



**PCC**

**PASADENA AREA  
COMMUNITY COLLEGE  
DISTRICT**

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2003**

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2003

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Pasadena Area Community College District  
Pasadena, California

We have audited the accompanying financial statements of the business-type activities of the Pasadena Area Community College District, as of and for the years ended June 30, 2003 and June 30, 2002, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Pasadena Area Community College District as of June 30, 2003 and June 30, 2002, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2003, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Vaurinck, Irine, Day & Co. LLP*

Rancho Cucamonga, California  
October 2, 2003

# **PASADENA AREA COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2003**

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This section of our annual financial report offers a narrative overview and analysis of the financial activities of Pasadena Area Community College District for the year ended June 30, 2003. This analysis is presented with comparative information from our June 30, 2002, fiscal year end to highlight changes from one year to the next. This section of our report should be read in conjunction with the basic financial statements, including footnotes.

### ***USING THIS ANNUAL REPORT***

As required by the newly adopted accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The focus of the Statement of Net Assets is designed to be similar to bottom line results for the District. This statement, for the first time, combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

### ***FINANCIAL HIGHLIGHTS***

- The District's primary funding source is "Program-Based Funding" received from the State of California through the State Chancellor's Office. Program-Based Funding is comprised of State apportionment, local property taxes, and student enrollment fees, which are currently \$11 per unit. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our Credit FTES were 19,842 and 21,299 for the 2003 and 2002 fiscal years. Our actual funding for these FTES was based upon 19,481 and 18,181, respectively.
- The District ended the year with an Unrestricted General Fund balance of \$6,468,304; a decrease of \$3,266,483 over the prior year. The State Chancellor's Office recommends reserve levels of five percent of total General Fund expenditures be set aside for economic uncertainties.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative salaries of District employees. These costs increased over the 2001-02 fiscal year by approximately \$3.1 million due to negotiated increases in the compensation packages and also due to increases in benefit costs for retirement programs; medical, dental, and workers' compensation. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District has begun several construction and modernization projects throughout the District. These projects will be funded through the recently approved general obligation bond program. The District has issued the first \$33 million of bonds and has started the first of our construction projects – a new Parking Structure for our students and staff.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2003**

- The District provides student financial aid to qualifying students of the District in the amount of approximately \$15.8 million. This represents an increase of approximately \$3 million over the 2001-02 fiscal year. This aid is provided through grants, loans, and tuition reductions from the Federal government, State Chancellor's Office, and local funding.

Condensed financial information is as follows: (in thousands)

### NET ASSETS

**As of June 30, 2003 and 2002**

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b>ASSETS</b>		
Current Assets		
Cash, investments, and short term receivables	\$ 75,926	\$ 43,486
Inventory and other assets	5,083	8,706
Total Current Assets	<u>81,009</u>	<u>52,192</u>
Noncurrent Assets		
Capital assets, net of depreciation	116,572	118,282
Total Assets	<u>197,581</u>	<u>170,474</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	8,526	8,538
Deferred revenue	5,717	5,832
Claims liability	1,250	1,246
Amounts held in trust	7,876	8,702
Long-term liabilities - current portion	3,048	1,245
Total Current Liabilities	<u>26,417</u>	<u>25,563</u>
Non-Current Liabilities		
Long-term liabilities	40,279	9,270
Total Liabilities	<u>66,696</u>	<u>34,833</u>
<b>NET ASSETS</b>		
Invested in capital assets	107,334	110,508
Restricted for expendable purposes	6,254	5,162
Unrestricted	17,297	19,971
Total Net Assets	<u>130,885</u>	<u>135,641</u>
 Total Liabilities and Net Assets	 <u>\$ 197,581</u>	 <u>\$ 170,474</u>

This schedule has been prepared from the District's Statement of Net Assets (page 9), which is presented on an accrual basis of accounting whereby capital assets are capitalized, and depreciated and all liabilities of the District are recognized.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2003**

Cash and short-term investments consist primarily of funds held in the Los Angeles County Treasury. The changes in the cash position are explained in the Statement of Cash Flows (page 11).

Many of the unrestricted net assets have been designated by the Board or by contracts for such purposes as Federal and State grants, outstanding commitments on contracts, debt service, and bookstore, and general reserves for the ongoing financial health of the District.

