plan that supports enrollment management, growth of fiscal resources, and fiscal stability both now and in the future;
- continues to strengthen our practices and accountability mechanism; and
- is fiscally sound, committed to planning, improving, and in a position to continue to succeed in the years to come.

As we look to the future and the achievement of our Strategic Goals for the year 2002-2003, we commit to serving our community with the same high standards, quality educational programs, and innovative partnerships that formed the foundation College of the Canyons has successfully built upon for over three decades.

Sincerely,



Dr. Dianne G. Van Hook
Superintendent-President

INTRODUCTION

The audit of the Santa Clarita Community College District has the following objectives:

To determine the fairness of presentation of the Santa Clarita Community College District financial statements.

To assess the adequacy of the systems and procedures for financial accounting, compliance with rules and regulations, and internal control in the Santa Clarita Community College District.

To determine the accountability for revenues, the propriety of expenditures, and the extent to which funds have been expended in accordance with prescribed state and federal laws and regulations.

To determine whether financial and financially related reports to state and federal agencies are presented fairly.

To recommend appropriate actions to correct any deficiencies in the District's system.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

We have audited the accompanying general-purpose financial statements of the Santa Clarita Community College District (District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In common with other community college districts, the District has not maintained a complete historical cost record of its general fixed assets and, accordingly, the general-purpose financial statements do not include the general fixed assets group of accounts required by accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group relates to historical data that is not currently available.

In our opinion, except for the effect on the general-purpose financial statements of the omission of the general fixed asset group of accounts, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Santa Clarita Community College District at June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial and statistical information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

Vaurinek, Irine, Day & Co. LLP

Rancho Cucamonga, California
October 31, 2002

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**ALL FUND TYPES AND ACCOUNT GROUP
COMBINED BALANCE SHEET
JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 20,000	\$ 1,000	\$ -	\$ -
Investments	2,397,840	2,208,431	46,779	27,008,848
Accounts receivable	2,519,177	153,262	-	1,472,255
Due from other funds	3,972,490	11,016	-	27,908
Prepaid expenditures	271,401	-	-	-
Amount available for the retirement of general long-term debt	-	-	-	-
Amount to be provided for the retirement of general long-term debt	-	-	-	-
Total Assets	\$ 9,180,908	\$ 2,373,709	\$ 46,779	\$ 28,509,011
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Deficit investment balances	18,324	-	-	-
Accounts payable	4,639,100	162,023	-	912,946
Due to other funds	1,586,696	184,486	937	2,208,664
Deferred revenue	439,900	15,897	-	2,200,000
Due to student groups	-	-	-	-
General long-term debt	-	-	-	-
Total Liabilities	6,684,020	362,406	937	5,321,610
FUND EQUITY				
Fund balances				
Reserved	664,657	1,000	45,842	12,238
Unreserved				
Designated	-	1,939,215	-	23,072,342
Undesignated	1,832,231	71,088	-	102,821
Total Fund Equity	2,496,888	2,011,303	45,842	23,187,401
Total Liabilities and Fund Equity	\$ 9,180,908	\$ 2,373,709	\$ 46,779	\$ 28,509,011

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Types	Account Group	
	General	Total
Trust and Agency	Long-Term Debt	(Memorandum Only)
\$ 246,112	\$ -	\$ 267,112
612,309	-	32,274,207
75,385	-	4,220,079
4,631	-	4,016,045
1,036	-	272,437
-	45,842	45,842
-	38,609,036	38,609,036
<u>\$ 939,473</u>	<u>\$ 38,654,878</u>	<u>\$ 79,704,758</u>

195,378	-	213,702
(83,271)	-	5,630,798
35,262	-	4,016,045
8,156	-	2,663,953
255,970	-	255,970
-	38,654,878	38,654,878
<u>411,495</u>	<u>38,654,878</u>	<u>51,435,346</u>

-	-	723,657
519,114	-	25,530,671
8,864	-	2,015,084
<u>527,978</u>	<u>-</u>	<u>28,269,412</u>
<u>\$ 939,473</u>	<u>\$ 38,654,878</u>	<u>\$ 79,704,758</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Federal revenues	\$ 494,253	\$ 21,550	\$ -	\$ -
State revenues	27,309,587	377,311	16	2,473,993
Local revenues	17,287,955	844,673	51,057	129,846
Total Revenues	45,091,795	1,243,534	51,073	2,603,839
EXPENDITURES				
Current expenditures				
Academic salaries	19,556,317	280,654	-	-
Classified salaries	12,325,622	493,550	-	-
Employee benefits	5,324,622	122,079	-	-
Books and supplies	1,178,380	71,025	-	-
Services and operating expenditures	6,148,227	140,159	-	469,372
Capital outlay	2,046,647	3,550,605	-	4,895,898
Debt service - principal	-	-	250,000	-
Debt service - interest and other	177,915	-	759,223	-
Total Expenditures	46,757,730	4,658,072	1,009,223	5,365,270
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(1,665,935)	(3,414,538)	(958,150)	(2,761,431)
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	2,767,640	103,000	967,630	276,498
Operating transfers out	(1,643,612)	(176,180)	-	(2,317,254)
Other sources	9,400	-	-	21,625,000
Other uses	(276,214)	(3,000)	(9,400)	-
Total Other Financing Sources/(Uses)	857,214	(76,180)	958,230	19,584,244
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(808,721)	(3,490,718)	80	16,822,813
FUND BALANCE, BEGINNING OF YEAR	3,305,609	5,502,021	45,762	6,364,588
FUND BALANCE, END OF YEAR	\$ 2,496,888	\$ 2,011,303	\$ 45,842	\$ 23,187,401

The accompanying notes are an integral part of these financial statements.

<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
\$ 1,999,895	\$ 2,515,698
194,876	30,355,783
<u>22,062</u>	<u>18,335,593</u>
<u>2,216,833</u>	<u>51,207,074</u>
-	19,836,971
-	12,819,172
130,309	5,577,010
-	1,249,405
47	6,757,805
-	10,493,150
-	250,000
-	<u>937,138</u>
<u>130,356</u>	<u>57,920,651</u>
<u>2,086,477</u>	<u>(6,713,577)</u>
24,078	4,138,846
-	(4,137,046)
-	21,634,400
<u>(2,218,848)</u>	<u>(2,507,462)</u>
<u>(2,194,770)</u>	<u>19,128,738</u>
(108,293)	12,415,161
<u>636,271</u>	<u>15,854,251</u>
<u>\$ 527,978</u>	<u>\$ 28,269,412</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Federal revenues	\$ 1,229,138	\$ 494,253	\$ (734,885)
State revenues	28,098,200	27,309,587	(788,613)
Local revenues	16,961,009	17,287,955	326,946
Total Revenues	<u>46,288,347</u>	<u>45,091,795</u>	<u>(1,196,552)</u>
EXPENDITURES			
Current expenditures			
Academic salaries	18,222,366	19,556,317	(1,333,951)
Classified salaries	12,680,438	12,325,622	354,816
Employee benefits	5,326,335	5,324,622	1,713
Books and supplies	1,318,701	1,178,380	140,321
Services and operating expenditures	6,516,891	6,148,227	368,664
Capital outlay	2,743,669	2,046,647	697,022
Debt service - principal	-	-	-
Debt service - interest and other	177,915	177,915	-
Total Expenditures	<u>46,986,315</u>	<u>46,757,730</u>	<u>228,585</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(697,968)</u>	<u>(1,665,935)</u>	<u>(967,967)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	2,725,260	2,767,640	42,380
Operating transfers out	(5,027,671)	(1,643,612)	3,384,059
Other sources	-	9,400	9,400
Other uses	(307,730)	(276,214)	31,516
Total Other Financing Sources/(Uses)	<u>(2,610,141)</u>	<u>857,214</u>	<u>3,467,355</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (3,308,109)</u>	<u>(808,721)</u>	<u>\$ 2,499,388</u>
FUND BALANCE, BEGINNING OF YEAR		3,305,609	
FUND BALANCE, END OF YEAR		<u>\$ 2,496,888</u>	

The accompanying notes are an integral part of these financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 19,000	\$ 21,550	\$ 2,550	\$ -	\$ -	\$ -
367,396	377,311	9,915	-	16	16
867,964	844,673	(23,291)	-	51,057	51,057
1,254,360	1,243,534	(10,826)	-	51,073	51,073
292,334	280,654	11,680	-	-	-
490,380	493,550	(3,170)	-	-	-
122,381	122,079	302	-	-	-
85,434	71,025	14,409	-	-	-
517,698	140,159	377,539	-	-	-
5,089,156	3,550,605	1,538,551	-	-	-
-	-	-	210,000	250,000	(40,000)
-	-	-	762,486	759,223	3,263
6,597,383	4,658,072	1,939,311	972,486	1,009,223	(36,737)
(5,343,023)	(3,414,538)	1,928,485	(972,486)	(958,150)	14,336
103,000	103,000	-	(967,630)	967,630	-
(278,525)	(176,180)	102,345	-	-	-
-	-	-	-	-	-
(3,000)	(3,000)	-	-	(9,400)	(9,400)
(178,525)	(76,180)	102,345	(967,630)	958,230	(9,400)
\$ (5,521,548)	(3,490,718)	\$ 2,030,830	\$ (4,856)	80	\$ 4,936
	5,502,021			45,762	
	\$ 2,011,303			\$ 45,842	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**ALL GOVERNMENTAL FUND TYPES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
State revenues	11,684,810	2,473,993	(9,210,817)
Local revenues	30,000	129,846	99,846
Total Revenues	<u>11,714,810</u>	<u>2,603,839</u>	<u>(9,110,971)</u>
EXPENDITURES			
Current expenditures			
Academic salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and operating expenditures	571,557	469,372	102,185
Capital outlay	37,136,334	4,895,898	32,240,436
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	<u>37,707,891</u>	<u>5,365,270</u>	<u>32,342,621</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(25,993,081)</u>	<u>(2,761,431)</u>	<u>23,231,650</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	276,498	276,498	-
Operating transfers out	(2,273,005)	(2,317,254)	(44,249)
Other sources	21,625,000	21,625,000	-
Other uses	-	-	-
Total Other Financing Sources/(Uses)	<u>19,628,493</u>	<u>19,584,244</u>	<u>(44,249)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (6,364,588)</u>	<u>16,822,813</u>	<u>\$ 23,187,401</u>
FUND BALANCE, BEGINNING OF YEAR		6,364,588	
FUND BALANCE, END OF YEAR		<u>\$ 23,187,401</u>	

The accompanying notes are an integral part of these financial statements.

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,248,138	\$ 515,803	\$ (732,335)
40,150,406	30,160,907	(9,989,499)
17,858,973	18,313,531	454,558
<u>59,257,517</u>	<u>48,990,241</u>	<u>(10,267,276)</u>
18,514,700	19,836,971	(1,322,271)
13,170,818	12,819,172	351,646
5,448,716	5,446,701	2,015
1,404,135	1,249,405	154,730
7,606,146	6,757,758	848,388
44,969,159	10,493,150	34,476,009
210,000	250,000	(40,000)
940,401	937,138	3,263
<u>92,264,075</u>	<u>57,790,295</u>	<u>34,473,780</u>
<u>(33,006,558)</u>	<u>(8,800,054)</u>	<u>24,206,504</u>
4,072,388	4,114,768	42,380
(7,579,201)	(4,137,046)	3,442,155
21,625,000	21,634,400	9,400
(310,730)	(288,614)	22,116
<u>17,807,457</u>	<u>21,323,508</u>	<u>3,516,051</u>
<u>\$ (15,199,101)</u>	12,523,454	<u>\$ 27,722,555</u>
	<u>15,217,980</u>	
	<u>\$ 27,741,434</u>	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #1 – DEFINITION OF THE REPORTING ENTITY

Santa Clarita Community College District (District) provides higher education in the County of Los Angeles (County), State of California (State). The District consists of one community college located in Santa Clarita, California.

For financial reporting purposes, the District includes all funds, account groups, agencies and authorities that are controlled by or dependent on the District's governing board. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the general-purpose financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds that represent the various scholarships and student organizations within the District. In conjunction with the educational services, the District also provides supporting student services, such as the operation of campus bookstores and cafeterias. Individual totals by scholarship and organization are maintained in the District's accounting system.

The State-Wide Association of Community Colleges (SWACC) and the School Excess Liability Fund (SELF) Joint Powers Authorities (JPAs) are associated but not fully part of the District and are not included in these financial statements because they do not meet the above oversight criteria. Governing boards separate from the district administer these three entities (see Note #12 - Joint Powers Agreements).

NOTE #2 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. The accompanying statements include all funds and account groups of the District.

The budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

B. Fund Structure and Basis of Accounting

The accompanying financial statements are structured into two categories of funds: governmental funds and fiduciary funds, and an account group is presented for general long-term debt.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

The District's Governmental Funds include:

- The General Fund - used to account for all financial transactions not accounted for in another fund.
- The Special Revenue Funds - used to account for specific revenue sources (other than special assessments, expendable trusts, or sources for major capital projects) that are legally restricted to expenditure for specific programs or activities. The District maintains the following Special Revenue Funds: Child Development, Cafeteria, Special Reserve, Asset Management, Employee Training Institute, and the Revenue Bond.
- The Debt Service Funds - used to account for the payment of principal and interest on general long-term debt. The District maintains a Bond Interest and Redemption Fund for the repayment of general obligation bonds and also a Revenue Bond Interest and Redemption Fund for the repayment of the Lease Revenue Bond.
- The Capital Projects Funds - used to account for the acquisition or construction of all major governmental general fixed assets and any other major repairs or other deferred maintenance. The District maintains the following Capital Project Funds: Schedule Maintenance, Capital Outlay, State Construction Projects, and Bond Construction Projects.

All of the governmental funds are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are generally recognized as the related fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. Year-end encumbrances in the unrestricted general fund are established as a reserve for encumbrances. Other year-end encumbrances in the other funds are reappropriated in the following year and expended when the liability is incurred.

The Fiduciary Funds include the Trust and Agency Funds that are used to account for assets held by the District as trustee or agent. Nonexpendable Trust Funds are maintained on the accrual basis of accounting. Expendable Trust and Agency Funds are maintained on the modified accrual basis of accounting.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Account Group

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the long-term liabilities associated with governmental funds and expendable trust funds are accounted for in the account group of the District.

- The General Long-term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental funds.

Budget - The District's annual or final budget is the initial budget any revisions to the budget that have been approved by the local governing board.

Interfund Transactions - Such transactions may give rise to interfund receivables or payables. Accounting for these transactions should ensure that such they are reflected only once - and in the proper fund - as revenues, expenditures, or expenses.

C. Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30.

D. Fixed Assets

Property and equipment in governmental funds are recorded as an expenditure in the fund incurring the expense.

E. Fund Balance Reserves, Restrictions and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation.

Restriction of the ending fund balance indicates amounts legally segregated for a specific future use.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

F. Total (Memorandum Only) Columns on Combined Statements

"Totals - Memorandum Only" represents an aggregation of the individual combining financial statements. The totals column is presented for overview informational purposes and does not represent consolidated financial information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

G. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of the liability expected to be paid from current resources is recognized at year end in the governmental fund that will pay the benefit. The noncurrent portion of the liability is recognized in the general long-term debt account group.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

H. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

I. Deferred Revenue

Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #3 – CASH AND INVESTMENTS

	Carrying Amount
Cash in banks	\$ 267,112
Investments	4,105,059
Cash in county treasury	28,169,148
Total Investments	<u>32,274,207</u>
Total Cash and Investments	<u>\$ 32,541,319</u>

As provided for by Education Code, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the County Treasurer for the purpose of increasing interest earnings through county investment activities. Each respective fund's share of the total pooled cash is included in the accompanying combined balance sheet under the caption "Cash in County Treasury." Interest earned on such pooled cash balances is distributed to the participating funds based upon each fund's average cash balance during the distribution period. The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

Under provision of the District's investment policy, and in accordance with Sections 53601 and 53602 of the California Government Code, the District may invest in the following types of investments:

- Bonds issued by the District.
- Securities of the U.S. Government, or its agencies
- Registered state warrants or treasury notes or bonds of the State
- Small Business Administration Loans
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Medium-term notes (remaining maturity of five years or less; rated "A" or better)
- Repurchase Agreements or reverse repurchase agreements
- Mortgage pass-through security

At June 30, 2002, the District's investments primarily consist of certificates of deposits, and bonds that are carried at cost plus accretion of bond discount, which approximates market value.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Cash in banks and specifically identifiable investments are classified as to credit risk by three categories and summarized as follows:

- Category 1: Includes investments that are insured or registered or for which securities are held by the District or its agent in the District's name and deposits insured or collateralized with securities held by the District.
- Category 2: Includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name and deposits collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3: Includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

All certificates of deposit are collateralized as required by California state law for any amount exceeding FDIC or FSLIC coverage. Collateral is held in trust by the institutions and monitored by the State Superintendent of Banking.

	Bank Balance - Category *			Total	Carrying Amount	Market Value
	1	2	3			
Cash in Banks	\$ 253,964	\$ -	\$ 182,354	\$ 436,318	\$ 267,112	\$ 267,112
Investments						
U.S. Treasury Obligations	-	-	4,105,059	4,105,059	4,105,059	4,105,059
	\$ -	\$ -	\$4,105,059	\$ 4,105,059	4,105,059	4,105,059
Uncategorized:						
Deposit with county treasurer					28,169,148	28,239,051
Total Investments					\$32,274,207	\$ 32,344,110

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2002, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Total</u>
Federal Government					
Categorical aid	\$ 136,072	\$ 833	\$ -	\$50,992	\$ 187,897
State Government					
Categorical aid	340,110	60	-	969	341,139
Lottery	655,992	-	-	-	655,992
Apportionment	927,724	-	-	-	927,724
Scheduled maintenance	-	-	1,361,214	-	1,361,214
Other state	-	-	11,213	-	11,213
Local Sources					
Interest	29,440	4,263	99,828	4,418	137,949
Other local	160,850	148,106	-	19,006	327,962
Earned salary advances	268,989	-	-	-	268,989
Total	<u>\$2,519,177</u>	<u>\$153,262</u>	<u>\$1,472,255</u>	<u>\$75,385</u>	<u>\$4,220,079</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2002, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Funds:		
General Unrestricted	\$3,354,164	\$1,357,752
General Restricted	618,326	228,944
Child Development	4,134	40,877
Special Reserve	5,945	109
Asset Management	-	176
Employee Training Institute	-	88,324
Revenue Bond	937	55,000
Revenue Bond Interest and Redemption	-	937
Scheduled Maintenance	3,101	1,384,086
Capital Outlay	24,807	680,000
State Construction Projects	-	141,477
Bond Construction Projects	-	3,101
Student Financial Aid	1,481	35,095
Student Representation Fee	3,150	13
Associated Students	-	154
Total	<u>\$4,016,045</u>	<u>\$4,016,045</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