### **Operating Results for the Year Ended June 30, 2003 and 2002**

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 13,065	\$ 13,592
Grants and contracts	29,013	21,702
Auxiliary sales and charges	6,884	6,699
Internal service sales and charges	2,726	2,900
Total Operating Revenues	<u>51,688</u>	<u>44,893</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	91,307	82,651
Supplies and maintenance	39,347	33,888
Depreciation	2,902	3,238
Total Operating Expenses	<u>133,556</u>	<u>119,777</u>
NET LOSS ON OPERATIONS	(81,868)	(74,884)
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
State apportionments	40,791	47,781
Property taxes	28,972	27,715
State revenue	2,982	3,460
Interest income	745	937
Interest expense	(460)	(463)
Other nonoperating revenues and transfers	3,193	1,677
Total Nonoperating Revenues	<u>76,223</u>	<u>81,107</u>
<b>OTHER REVENUES</b>		
State revenues, capital	248	1,472
Local revenues, capital	640	293
Total Other Revenues	<u>888</u>	<u>1,765</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>\$ (4,757)</u>	<u>\$ 7,988</u>

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Assets presented on page 10.



# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2003**

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The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding - the State apportionment process. These components include the State apportionment and local property taxes. As these sources of revenue are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$81.8 million is balanced by the other funding sources. Total District expenditures exceeded all revenue sources by \$4.7 million for the year ended June 30, 2003.

Auxiliary revenue consists of bookstore net revenues. The bookstore is maintained to provide books, supplies, and other items to the students and faculty of the District. The operations are self-supporting through product sales.

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

The interest income is primarily the result of cash held at the Los Angeles County Treasury. The interest expense relates to interest payments on the Certificates of Participation, lease commitments, and a note payable described in Note 8 of the financial statements.

### **Statement of Cash Flows for the Year Ended June 30, 2003 and 2002**

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b>CASH PROVIDED BY (USED IN)</b>		
Operating activities	\$ (78,063)	\$ (78,168)
Noncapital financing activities	78,316	80,511
Capital financing activities	31,311	(5,852)
Investing activities	1,401	3,360
Net Increase in Cash and Cash Equivalents	<u>\$ 32,965</u>	<u>\$ (149)</u>

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

The District issued the first of a series of voter approved General Obligation Bonds in June 2003. This resulted in an increase in our cash position in the amount of \$33 million. The proceeds from this issuance were deposited in the Los Angeles County Treasury.

# **PASADENA AREA COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2003**

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### ***ECONOMIC FACTORS AFFECTING THE FUTURE OF PASADENA AREA COMMUNITY COLLEGE DISTRICT***

The economic position of Pasadena Area Community College District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 80 percent of the unrestricted resources of the District. The funding formula for the 2003-04 fiscal year has not been finalized; however, the Governor's fiscal year 2003-04 budget for community colleges contains no cost of living increase and various reductions in our program revenues. Any reductions in the State funding formula will have a serious impact on the financial condition and ongoing operations of the District. The slow-down in the State economy plays a major factor in the State appropriations for higher education. Student tuition will be increasing to \$18 per unit for the 2003-04 fiscal year. However, due to the components of the funding formula, the District will retain only two percent of this increase.

The District's contribution to the Public Employees Retirement System (PERS) on behalf of employees is anticipated to increase dramatically in the coming year due to a decrease in the PERS investment portfolio earnings. Medical benefit insurance costs are continuing the upward trend in costs. Management is closely monitoring all of these factors in an effort to control the ultimate impact on the District's financial health.

There are currently no other known facts, decisions, or conditions that will have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and changes in net assets) of the District.

### ***CONTACTING THE DISTRICT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District at: Pasadena Area Community College District, 1570 East Colorado Blvd. Pasadena, CA 91106-2003.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2003