B. Operating Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2001, are as follows:

The General Unrestricted Fund transferred to the General Restricted Fund.	\$ 481,075
The General Unrestricted Fund transferred to the Revenue Bond Interest and Redemption Fund.	343,446
The General Unrestricted Fund transferred to the Child Development Fund.	50,000
The General Unrestricted Fund transferred to the Special Reserve Fund.	50,000
The General Unrestricted Fund transferred to the Capital Outlay Fund.	40,000
The General Unrestricted Fund transferred to the Student Financial Aid Fund.	24,078
The General Restricted Fund transferred to the General Unrestricted Fund.	43,347
The General Restricted Fund transferred to the Revenue Bond Interest and Redemption Fund.	475,811
The Equipment Replacement Fund transferred to the General Unrestricted Fund.	135,855
The Cafeteria Fund transferred to the Child Development Fund.	3,000
The Special Reserve Fund transferred to the Revenue Bond Interest and Redemption Fund.	148,373
The Employee Training Institute Fund transferred to the Capital Outlay Fund.	24,807
The Schedule Maintenance Fund transferred to the General Unrestricted Fund.	1,284,086
The Schedule Maintenance Fund transferred to the Capital Outlay Fund.	211,691
The Capital Outlay Fund transferred to the General Unrestricted Fund.	680,000
The State Construction Projects Fund transferred to the General Unrestricted Fund.	141,477
The Student Representation Fee Fund transferred to the General Unrestricted Fund.	1,800
Total	<u>\$ 4,138,846</u>

NOTE #6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2002, consist of the following:

	General	Special Revenue	Capital Projects	Trust and Agency	Total
Accrued salaries and benefits	\$ 3,346,563	\$ 72,411	\$ -	\$ -	\$ 3,418,974
Construction	65,492	52,998	900,084	-	1,018,574
Other liabilities	1,227,045	36,614	12,862	(83,271)	1,193,250
Total	<u>\$ 4,639,100</u>	<u>\$ 162,023</u>	<u>\$ 912,946</u>	<u>\$ (83,271)</u>	<u>\$ 5,630,798</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #7 – DEFERRED REVENUE

Deferred revenue at June 30, 2002, consists of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Total</u>
State categorical	\$ 57,630	\$ -	\$ -	\$ -	\$ 57,630
Other state	-	-	2,200,000	-	2,200,000
Local	382,270	15,897	-	8,156	406,323
Total	<u>\$ 439,900</u>	<u>\$ 15,897</u>	<u>\$ 2,200,000</u>	<u>\$ 8,156</u>	<u>\$ 2,663,953</u>

NOTE #8 – FUND BALANCES

Fund balances are composed of the following elements:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>
Reserved					
Revolving cash	\$ 20,000	\$ 1,000	\$ -	\$ -	\$ -
Prepaid expenditures	271,401	-	-	-	-
Restricted programs	373,256	-	-	-	-
Other reservations	-	-	45,842	12,238	-
Total Reserved	<u>664,657</u>	<u>1,000</u>	<u>45,842</u>	<u>12,238</u>	<u>-</u>
Unreserved					
Designated					
Capital outlay	-	1,540,749	-	23,072,342	-
Other	-	398,466	-	-	519,114
Total Designated	<u>-</u>	<u>1,939,215</u>	<u>-</u>	<u>23,072,342</u>	<u>519,114</u>
Undesignated					
	1,832,231	71,088	-	102,821	8,864
Total Unreserved	<u>1,832,231</u>	<u>2,010,303</u>	<u>-</u>	<u>23,175,163</u>	<u>527,978</u>
Total	<u>\$2,496,888</u>	<u>\$2,011,303</u>	<u>\$ 45,842</u>	<u>\$23,187,401</u>	<u>\$527,978</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #9 – GENERAL LONG-TERM DEBT

A. Long-Term Debt Summary

A schedule of changes in long-term debt for the year ended June 30, 2002, is shown below:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
General obligation bonds	\$ 40,000	\$ 21,625,000	\$ 40,000	\$ 21,625,000
Lease revenue bond	11,500,000	-	210,000	11,290,000
Certificates of participation	3,805,000	-	-	3,805,000
Capital leases	363,482	736,473	349,322	750,633
Early retirement plan	-	697,772	203,043	494,729
Accumulated vacation	558,267	489,934	358,685	689,516
	<u>\$ 16,266,749</u>	<u>\$ 23,549,179</u>	<u>\$ 1,161,050</u>	38,654,878
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption			40,857	
Revenue bond interest and redemption			4,985	45,842
Amount to be provided for retirement of general long-term debt				<u>\$ 38,609,036</u>

B. Bonded Debt

The District's outstanding bonded debt at June 30, 2002, is shown below:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
1976	07/01/00	6.60%	\$ 500,000	\$ 40,000	-	\$ 40,000	-
2002	08/01/20	3.0%-5.0%	21,625,000	-	21,625,000	-	21,625,000
			<u>\$ 22,125,000</u>	<u>\$ 40,000</u>	<u>\$ 21,625,000</u>	<u>\$ 40,000</u>	<u>\$ 21,625,000</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2002, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 1,435,000	\$ 1,225,719	\$ 2,660,719
2004	2,025,000	937,525	2,962,525
2005	685,000	866,650	1,551,650
2006	780,000	846,100	1,626,100
2007	325,000	811,000	1,136,000
Thereafter	16,375,000	10,985,872	27,360,872
Total	<u>\$ 21,625,000</u>	<u>\$ 15,672,866</u>	<u>\$ 37,297,866</u>

C. Lease Revenue Bond

The District entered into an \$11,745,000 financing arrangement for capital projects during the 1999-2000 fiscal year. The issuance matures over a 30-year period and accrues interest ranging from 4.0 to 6.0 percent. The bonds were sold to finance acquisition of portable classrooms, construction of additional parking and remodeling of the Student Center. Repayment comes from parking fees, Student Center fees and the unrestricted general fund.

The lease revenue bond has minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 215,000	\$ 638,146	\$ 853,146
2004	225,000	628,246	853,246
2005	240,000	617,784	857,784
2006	30,000	611,694	641,694
2007	160,000	602,136	762,136
Thereafter	10,420,000	8,047,405	18,467,405
Total	<u>\$ 11,290,000</u>	<u>\$ 11,145,411</u>	<u>\$ 22,435,411</u>

D. Certificates of Participation

On June 1, 2001, the Santa Clarita Community College District issued certificates of participation in the amount of \$3,805,000. The issuance matures over a 30-year period. The certificates were issued to provide funds to enable the District to finance various improvements to the campus of the College of the Canyons, including but not limited to a performing arts center, classrooms, scheduled maintenance projects and various site improvements. At June 30, 2002, the principal balance outstanding was \$3,805,000.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

The certificates mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2003	\$ 45,000	\$ 184,012	\$ 229,012
2004	65,000	181,812	246,812
2005	70,000	178,613	248,613
2006	70,000	175,813	245,813
2007	75,000	173,412	248,412
Thereafter	3,480,000	2,643,046	6,123,046
Total	<u>\$ 3,805,000</u>	<u>\$ 3,536,708</u>	<u>\$ 7,341,708</u>

E. Capital Leases

The District's liability on lease agreements with options to purchase are summarized below:

	Software	Equipment	Relocatables	Total
Balance, Beginning of Year	\$ 276,280	\$ -	\$ 114,714	\$ 390,994
Additions	-	848,577	-	848,577
Payments	(138,140)	(231,533)	(57,357)	(427,030)
Balance, End of Year	<u>\$ 138,140</u>	<u>\$ 617,044</u>	<u>\$ 57,357</u>	<u>\$ 812,541</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2003	\$ 364,068
2004	160,651
2005	145,123
2006	118,139
2007	24,560
Subtotal	<u>812,541</u>
Less: Amount Representing Interest	(61,908)
Present Value of Minimum Lease Payments	<u>\$ 750,633</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

F. Retiree Benefits

The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of \$494,729 on behalf of the retirees over the next three years in accordance with the following schedule:

<u>Year Ending June 30,</u>	
2003	\$ 203,043
2004	203,043
2005	88,643
Total	<u>\$ 494,729</u>

G. Accumulated Unpaid Employee Compensation

The long-term portion of accumulated unpaid employee compensation for the District at June 30, 2002, amounted to \$689,516.

NOTE #10 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' retirement System, and classified employees are members of the Public Employees' Retirement System.

A. Plan Descriptions and Provisions

1. State Teachers' Retirement System (STRS)

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the STRS, a cost-sharing multiple-employer contributory public employee retirement system. At June 30, 2002, the District employed 180 certificated employees with a total annual payroll of approximately \$13,916,738.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Employees attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. However, the two percent age factor used at age 60 is reduced for any retirement prior to that age. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable.

2. California Public Employees' Retirement System (PERS)

All full-time classified employees participate in the PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Santa Clarita Community College District is part of a "cost-sharing" pool within PERS. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. On June 30, 2002, the District employed 203 classified employees with a total annual payroll of approximately \$9,433,339. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of two percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement may begin at age 60 to age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

Benefit provisions for PERS are established by the Public Employees' Retirement Law (part 3 of the California Government Code, Section 20000 et seq.).

B. Funding Status and Progress of the Retirement Plans

The "pension benefit obligation" reported below is a standardized disclosure of the present value of pension benefits adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the retirement plans' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among retirement systems and employers. The measure is independent of the funding method used to determine contributions to the retirement systems.

The pension benefit obligation for STRS was computed as part of the actuarial valuation performed June 30, 2002. The significant actuarial assumptions used by STRS to compute the June 30, 2002, actuarial valuation are the same as those applied in prior years.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Under current law, the pension benefit obligation for STRS is not the responsibility of the District. The State of California makes annual contributions to STRS toward the unfunded obligation. The pension benefit obligation for STRS is included in the financial statements for STRS and the State of California.

The pension benefit obligation for PERS was computed as part of an actuarial valuation performed June 30, 2002. Significant actuarial assumptions used to compute the PERS pension benefit obligation included an actuarial interest rate of 8.50 percent per annum and projected salary increases of 4.5 to 14.95 percent depending on duration of service. This increase includes an inflation component of 4.5 percent.

The significant assumptions used to compute the pension benefit obligation are unchanged from the prior year.

C. Contributions Required and Contributions Made

The District is required by statute to contribute 8.25 percent and zero percent of gross salary expenditures to STRS and PERS, respectively. Participants are required to contribute 8.00 percent and 7.00 percent of gross salary to STRS and PERS, respectively.

The District's contributions to STRS for the fiscal years ending June 30, 2002, 2001, and 2000, were \$1,148,131, \$941,068, and \$805,327, respectively, and equal 100 percent of the required contributions for each year. The District's contributions to PERS for the fiscal years ending June 30, 2002, 2001, and 2000, were \$0, \$0, and \$0, respectively, and equal 100 percent of the required contributions for each year.

D. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75 percent of an employee's gross earnings. An employee is required to contribute 3.75 percent of his or her gross earnings to the pension plan.

E. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$274,856 (1.975 percent of salaries subject to STRS) and \$0 (zero percent of salaries subject to PERS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report (CCFS-311). These amounts also have not been recorded in these financial statements.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material. The District has, however, overreported attendance in certain adult education off-campus courses that may result in the repayment to the state for the overclaimed and reimbursed FTES. The actual overstatement of attendance hours and repayment, if any, has not been determined.

B. Leases

The District has entered into various operating leases for classrooms/office facilities and equipment. All leases contain termination clauses providing for cancellation after six months written notice to lessors. It is expected that in the normal course of business most of these leases will be replaced by similar leases. Expenditures for rent under leases for the year ended June 30, 2002, amounted to \$383,262.

C. Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the District's financial statements.

D. Construction Commitments

As of June 30, 2002, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Performing Arts Center	\$ 13,485,720	04/01/04
Seismic Retrofit	988,531	12/01/02
Architectural Barrier Removal	69,764	01/01/03
Facilities Master Plan	20,510	08/01/02
T Building Expansion	856,497	01/01/03
Music/Dance Building	41,439	09/01/04
	<u>\$ 15,462,461</u>	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #12 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the State-Wide Association of Community Colleges (SWACC) and the Schools Excess Liability Fund (SELF) joint powers authorities (JPAs). The District pays an annual premium to each entity for its workers’ compensation and property liability coverage. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

<u>A. Entity</u>	<u>SWACC</u>	<u>SELF</u>
<u>B. Purpose</u>	Provides property and liability coverage.	Provides excess liability coverage.
<u>C. Participants</u>	Community college districts throughout California.	Local educational agencies.
<u>D. Governing Board</u>	Members of participating districts.	Members of participating districts.
<u>E. Condensed Audited Financial Information Follows</u>		
	<u>June 30, 2002</u>	
Assets	\$ 19,230,743	Current Audited Financial Information Not Available
Liabilities	(9,157,011)	
Fund Equity	<u>\$ 10,073,732</u>	
Revenues	9,996,205	
Expenses	(9,651,057)	
Net Increase in Fund Equity	<u>\$ 345,148</u>	
<u>F. Payments for the Current Year</u>	<u>\$ 156,532</u>	

None of the JPAs had long-term debts outstanding at June 30, 2002. The District’s share of year-end assets, liabilities, or fund equity has not been calculated.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #13 – RETIREE BENEFITS

The District provides postemployment health care benefits, in accordance with District employment contracts, to academic employees who retire from service with the District on or after January 1, 1979. These employees may elect to continue their coverages under the District's medical, dental, and group life insurance programs.

Eligible employees are those who have completed not less than 10 consecutive years of paid service with the District, as of the date of retirement, or who have been employed for not less than three consecutive years on a multi-year contract, as of the date of retirement. The District contribution for these coverages is paid in accordance with negotiated contracts.

Currently, 72 employees meet those eligibility requirements. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis. During the year, expenditures of \$130,309 were recognized for retirees' health care benefits.

The District had an actuarial study completed in 2000. The accumulated future liability as of June 30, 2000, amounts to approximately \$2,500,000 as determined by the actuarial study.

NOTE #14 – SUBSEQUENT EVENTS

The District issued \$4,145,000 of Tax and Revenue Anticipation Notes dated July 1, 2002. The notes mature on July 31, 2003, and yield 1.80 percent interest. The notes were sold to supplement cash flow.

Repayment requirements are that a percentage of the principal and interest be deposited with the fiscal agent each month beginning February 2003 until 100 percent of the principal and interest due is on account in May 2003.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #15 – DEFERRED COMPENSATION FUND

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the District until paid or made available to the employee or other beneficiary, subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

The funds are currently on deposit in the Los Angeles County Teachers Credit Union with separate accounts established for each participating employee.

NOTE #16 – RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employees' life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE #17 – NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement of Financial Accounting Standards No. 34 "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" and No. 35 "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*." This Statement establishes financial reporting standards for state and local governments, including states, cities, towns, villages and special-purpose governments such as school districts and public utilities. Specifically the basic financial statements and required supplementary information (RSI) for general-purpose governments should consist of:

- A. Management's Discussion and Analysis (MD&A)

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

B. Basic Financial Statements which include:

- Entity-wide financial statements prepared using the economic measurement focus and the accrual basis of accountings. These will include the Balance Sheet, Statement of Revenues, Expenses, and Changes in Net Assets, and Cash Flow Statement.
- Notes to the Financial Statements.

C. The requirements of this statement are effective in three phases based on a government's total annual revenues for the year ended June 30, 1999, with earlier application encouraged. These phases are as follows:

- Phase I: Districts with total revenue of \$100 million or more are required to implement for the year ending June 30, 2002.
- Phase II: Districts with total revenue of at least \$10 million but less than \$100 million are required to implement for the year ending June 30, 2003.
- Phase III: Districts with total revenue of less than \$10 million are required to implement for the year ending June 30, 2004.

Based on the above criteria, the District expects to adopt the provisions of this statement for the fiscal year ending June 30, 2003. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**GENERAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	Unrestricted	Restricted	Equipment Replacement	Total
ASSETS				
Cash	\$ 20,000	\$ -	\$ -	20,000
Investments	2,397,840	-	-	2,397,840
Accounts receivable	1,976,331	542,846	-	2,519,177
Due from other funds	3,354,164	618,326	-	3,972,490
Prepaid expenditures	271,401	-	-	271,401
Total Assets	<u>\$ 8,019,736</u>	<u>\$ 1,161,172</u>	<u>\$ -</u>	<u>\$ 9,180,908</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Deficit investment balances	-	18,324	-	18,324
Accounts payable	4,270,984	368,116	-	4,639,100
Due to other funds	1,357,752	228,944	-	1,586,696
Deferred revenue	268,395	171,505	-	439,900
Total Liabilities	<u>5,897,131</u>	<u>786,889</u>	<u>-</u>	<u>6,684,020</u>
FUND EQUITY				
Fund balances				
Reserved	291,401	373,256	-	664,657
Unreserved				
Designated	-	-	-	-
Undesignated	1,831,204	1,027	-	1,832,231
Total Fund Equity	<u>2,122,605</u>	<u>374,283</u>	<u>-</u>	<u>2,496,888</u>
Total Liabilities and Fund Equity	<u>\$ 8,019,736</u>	<u>\$ 1,161,172</u>	<u>\$ -</u>	<u>\$ 9,180,908</u>

The accompanying notes are an integral part of these financial statements.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

GENERAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Unrestricted		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ 12,888	\$ 15,178	\$ 2,290
State revenues	24,226,961	23,702,420	(524,541)
Local revenues	16,008,174	16,294,999	286,825
Total Revenues	<u>40,248,023</u>	<u>40,012,597</u>	<u>(235,426)</u>
EXPENDITURES			
Current expenditures			
Academic salaries	17,112,401	18,605,280	(1,492,879)
Classified salaries	11,179,026	10,897,945	281,081
Employee benefits	4,843,205	4,973,264	(130,059)
Books and supplies	913,695	811,158	102,537
Services and operating expenditures	4,842,595	4,882,915	(40,320)
Capital outlay	1,671,160	1,585,666	85,494
Debt service	177,915	177,915	-
Total Expenditures	<u>40,739,997</u>	<u>41,934,143</u>	<u>(1,194,146)</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(491,974)</u>	<u>(1,921,546)</u>	<u>(1,429,572)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	2,143,385	2,286,565	143,180
Operating transfers out	(4,363,036)	(988,599)	3,374,437
Other sources	-	9,400	9,400
Other uses	(58,129)	(32,969)	25,160
Total Other Financing Sources/(Uses)	<u>(2,277,780)</u>	<u>1,274,397</u>	<u>3,552,177</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (2,769,754)</u>	<u>(647,149)</u>	<u>\$ 2,122,605</u>
FUND BALANCE, BEGINNING OF YEAR		<u>2,769,754</u>	
FUND BALANCE, END OF YEAR		<u>\$ 2,122,605</u>	

The accompanying notes are an integral part of these financial statements.