	2003	2002
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,155,498	\$ 3,895,899
Investments	71,770,596	39,590,307
Accounts receivable	2,894,088	6,486,415
Student loans receivable	725,717	764,559
Prepaid expenses	115,351	68,881
Stores inventories	1,347,448	1,232,621
Other current assets	-	153,356
<b>Total Current Assets</b>	<b>81,008,698</b>	<b>52,192,038</b>
<b>Noncurrent Assets:</b>		
Capital assets, net of depreciation	116,572,389	118,282,367
<b>Total Noncurrent Assets</b>	<b>116,572,389</b>	<b>118,282,367</b>
<b>TOTAL ASSETS</b>	<b>197,581,087</b>	<b>170,474,405</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	8,499,716	8,537,572
Accrued interest payable	26,445	-
Deferred revenue	5,717,325	5,832,132
Claims liability	1,250,000	1,245,630
Amounts held in trust on behalf of others	7,876,349	8,701,868
Compensated absences payable - current portion	398,352	521,719
Bonds and notes payable - current portion	2,444,293	564,250
Lease obligations - current portion	204,964	159,275
<b>Total Current Liabilities</b>	<b>26,417,444</b>	<b>25,562,446</b>
<b>Noncurrent Liabilities:</b>		
Compensated absences payable - noncurrent portion	1,991,763	1,896,765
Bonds and notes payable - noncurrent portion	37,767,707	7,212,000
Lease obligations - noncurrent portion	519,249	161,443
<b>Total Noncurrent Liabilities</b>	<b>40,278,719</b>	<b>9,270,208</b>
<b>TOTAL LIABILITIES</b>	<b>66,696,163</b>	<b>34,832,654</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	107,334,397	110,508,285
Restricted for:		
Debt service	2,680,681	1,172,979
Capital projects	3,572,487	3,989,223
Unrestricted	17,297,359	19,971,264
<b>Total Net Assets</b>	<b>130,884,924</b>	<b>135,641,751</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 197,581,087</b>	<b>\$ 170,474,405</b>

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

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2003

	2003	2002
<b>OPERATING REVENUES</b>		
Tuition and Fees	\$ 15,481,465	\$ 15,735,874
Less: Scholarship discount and allowance	(2,416,799)	(2,143,898)
Net tuition and fees	13,064,666	13,591,976
Grants and Contracts, noncapital:		
Federal	14,915,481	13,564,726
State	14,097,845	8,137,622
Auxiliary Enterprise Sales and Charges		
Bookstore	6,884,131	6,698,830
Internal Service Sales and Charges	2,725,629	2,899,548
<b>TOTAL OPERATING REVENUES</b>	<b>51,687,752</b>	<b>44,892,702</b>
<b>OPERATING EXPENSES</b>		
Salaries	75,737,598	69,690,447
Employee benefits	15,569,100	12,961,211
Supplies, materials, and other operating expenses and services	35,041,249	33,039,504
Equipment, maintenance, and repairs	4,305,355	847,935
Depreciation	2,902,522	3,238,017
<b>TOTAL OPERATING EXPENSES</b>	<b>133,555,824</b>	<b>119,777,114</b>
<b>OPERATING LOSS</b>	<b>(81,868,072)</b>	<b>(74,884,412)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	40,790,574	47,780,934
Local property taxes	28,971,629	27,715,452
State taxes and other revenues	2,981,900	3,459,866
Investment income, net	698,946	854,814
Interest expense on capital related debt	(459,795)	(463,322)
Interest income on capital asset-related debt, net	46,502	82,265
Transfer to agency fund	(430,967)	(386,000)
Other nonoperating revenue	3,623,959	2,063,474
<b>TOTAL NONOPERATING REVENUES</b>	<b>76,222,748</b>	<b>81,107,483</b>
<b>LOSS BEFORE OTHER REVENUES</b>	<b>(5,645,324)</b>	<b>6,223,071</b>
<b>OTHER REVENUES</b>		
State revenues, capital	248,612	1,472,423
Local revenues, capital	639,885	292,707
<b>TOTAL OTHER REVENUES</b>	<b>888,497</b>	<b>1,765,130</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>(4,756,827)</b>	<b>7,988,201</b>
<b>NET ASSETS, BEGINNING OF YEAR - RESTATED</b>	<b>135,641,751</b>	<b>127,653,550</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 130,884,924</b>	<b>\$ 135,641,751</b>

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

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS – DIRECT METHOD FOR THE YEAR ENDED JUNE 30, 2003

### CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 13,685,410
Federal grants and contracts	15,777,197
State grants and contracts	14,386,070
Internal service sales	1,925,410
Payments to (on behalf of) employees	(91,912,923)
Payments to vendors and suppliers	(39,220,101)
Collection of loans to students	932,833
Auxiliary enterprise sales and charges:	
Bookstore	7,188,549
Other receipts (payments)	(825,519)
<b>Net Cash Used by Operating Activities</b>	<b>(78,063,074)</b>