Restricted			Equipment Replacement		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,216,250	\$ 479,075	\$ (737,175)	\$ -	\$ -	\$ -
3,871,239	3,607,167	(264,072)	-	-	-
952,835	992,956	40,121	-	-	-
6,040,324	5,079,198	(961,126)	-	-	-
1,109,965	951,037	158,928	-	-	-
1,501,412	1,427,677	73,735	-	-	-
483,130	351,358	131,772	-	-	-
405,006	367,222	37,784	-	-	-
1,674,296	1,265,312	408,984	-	-	-
1,070,009	460,981	609,028	2,500	-	2,500
-	-	-	-	-	-
6,243,818	4,823,587	1,420,231	2,500	-	2,500
(203,494)	255,611	459,105	(2,500)	-	2,500
581,875	481,075	(100,800)	-	-	-
(528,780)	(519,158)	9,622	(135,855)	(135,855)	-
-	-	-	-	-	-
-	(243,245)	(243,245)	-	-	-
53,095	(281,328)	(334,423)	(135,855)	(135,855)	-
<u>\$ (150,399)</u>	<u>(25,717)</u>	<u>\$ 124,682</u>	<u>\$ (138,355)</u>	<u>(135,855)</u>	<u>\$ 2,500</u>
	400,000			135,855	
	<u>\$ 374,283</u>			<u>\$ -</u>	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

GENERAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ 1,229,138	\$ 494,253	\$ (734,885)
State revenues	28,098,200	27,309,587	(788,613)
Local revenues	16,961,009	17,287,955	326,946
Total Revenues	<u>46,288,347</u>	<u>45,091,795</u>	<u>(1,196,552)</u>
EXPENDITURES			
Current expenditures			
Academic salaries	18,222,366	19,556,317	(1,333,951)
Classified salaries	12,680,438	12,325,622	354,816
Employee benefits	5,326,335	5,324,622	1,713
Books and supplies	1,318,701	1,178,380	140,321
Services and operating expenditures	6,516,891	6,148,227	368,664
Capital outlay	2,743,669	2,046,647	697,022
Debt service	177,915	177,915	-
Total Expenditures	<u>46,986,315</u>	<u>46,757,730</u>	<u>228,585</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(697,968)</u>	<u>(1,665,935)</u>	<u>(967,967)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	2,725,260	2,767,640	42,380
Operating transfers out	(5,027,671)	(1,643,612)	3,384,059
Other sources	-	9,400	9,400
Other uses	(307,730)	(276,214)	31,516
Total Other Financing Sources/(Uses)	<u>(2,610,141)</u>	<u>857,214</u>	<u>3,467,355</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (3,308,109)</u>	<u>(808,721)</u>	<u>\$ 2,499,388</u>
FUND BALANCE, BEGINNING OF YEAR		<u>3,305,609</u>	
FUND BALANCE, END OF YEAR		<u>\$ 2,496,888</u>	

The accompanying notes are an integral part of these financial statements.

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	Child Development	Cafeteria	Special Reserve	Asset Management
ASSETS				
Cash	\$ 1,000	\$ -	\$ -	-
Investments	81,230	21,700	405,388	40,194
Accounts receivable	8,902	9,927	3,139	303
Due from other funds	4,134	-	5,945	-
Total Assets	<u>\$ 95,266</u>	<u>\$ 31,627</u>	<u>\$ 414,472</u>	<u>\$ 40,497</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	45,671	758	-	23,743
Due to other funds	40,877	-	109	176
Deferred revenue	-	-	15,897	-
Total Liabilities	<u>86,548</u>	<u>758</u>	<u>16,006</u>	<u>23,919</u>
FUND EQUITY				
Fund balances				
Reserved	1,000	-	-	-
Unreserved				
Designated	-	-	398,466	-
Undesignated	7,718	30,869	-	16,578
Total Fund Equity	<u>8,718</u>	<u>30,869</u>	<u>398,466</u>	<u>16,578</u>
Total Liabilities and Fund Equity	<u>\$ 95,266</u>	<u>\$ 31,627</u>	<u>\$ 414,472</u>	<u>\$ 40,497</u>

The accompanying notes are an integral part of these financial statements.

Employee Training Institute	Revenue Bond	Total
\$ -	\$ -	1,000
16,092	1,643,827	2,208,431
127,340	3,651	153,262
-	937	11,016
<u>\$ 143,432</u>	<u>\$ 1,648,415</u>	<u>\$ 2,373,709</u>

39,962	51,889	162,023
88,324	55,000	184,486
-	-	15,897
<u>128,286</u>	<u>106,889</u>	<u>362,406</u>

-	-	1,000
-	1,540,749	1,939,215
15,146	777	71,088
<u>15,146</u>	<u>1,541,526</u>	<u>2,011,303</u>
<u>\$ 143,432</u>	<u>\$ 1,648,415</u>	<u>\$ 2,373,709</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2002

	Child Development		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal revenues	\$ 19,000	\$ 21,550	\$ 2,550
State revenues	367,396	377,311	9,915
Local revenues	230,406	222,703	(7,703)
Total Revenues	<u>616,802</u>	<u>621,564</u>	<u>4,762</u>
EXPENDITURES			
Current expenditures			
Academic salaries	270,134	267,796	2,338
Classified salaries	254,698	249,790	4,908
Employee benefits	78,431	82,137	(3,706)
Books and supplies	30,364	30,012	352
Services and operating expenditures	12,596	12,536	60
Capital outlay	21,424	21,420	4
Total Expenditures	<u>667,647</u>	<u>663,691</u>	<u>3,956</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(50,845)</u>	<u>(42,127)</u>	<u>8,718</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	53,000	53,000	-
Operating transfers out	-	-	-
Other uses	(3,000)	(3,000)	-
Total Other Financing Sources/(Uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (845)</u>	<u>7,873</u>	<u>\$ 8,718</u>
FUND BALANCE, BEGINNING OF YEAR		845	
FUND BALANCE, END OF YEAR		<u>\$ 8,718</u>	

The accompanying notes are an integral part of these financial statements.

Cafeteria			Special Reserve		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
46,500	26,065	(20,435)	125,000	130,891	5,891
46,500	26,065	(20,435)	125,000	130,891	5,891
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,000	-	13,000	-	-	-
49,000	39,987	9,013	365,948	-	365,948
19,306	6,515	12,791	-	-	-
81,306	46,502	34,804	365,948	-	365,948
(34,806)	(20,437)	14,369	(240,948)	130,891	371,839
-	-	-	50,000	50,000	-
(19,500)	(3,000)	16,500	(175,000)	(148,373)	26,627
-	-	-	-	-	-
(19,500)	(3,000)	16,500	(125,000)	(98,373)	26,627
\$ (54,306)	(23,437)	\$ 30,869	\$ (365,948)	32,518	\$ 398,466
	54,306			365,948	
	\$ 30,869			\$ 398,466	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Asset Management		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
State revenues	-	-	-
Local revenues	4,500	2,016	(2,484)
Total Revenues	<u>4,500</u>	<u>2,016</u>	<u>(2,484)</u>
EXPENDITURES			
Current expenditures			
Academic salaries	22,200	12,858	9,342
Classified salaries	-	-	-
Employee benefits	3,500	1,903	1,597
Books and supplies	-	-	-
Services and operating expenditures	33,740	40,090	(6,350)
Capital outlay	-	-	-
Total Expenditures	<u>59,440</u>	<u>54,851</u>	<u>4,589</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(54,940)</u>	<u>(52,835)</u>	<u>2,105</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	34,000	-	34,000
Other uses	-	-	-
Total Other Financing Sources/(Uses)	<u>(34,000)</u>	<u>-</u>	<u>34,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (88,940)</u>	<u>(52,835)</u>	<u>\$ 36,105</u>
FUND BALANCE, BEGINNING OF YEAR		69,413	
FUND BALANCE, END OF YEAR		<u>\$ 16,578</u>	

The accompanying notes are an integral part of these financial statements.

Employee Training Institute			Revenue Bond		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
408,492	393,926	(14,566)	53,066	69,072	16,006
408,492	393,926	(14,566)	53,066	69,072	16,006
-	-	-	-	-	-
235,682	243,760	(8,078)	-	-	-
40,450	38,039	2,411	-	-	-
42,070	41,013	1,057	-	-	-
52,348	44,419	7,929	4,066	3,127	939
18,610	17,435	1,175	5,029,816	3,505,235	1,524,581
389,160	384,666	4,494	5,033,882	3,508,362	1,525,520
19,332	9,260	(10,072)	(4,980,816)	(3,439,290)	1,541,526
-	-	-	-	-	-
(50,025)	(24,807)	25,218	-	-	-
-	-	-	-	-	-
(50,025)	(24,807)	25,218	-	-	-
\$ (30,693)	(15,547)	\$ 15,146	\$ (4,980,816)	(3,439,290)	\$ 1,541,526
	30,693			4,980,816	
	\$ 15,146			\$ 1,541,526	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Total		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal revenues	\$ 19,000	\$ 21,550	\$ 2,550
State revenues	367,396	377,311	9,915
Local revenues	867,964	844,673	(23,291)
Total Revenues	<u>1,254,360</u>	<u>1,243,534</u>	<u>(10,826)</u>
EXPENDITURES			
Current expenditures			
Academic salaries	292,334	280,654	11,680
Classified salaries	490,380	493,550	(3,170)
Employee benefits	122,381	122,079	302
Books and supplies	85,434	71,025	14,409
Services and operating expenditures	517,698	140,159	377,539
Capital outlay	5,089,156	3,550,605	1,538,551
Total Expenditures	<u>6,597,383</u>	<u>4,658,072</u>	<u>1,939,311</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(5,343,023)</u>	<u>(3,414,538)</u>	<u>1,928,485</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	103,000	103,000	-
Operating transfers out	(278,525)	(176,180)	102,345
Other uses	(3,000)	(3,000)	-
Total Other Financing Sources/(Uses)	<u>(178,525)</u>	<u>(76,180)</u>	<u>102,345</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (5,521,548)</u>	<u>(3,490,718)</u>	<u>\$ 2,030,830</u>
FUND BALANCE, BEGINNING OF YEAR		<u>5,502,021</u>	
FUND BALANCE, END OF YEAR		<u>\$ 2,011,303</u>	

The accompanying notes are an integral part of these financial statements.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	Bond Interest and Redemption	Revenue Bond Interest and Redemption	Total
ASSETS			
Investments	\$ 40,857	\$ 5,922	\$ 46,779
Total Assets	<u>\$ 40,857</u>	<u>\$ 5,922</u>	<u>\$ 46,779</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Due to other funds	-	937	937
Total Liabilities	<u>-</u>	<u>937</u>	<u>937</u>
FUND EQUITY			
Fund balances			
Reserved	40,857	4,985	45,842
Total Fund Equity	<u>\$ 40,857</u>	<u>\$ 5,922</u>	<u>\$ 46,779</u>

The accompanying notes are an integral part of these financial statements.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

DEBT SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Bond Interest and Redemption</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Other state revenues	\$ -	\$ 16	\$ 16
Other local revenues	-	50,899	50,899
Total Revenues	<u>-</u>	<u>50,915</u>	<u>50,915</u>
EXPENDITURES			
Debt service - principal	-	40,000	(40,000)
Debt service - interest and other	-	1,564	(1,564)
Total Expenditures	<u>-</u>	<u>41,564</u>	<u>(41,564)</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>-</u>	<u>9,351</u>	<u>9,351</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Other uses	-	(9,400)	(9,400)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(9,400)</u>	<u>(9,400)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>(49)</u>	<u>\$ (49)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>40,906</u>	
FUND BALANCE, END OF YEAR		<u>\$ 40,857</u>	

The accompanying notes are an integral part of these financial statements.

Revenue Bond Interest and Redemption			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	16	\$ 16
-	158	158	-	51,057	51,057
-	158	158	-	51,073	51,073
210,000	210,000	-	210,000	250,000	(40,000)
762,486	757,659	4,827	762,486	759,223	3,263
972,486	967,659	4,827	972,486	1,009,223	(36,737)
(972,486)	(967,501)	4,985	(972,486)	(958,150)	14,336
967,630	967,630	-	967,630	967,630	-
-	-	-	-	(9,400)	(9,400)
967,630	967,630	-	967,630	958,230	(9,400)
<u>\$ (4,856)</u>	129	<u>\$ 4,985</u>	<u>\$ (4,856)</u>	80	<u>\$ 4,936</u>
	4,856			45,762	
	<u>\$ 4,985</u>			<u>\$ 45,842</u>	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	Scheduled Maintenance	Capital Outlay	State Construction Projects	Bond Construction Projects
ASSETS				
Investments	\$ 1,062,387	\$ 3,444,177	\$ 2,016,069	\$ 20,486,215
Accounts receivable	335,008	18,442	1,045,445	73,360
Due from other funds	3,101	24,807	-	-
Total Assets	<u>1,400,496</u>	<u>3,487,426</u>	<u>3,061,514</u>	<u>20,559,575</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	16,410	53,817	707,799	134,920
Due to other funds	1,384,086	680,000	141,477	3,101
Deferred revenue	-	-	2,200,000	-
Total Liabilities	<u>1,400,496</u>	<u>733,817</u>	<u>3,049,276</u>	<u>138,021</u>
FUND EQUITY				
Fund balances				
Reserved	-	-	12,238	-
Unreserved				
Designated	-	2,650,788	-	20,421,554
Undesignated	-	102,821	-	-
Total Fund Equity	<u>-</u>	<u>2,753,609</u>	<u>12,238</u>	<u>20,421,554</u>
Total Liabilities and Fund Equity	<u>\$ 1,400,496</u>	<u>\$ 3,487,426</u>	<u>\$ 3,061,514</u>	<u>\$ 20,559,575</u>

The accompanying notes are an integral part of these financial statements.

Total
\$ 27,008,848
1,472,255
27,908
28,509,011

912,946
2,208,664
2,200,000
5,321,610

12,238
23,072,342
102,821
23,187,401
\$ 28,509,011

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Scheduled Maintenance		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
State revenues	\$ 1,241,342	\$ 661,261	\$ (580,081)
Local revenues	-	42,745	42,745
Total Revenues	<u>1,241,342</u>	<u>704,006</u>	<u>(537,336)</u>
EXPENDITURES			
Current expenditures			
Services and operating expenditures	-	-	-
Capital outlay	1,241,342	661,261	580,081
Total Expenditures	<u>1,241,342</u>	<u>661,261</u>	<u>580,081</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>-</u>	<u>42,745</u>	<u>42,745</u>
OTHER FINANCING SOURCES			
Operating transfers in	-	-	-
Operating transfers out	(1,453,032)	(1,495,777)	(42,745)
Other sources	-	-	-
Total Other Financing Sources	<u>(1,453,032)</u>	<u>(1,495,777)</u>	<u>(42,745)</u>
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER SOURCES	<u>\$ (1,453,032)</u>	<u>(1,453,032)</u>	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		1,453,032	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

Capital Outlay			State Construction Project		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 694,112	\$ 700,611	\$ 6,499	\$ 9,749,356	\$ 1,112,121	\$ (8,637,235)
-	-	-	-	13,741	13,741
694,112	700,611	6,499	9,749,356	1,125,862	(8,623,494)
119,557	77,876	41,681	-	-	-
4,942,636	2,237,207	2,705,429	9,749,356	1,112,120	8,637,236
5,062,193	2,315,083	2,747,110	9,749,356	1,112,120	8,637,236
(4,368,081)	(1,614,472)	2,753,609	-	13,742	13,742
276,498	276,498	-	-	-	-
(680,000)	(680,000)	-	(139,973)	(141,477)	(1,504)
-	-	-	-	-	-
(403,502)	(403,502)	-	(139,973)	(141,477)	(1,504)
\$ (4,771,583)	(2,017,974)	\$ 2,753,609	\$ (139,973)	(127,735)	\$ 12,238
	4,771,583			139,973	
	\$ 2,753,609			\$ 12,238	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Building		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State revenues	\$ -	\$ -	-
Local revenues	30,000	73,360	43,360
Total Revenues	<u>30,000</u>	<u>73,360</u>	<u>43,360</u>
EXPENDITURES			
Current expenditures			
Services and operating expenditures	452,000	391,496	60,504
Capital outlay	21,203,000	885,310	20,317,690
Total Expenditures	<u>21,655,000</u>	<u>1,276,806</u>	<u>20,378,194</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(21,625,000)</u>	<u>(1,203,446)</u>	<u>20,421,554</u>
OTHER FINANCING SOURCES			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	21,625,000	21,625,000	-
Total Other Financing Sources	<u>21,625,000</u>	<u>21,625,000</u>	<u>-</u>
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER SOURCES	<u>\$ -</u>	<u>20,421,554</u>	<u>\$ 20,421,554</u>
FUND BALANCE, BEGINNING OF YEAR			-
FUND BALANCE, END OF YEAR		<u>\$ 20,421,554</u>	

The accompanying notes are an integral part of these financial statements.

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 11,684,810	\$ 2,473,993	\$ (9,210,817)
30,000	129,846	99,846
<u>11,714,810</u>	<u>2,603,839</u>	<u>(9,110,971)</u>
571,557	469,372	102,185
<u>37,136,334</u>	<u>4,895,898</u>	<u>32,240,436</u>
<u>37,707,891</u>	<u>5,365,270</u>	<u>32,342,621</u>
<u>(25,993,081)</u>	<u>(2,761,431)</u>	<u>23,231,650</u>
276,498	276,498	-
(2,273,005)	(2,317,254)	(44,249)
<u>21,625,000</u>	<u>21,625,000</u>	<u>-</u>
<u>19,628,493</u>	<u>19,584,244</u>	<u>(44,249)</u>
<u>\$ (6,364,588)</u>	16,822,813	<u>\$ 23,187,401</u>
	6,364,588	
	<u>\$ 23,187,401</u>	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUND TYPES
EXPENDABLE TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	<u>Expendable Trust</u>	
	<u>Student Financial Aid</u>	<u>Retiree Benefits</u>
ASSETS		
Cash	\$ -	\$ -
Investments	42,190	528,089
Accounts receivable	52,398	3,903
Due from other funds	1,481	-
Prepaid expenditures	-	-
Total Assets	<u>96,069</u>	<u>531,992</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Deficit investment balances	-	-
Accounts payable	52,110	12,878
Due to other funds	35,095	-
Deferred revenue	-	-
Due to student groups	-	-
Total Liabilities	<u>87,205</u>	<u>12,878</u>
FUND EQUITY		
Fund balances		
Unreserved		
Designated	-	519,114
Undesignated	8,864	-
Total Fund Equity	<u>8,864</u>	<u>519,114</u>
Total Liabilities and Fund Equity	<u>\$ 96,069</u>	<u>\$ 531,992</u>

The accompanying notes are an integral part of these financial statements.