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	41,979,513
Property taxes	29,210,952
Other State revenues	2,611,847
Other local revenues	4,513,847
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>78,316,159</b>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State capital apportionments	199,622
Local capital grants	639,885
Proceeds from capital debt	33,000,000
Acquisition and construction of capital assets	(1,278,072)
Principal paid on capital debt and leases	(863,482)
Interest received on capital debt	46,502
Interest paid on capital debt and leases	(433,350)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>31,311,105</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	875,698
Purchase of investments and related fees	524,710
<b>Net Cash Provided by Investing Activities</b>	<b>1,400,408</b>

### NET INCREASE IN CASH AND CASH EQUIVALENTS

32,964,598

### CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

34,423,340

### CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 67,387,938

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

**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS – DIRECT METHOD, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2003**

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**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating loss	<u>\$ (81,868,072)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	2,902,522
Changes in assets and liabilities:	
Receivables, net	2,339,881
Inventories	(114,827)
Prepaid items	(46,470)
Notes receivable, net	153,356
Accounts payable and accrued liabilities	(221,446)
Deferred revenue	(354,130)
Funds held for others	(825,519)
Compensated absences	(28,369)
<b>Total Adjustments</b>	<u>3,804,998</u>
<b>Net Cash Used by Operating Activities</b>	<u><u>\$ (78,063,074)</u></u>

**Cash and Cash Equivalents Consist of the Following:**

Cash in banks	4,155,498
Cash in county treasury	63,232,440
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 67,387,938</u></u>

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

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### **A. Financial Reporting Entity**

The Pasadena Area Community College District (District) is a political subdivision of the State of California and provides educational services to the local residents of Los Angeles County. The District consists of one community college located in Pasadena, California. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The District operates under a locally elected seven-member Board of Trustees form of government.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Pasadena Area Community College District, this includes general operations, food services, bookstores, and student related activities of the District.

#### **B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of their taxes. For financial reporting purposes, the component unit discussed below is reported in the District's financial statements because of the significance of its relationship with the District. The component unit, although a legally separate entity, is reported in the financial statements as if it were part of the District's operations because the Board of Trustees of the component unit is essentially the same as the Board of Trustees of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Los Angeles County Schools Regionalized Business Services Corporation's financial activity is presented as the Capital Outlay Projects Fund and the Other Debt Service Fund. Certificates of participation issued are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Los Angeles County Schools Regionalized Business Services Corporation.

**Joint Powers Agencies and Public Entity Risk Pools** - The District is associated with two joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. Summarized financial information is presented in Note 13 to the financial statements. The JPAs are the Statewide Association of Community Colleges (SWACC) and the Schools Alliance for Workers' Compensation Excess II (SAWCX II).

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### C. Basis of Presentation

The financial statements have been prepared in accordance with accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including statements No. 34, *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments* and No. 35, *Basic Financial Statements and Management's Discussions and Analysis of Public Colleges and Universities*, issued in June and November 1999, respectively. These statements provide a comprehensive entity-wide perspective of the District's assets, liabilities, and cash flows and replaces the fund-group perspective previously required. The District now follows the "business-type" activities reporting requirements of the statements that provides a comprehensive "one-look" at the District's financial activities.

### D. Basis of Accounting - Measurement Focus

**Entity-Wide Financial Statements** - The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

Summer session tuition and fees received before year-end are recorded as deferred revenue as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as current expenses.

The entity-wide financial statement of activities presents a comparison between operating revenues and operating expenses of the District. Revenues and expenses that are not classified as operating revenues or expenses are presented as nonoperating revenues and expenses. Nonoperating revenues and expenses include State apportionments, property taxes, interest and investment income, or expenses as these sources and uses of funds are derived from the general population and not from operations.

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Revenues - Exchange and Non-Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.



# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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**Deferred Revenue** - Deferred revenue arises when 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. Certain Federal and State grants received before the eligibility requirements are met are recorded as deferred revenue.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. Allocations of costs, such as depreciation and amortization, are recognized in the entity-wide financial statements although they are not allocated in individual funds within the District's financial records.

### **E. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

### **F. Investments**

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Investments for which there are no quoted market prices are not material.