Agency Funds

Student Representation Fee	Associated Students	Payroll Clearance	Total
\$ -	\$ 246,112	\$ -	\$ 246,112
41,305	725	-	612,309
279	18,805	-	75,385
3,150	-	-	4,631
-	1,036	-	1,036
<u>44,734</u>	<u>266,678</u>	<u>-</u>	<u>939,473</u>
-	-	195,378	195,378
-	47,119	(195,378)	(83,271)
13	154	-	35,262
8,138	18	-	8,156
<u>36,583</u>	<u>219,387</u>	<u>-</u>	<u>255,970</u>
<u>44,734</u>	<u>266,678</u>	<u>-</u>	<u>411,495</u>
-	-	-	519,114
-	-	-	8,864
-	-	-	527,978
<u>\$ 44,734</u>	<u>\$ 266,678</u>	<u>\$ -</u>	<u>\$ 939,473</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUND TYPES
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002**

	Student Financial Aid	Retiree Benefits	Total
REVENUES			
Federal revenues	\$ 1,999,895	\$ -	\$ 1,999,895
State revenues	194,876	-	194,876
Local revenues	1,545	20,517	22,062
Total Revenues	<u>2,196,316</u>	<u>20,517</u>	<u>2,216,833</u>
EXPENDITURES			
Current expenditures			
Employee benefits	-	130,309	130,309
Services and operating expenditures	47	-	47
Total Expenditures	<u>47</u>	<u>130,309</u>	<u>130,356</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>2,196,269</u>	<u>(109,792)</u>	<u>2,086,477</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	24,078	-	24,078
Other uses	(2,218,848)	-	(2,218,848)
Total Other Financing Sources/(Uses)	<u>(2,194,770)</u>	<u>-</u>	<u>(2,194,770)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	1,499	(109,792)	(108,293)
FUND BALANCE, BEGINNING OF YEAR	<u>7,365</u>	<u>628,906</u>	<u>636,271</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,864</u>	<u>\$ 519,114</u>	<u>\$ 527,978</u>

The accompanying notes are an integral part of these financial statements.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2002**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
STUDENT REPRESENTATION FEE				
ASSETS				
Investments	\$ 27,933	\$ 34,249	\$ 20,877	\$ 41,305
Accounts receivable	329	279	329	279
Due from other funds	10,092	3,150	10,092	3,150
Total Assets	<u>\$ 38,354</u>	<u>\$ 37,678</u>	<u>\$ 31,298</u>	<u>\$ 44,734</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 110	\$ -	\$ 110	\$ -
Due to other funds	6,366	13	6,366	13
Deferred revenue	7,873	8,138	7,873	8,138
Due to students groups	24,005	29,527	16,949	36,583
Total Liabilities	<u>\$ 38,354</u>	<u>\$ 37,678</u>	<u>\$ 31,298</u>	<u>\$ 44,734</u>
ASSOCIATED STUDENT BODY FUND				
ASSETS				
Cash	\$ 226,306	\$ 128,159	\$ 108,353	\$ 246,112
Investments	969	-	244	725
Accounts receivable	15	18,805	15	18,805
Due from other funds	18	-	18	-
Prepaid expenditures	1,085	1,036	1,085	1,036
Total Assets	<u>\$ 228,393</u>	<u>\$ 148,000</u>	<u>\$ 109,715</u>	<u>\$ 266,678</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 17,231	\$ 47,119	\$ 17,231	\$ 47,119
Due to other funds	226	154	226	154
Deferred revenue	-	18	-	18
Due to students groups	210,936	100,709	92,258	219,387
Total Liabilities	<u>\$ 228,393</u>	<u>\$ 148,000</u>	<u>\$ 109,715</u>	<u>\$ 266,678</u>
PAYROLL CLEARING FUND				
LIABILITIES				
Deficit investment balances	\$ 173,232	\$ 22,146	\$ -	\$ 195,378
Accounts payable	(173,232)	(22,146)	-	(195,378)
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

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SUPPLEMENTARY INFORMATION

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
DIRECT PROGRAMS:			
Pell Grants [1]	84.063		\$ 1,927,658
Pell Administration Allowance [1]	84.063		4,695
SEOG Grant [1]	84.007		72,236
SEOG Administration Allowance [1]	84.007		9,573
Federal Work-Study - 75% [1]	84.033		71,358
Federal Family Loan [1]	84.037		926,016
FIPSE - Comprehensive Applications	84.116		47,296
Fund for the Improvement of Postsecondary Education	84.116Z		78,341
National Science Foundation	[2]		3,047
 PASSED THROUGH STATE DEPARTMENT OF EDUCATION:			
Vocational Educational Grants			
VATEA Title IC	84.048	03577	151,602
VATEA Tech. Prep.	84.048	03569	71,000
VATEA Leadership	84.048	03920	34,451
VATEA S. Central Reg. Cons Mini Grant	84.048		5,019
Subtotal			<u>3,402,292</u>
 U.S. DEPARTMENT OF VETERAN AFFAIRS			
Veterans' Education Act	84.065		<u>910</u>
 U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition	10.558	03393	<u>21,550</u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
TANF/GAIN - Temporary Aid to Needy Families	93.561		<u>16,961</u>
Total Federal Programs			<u><u>\$ 3,441,713</u></u>

[1] Tested as a Major Program.

[2] Federal Catalog Number not available.

See accompanying note to supplementary information.

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Assessment/Matriculation	\$ 518,972	\$ -	\$ 518,972
Assessment/Matriculation (Think Tank)	37,037	-	37,037
Basic Skills	290,541	-	290,541
Cal Grant	194,876	-	194,876
California Articulation Number Grant	5,000	-	5,000
California Campus Compact	1,000	-	1,000
California Council for the Humanities	500	-	500
California Work Opportunities and Responsibilities	137,913	-	137,913
Child Development - Instruction Materials	1,322	-	1,322
Child Development - Infant/Toddler	155,210	-	155,210
Child Development - Infant/Toddler Resource	7,044	-	7,044
Child Development - Playground Safety	18,000	-	18,000
Child Development Training Consortium	7,250	-	7,250
Child Nutrition			[1]
College Health Against Violence - City of Santa Clarita	-	8,035	8,035
Cooperative Agency Resource for Education (CARE)	45,744	-	45,744
Disabled Student Programs and Services	486,360	-	486,360
Economic Development			
Associate Degree Nursing Program	62,491	-	62,491
Economic Development - CACT	178,875	-	178,875
Economic Development - Industry Driven #2	55,000	-	55,000
Early Intervention for School Success	1,000	-	1,000
Energy Conservation Funds	442,358	-	442,358
Extended Opportunity Program and Services	344,311	-	344,311
Foster Parent	98,739	-	98,739
Independent Living	7,041	-	7,041
MAPP Training Program	57,845	-	57,845
Mentor Teacher	4,583	-	4,583
Ongoing Block Grant	124,320	-	124,320
Ongoing Block Grant Carry Forward	-	6,258	6,258

[1] Entitlement column not applicable.

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 518,972	\$ -	\$ -	\$ 518,972	\$ 493,559
37,037	-	-	37,037	35,205
290,541	-	-	290,541	290,541
193,907	969	-	194,876	194,876
5,000	-	-	5,000	5,000
-	989	-	989	989
500	(162)	-	338	338
137,913	-	-	137,913	111,622
1,322	-	-	1,322	1,322
155,209	-	-	155,209	155,209
7,044	-	-	7,044	7,044
18,000	(51)	-	17,949	17,949
7,238	-	-	7,238	7,238
1,423	60	-	1,483	1,483
8,035	-	6,520	1,515	1,515
45,744	(204)	-	45,540	45,540
486,360	-	-	486,360	486,360
52,492	-	31,166	21,326	21,326
150,255	-	13,959	136,296	136,296
46,200	-	5,985	40,215	40,215
1,000	-	-	1,000	1,000
442,358	-	-	442,358	442,358
344,311	(2,210)	-	342,101	342,101
24,685	74,016	-	98,701	98,701
7,075	-	-	7,075	7,075
7,726	44,776	-	52,502	52,502
4,583	-	-	4,583	4,583
124,320	-	-	124,320	124,320
6,258	-	-	6,258	6,258

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Online Hotel and Restaurant Management Grant	\$ -	\$ 1,301	\$ 1,301
Part Time Faculty	471,192	-	471,192
Partnership for Excellences	1,984,464	-	1,984,464
Preschool - Full Day	43,690	-	43,690
Preschool Expansion	141,130	-	141,130
Staff Development	42,852	-	42,852
Staff Development Carry Forward	-	34,787	34,787
Staff Diversity	14,750	-	14,750
Staff Diversity Carry Forward	-	8,232	8,232
Statewide Discipline/Industry Collaborative	4,000	-	4,000
Student Success - Making It Happen	40,040	-	40,040
Student Success - Mesa/CCCP Grant 00-0076	44,753	-	44,753
Student Success - Mesa/CCCP Grant 01-117-017	56,144	-	56,144
Student Success - Middle College HS (4/1/01 - 3/31/02)	120,955	-	120,955
Student Success - Middle College HS (4/1/02 - 3/31/03)	150,000	-	150,000
Student Success - Service Learning	35,984	-	35,984
Supplemental Americorps (8/1/00 - 12/31/01)	45,360	-	45,360
Supplemental Americorps (8/1/01 - 12/31/02)	38,877	-	38,877
TANF/GAIN - Apportionment	16,961	-	16,961
Teacher and Reading Development Partnerships	274,560	-	274,560
Telecommunications	269,537	-	269,537
TTIP	208,689	-	208,689
TTIP Carryforward	-	109,052	109,052
TTIP - HR	60,848	-	60,848
TTIP - HR Carryforward	-	48,229	48,229
Transfer Ed and Articulation	-	17,129	17,129
Transfer Ed and Articulation	-	13,644	13,644
Trio Partnership - USC	54,284	-	54,284
Workforce Development-Instructional Equipment Nursing	13,420	-	13,420
Total State Programs			

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 1,301	\$ -	\$ -	\$ 1,301	\$ 1,301
471,192	-	-	471,192	471,192
1,984,464	-	-	1,984,464	1,984,464
43,690	-	-	43,690	43,690
140,997	-	-	140,997	140,997
42,852	-	-	42,852	42,852
34,787	-	-	34,787	34,787
14,750	-	-	14,750	14,337
8,232	-	-	8,232	8,232
4,000	(21)	-	3,979	3,979
30,030	10,010	-	40,040	40,040
24,378	20,375	-	44,753	44,753
25,469	13,499	-	38,968	38,968
119,332	-	-	119,332	119,332
-	37,762	-	37,762	37,762
26,988	8,588	-	35,576	35,576
42,571	-	-	42,571	42,571
-	9,198	-	9,198	9,198
16,961	-	-	16,961	16,961
206,250	68,310	-	274,560	274,560
269,537	-	-	269,537	269,537
208,689	-	-	208,689	172,908
109,052	-	-	109,052	106,011
60,848	-	-	60,848	17,007
48,229	-	-	48,229	48,226
17,129	-	-	17,129	12,140
13,644	-	-	13,644	4,658
-	52,587	-	52,587	52,587
13,420	-	-	13,420	13,420
<u>\$ 7,104,300</u>	<u>\$ 338,491</u>	<u>\$ 57,630</u>	<u>\$ 7,385,161</u>	<u>\$ 7,234,571</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR PROGRAM-BASED FUNDING
FOR THE YEAR ENDED JUNE 30, 2002**

CATEGORIES	Reported Data	Audit Adjustments	Revised Data
A. Credit Full-Time Equivalent Student (FTES)			
1. Summer	1,556	-	1,556
2. Weekly census	7,119	-	7,119
3. Daily census	629	-	629
4. Actual hours of attendance	413	-	413
5. Independent study	94	-	94
Subtotal	<u>9,811</u>	<u>-</u>	<u>9,811</u>
B. Noncredit FTES			
1. Summer	13	-	13
2. Actual hours of attendance	150	-	150
Subtotal	<u>163</u>	<u>-</u>	<u>163</u>
Total FTES	<u>9,974</u>	<u>-</u>	<u>9,974</u>
C. Gross Square Footage	<u>415,113</u>	<u>-</u>	<u>415,113</u>

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2002.

See accompanying note to supplementary information.

Internal Control Over Compliance

The management of Santa Clarita Community College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Santa Clarita Community College District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, Management, the California State Chancellor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Uaurinek, Irine, Day & Co LLP

Rancho Cucamonga, California
October 31, 2002



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

We have audited the general-purpose financial statements of the Santa Clarita Community College District for the year ended June 30, 2002, and have issued our report thereon dated October 31, 2002. In our report, our opinion was qualified because the District did not maintain a general fixed asset group of accounts. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the State Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles generally accepted in the United States of America used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we performed an audit for compliance as required in Section 400 of the California Chancellor's Office's California Community Colleges Contracted Audit Manual (CDAM), revised July 2002. The objective of the examination of compliance is to determine with reasonable assurance that the District complied with requirements for:

General Directives

MIS Implementation – Required Data Elements

Compliance Requirement

Each district shall have the ability to support timely, accurate and complete information for the following workload measures used in the calculation of State General Apportionment:

- Credit Full - Time Equivalent Student (FTES) is weekly census, daily census, actual hour of attendance and apprenticeship courses.
- Noncredit FTES in actual hours of attendance courses.
- Credit Student Headcount Data
- Gross square footage and FTES growth in new facilities.

Administrative

Salaries of Classroom Instructors (50 Percent Law)

Compliance Requirement

Each district's salaries of classroom instructors shall equal or exceed 50 percent of the district's current expense of education in accordance with Section 84362 of the *California Education Code*.

Gann Limit Calculation

Compliance Requirement

Each district shall calculate and adopt an appropriation limit annually in a public meeting. The calculation and adoption shall be verified by certified public accountants as part of the annual audit of financial statements.

Students Actively Enrolled

Compliance Requirement

Each district shall claim for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date (if census procedures are used to record attendance in the course section).

Enrollment Fees

Compliance Requirement

Community Colleges are required to report the total amount students should have paid for enrollment fees for the purpose of determining each district's share of apportionment revenue.

Apportionment for Instructional Service Agreements/Contracts

Compliance Requirement

Community colleges may claim FTES for classes given at a contractor's site and use the contractor's employees as instructors for the classes if the following requirements are met:

- Programs must be approved by the State Chancellor's Office and courses must be part of those approved programs, or the District must have received delegated authority to separately approve those courses.
- Courses must be open to the general public.
- Students must be under the immediate supervision of a district employee.
- The District employee must possess valid credentials or meet the minimum qualifications required for the assignment.

Open Enrollment

Compliance Requirement

Community colleges shall comply with Title 5 provisions of the CCR related to open enrollment by the general public for all courses being submitted for state apportionment funding.

Student Services

Uses of Matriculation Funds

Compliance Requirement

The District is required to use local funds to support at least 75 percent of the matriculation activities with the remaining expenditures claimable against the State matriculation allocation. All expenditures related to the allocation, both State and locally funded portions, must be consistent with the District's State-approved matriculation plan and identifiable as matriculation related activities as authorized by the Seymour-Campbell Matriculation Act of 1986.

Special Programs

Extended Opportunity Programs and Service- (EOP&S) -Allocation of Costs

Compliance Requirement

Salaries of instructors teaching FTES generating classes, school counselors providing academic advisement, Student Services at the Dean level or above and financial aid officers conducting need analysis are not considered supportable charges against EOP&S accounts unless their activities require them to perform additional functions for the EOP&S program that are beyond the scope of services provided to all students in the normal performance of the regular duty assignments. These activities may be supported only to the extent of the supplementary services provided for EOP&S.

Extended Opportunity Programs and Services (EOP&S) – Administrator/Director Requirements

Compliance Requirement

District's accepting EOP&S funds are required to contribute from non-EOP&S sources the salary of the EOP&S administrator/director at the rate of 100 percent of salary and benefits for formal program activities associated with the implementation and operation of EOP&S specific activities over and above general supervision of EOP&S activities.

Economic Development Program (EDP)

Compliance Requirement

In addition to complying with standard grant conditions, community colleges must comply with state laws and regulations concerning:

- Procedures for subcontracts or grant amendments including appropriate authorization by the Chancellor's Office
- Procurement procedures
- Travel authorization
- Hiring procedures
- Appropriate use of fiscal agents

Facilities Program

Scheduled Maintenance Program

Compliance Requirement

Funds provided by the State must be used to supplement, not supplant, District deferred maintenance funds. This is defined as the amount spent in fiscal year 1995-96 for Operation and Maintenance of Plant increased by an amount equal to the State's contribution and District's match for the Scheduled Maintenance Program for the year being audited.

Based on our audit, we found that, for the items tested, the Santa Clarita Community College District complied with the laws and regulations referred to above, except as described in the schedule of findings and questioned costs section of this report. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Santa Clarita Community College District had not complied with the laws and regulations.

This report is intended solely for the information of the Board of Trustees, Management, the California State Chancellor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wainwright, Trine, Day & Co. LLP

Rancho Cucamonga, California
October 31, 2002

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2002**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Qualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.007, 84.033, 84.032	Student Financial Aid Cluster
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unqualified</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002**

There were no findings representing reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

There were no findings representing reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

There were no findings representing instances of noncompliance or questioned costs relating to state program laws and regulations.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2002

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

STUDENT BUSINESS OFFICE (FORMERLY BURSAR'S OFFICE)

2001-1 Findings

The auditor noted significant improvements made during our visit in October 2001. However, during our testing of cash collections at the Student Business Office in the month of January, the following deficiencies were noted:

- For the month tested, it appears the timeliness of deposits has improved from prior year, however in some instances, cash and checks collected were not being deposited until seven to twelve days after being received.
- As a result of deposits not being made in a timelier manner, monies are not being transferred to the County as timely as they should be. This results in the District not maximizing their interest earnings.
- It appears that after the cashier's shift, the supervisor is not verifying the cash in dual presence along with the cashier. At the end of the cashier's shift, reconciliation to the computer system is not being performed. In most cases, after the shift, the cash is placed in an unlocked canvas bag and put in the safe without the cash being counted. Currently, there are five people who have access to the safe and all of the cash and checks. In some instances, the supervisor will not verify the cash and checks until the following morning; this process is not performed under dual control.
- The cashier also has the ability to go into the cash receipt reversal screen and make changes to the receipts without a supervisor being present.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002**

Recommendation

Current Status

The District should review the current policies and procedures regarding cash collections at the Student Business Office. At a minimum, deposits should be made weekly. Large amounts of cash and checks should not be left on campus over the weekend. During weeks of registration, deposits may need to be made daily depending on the volume of monies received. The closing process of the cashier should include the counting of cash and checks in the presence of a supervisor. The cash and checks on hand should be reconciled to the computer system in order to properly monitor the overages and shortages. All cash counting performed, including that of a supervisor, should be done with dual control. Stronger procedures need to be put in place to properly safeguard the cash in the vault. The District should implement procedures to limit the number of employees who have access to the cash in the vault. The cashier should not have access to the cash receipt reversal screen without the presence and authorization of the supervisor.

Implemented.

SALARY ALLOCATIONS

2001-2 Finding

The District currently allocates the salaries of certain employees to various programs and activities of the District. We were unable to locate and review the current allocation model to determine whether the employee has support for the time charged to the program. This calculation may affect various programs dependent upon the cost allocation for reimbursement of costs by federal or state categorical funds.

Recommendation

Current Status

Allocations of costs to the various programs and activities of the District are required to be supported by all necessary documentation, including an analysis of the actual time spent in the program. A system of ensuring this documentation is prepared on an annual basis and maintained in the appropriate files should be implemented as soon as possible.

Implemented.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002**

EQUIPMENT INVENTORY

2001-3 Finding

The District does not maintain a complete and current equipment inventory listing as is required by the guidelines of the State Chancellor's Office Budget and Accounting Manual.

Recommendation

We recommend that the District's management review its procedures relating to the fixed assets accounting system and implement appropriate modifications to ensure the safeguarding of assets. Additionally, the District should review the requirements of GASB-35 and incorporate the fixed asset requirements in their review of this area.

Current Status

Implemented.

HUMAN RESOURCES/PAYROLL

2001-4 Finding

There appears to be a lack of segregation of duties within the human resources and payroll departments. The payroll department is responsible for both the human resources and payroll functions. The payroll department is responsible for adding new employees to the system and processing payroll. The lack of segregation of duties may not prevent or detect errors and/or irregularities on a timely basis.

Recommendation

We recommend that the District shift the responsibilities of inputting new employees into the system to the human resources department. This will provide an adequate segregation of duties between payroll (recording) and personnel (authorization) functions.

Current Status

Implemented.