### **G. Accounts Receivable**

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the Federal government, State, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts.

### **H. Prepaid Expenditures**

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

### **I. Inventory**

Inventory consists primarily of bookstore merchandise and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

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### **J. Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

When purchased, such assets are recorded as expenditures in the District's governmental funds and capitalized within the entity-wide financial statements. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated cost based on replacement cost or appraised value (assessed value at July 1, 2002). Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 5 to 15 years.

### **K. Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees who have accumulated the leave are paid. The noncurrent portion of the liability is monitored but not recorded within the governmental funds.

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 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.

### **L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

### **M. Net Assets**

GASB Statements No. 34 and No. 35 reports equity as "Net Assets" rather than "Fund Balance." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations.

*Invested in capital assets, net of related debt* – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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*Restricted net assets* – Restricted expendable net assets include resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted net assets* – Unrestricted net assets represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

### **N. Operating Revenues and Expenses**

Operating revenues include all revenues from programmatic sources. Nonoperating revenues include State apportionments, State and local tax revenues, investment income, and gifts.

**Classification of Revenues** – The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

*Operating revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, State and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

*Nonoperating revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as State appropriations and investment income.

Operating expenses are necessary costs to provide the services of the District. Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

### **O. Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **P. 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.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### Q. Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*," and the related *Compliance Supplement*. During the year ended June 30, 2003, the District distributed \$50,603 in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students.

### R. Reclassifications

Certain reclassifications were made to prior year's presentation to conform to current year.

## NOTE 2 - DEPOSITS AND INVESTMENTS

### A. Policies and Practices

The District is considered to be an involuntary participant in an external investment pool since the District is required to deposit all receipts and collections of monies with their county treasurer. In addition, the District is authorized to maintain deposits with certain financial institutions that are federally insured up to \$100,000. *California Government Code* Sections 16520-16522 require 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.

Under provision of the District's investment policy, and in accordance with Sections 53601 and 53602 of the *California Government Code*, the District may also make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

### B. Deposits

The carrying amounts of the District's deposits were \$4,155,498 and \$3,895,899 for the years ended June 30, 2003 and 2002, respectively. The bank balances totaled \$4,134,351 and \$3,630,675, respectively. Of these balances, the amount covered by FDIC insurance was \$351,128 and \$401,840, respectively. The balances of \$3,783,223 and \$3,228,835 were covered by pooled and/or pledged collateral, but not necessarily held in the District's name (uncollateralized, Risk Category 3).

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

### C. Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the District's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent but not in the District's name. Deposits with the county treasury are not categorized because they do not represent securities, which exist in physical or book entry form. The deposits with county treasury are valued using the amortized cost method (which approximates fair value). The fair values were provided by the county.

The investments at June 30, 2003, are as follows:

	Bank Balance - Category			Reported Amount	Fair Value
	1	2	3		
INVESTMENTS					
Categorized					
Savings accounts	\$ -	\$ -	\$ 7,319,641	\$ 7,319,641	\$ 7,319,641
Uncategorized					
U.S. Bank - Treasury Notes				1,218,515	1,218,515
Deposits with county treasury				63,232,440	63,341,330
Total Investments				<u>\$71,770,596</u>	<u>\$71,879,486</u>

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2003**

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### *NOTE 3 - ACCOUNTS RECEIVABLES*

Receivables at June 30, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

#### 2003

Federal Government	
Categorical aid	\$ 583,084
State Government	
Categorical aid	123,096
Lottery	585,751
Other State sources	138,995
Local Government	
Interest	33,275
Other local sources	1,429,887
Total	<u>\$ 2,894,088</u>
Student receivables	<u>\$ 725,717</u>

#### 2002

Federal Government	
Categorical aid	\$ 1,444,800
State Government	
Categorical aid	401,778
Apportionment	606,162
Other State sources	305,703
Local Government	
Interest	210,027
Other local sources	3,517,945
Total	<u>\$ 6,486,415</u>
Student receivables	<u>\$ 764,559</u>

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

### NOTE 4 - CAPITAL ASSETS

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

	Restated Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 10,396,408	\$ -	\$ -	\$ 10,396,408
Construction in progress	2,642,830	-	707,024	1,935,806
Total Capital Assets Not Being Depreciated	13,039,238	-	707,024	12,332,214
Capital Assets Being Depreciated				
Buildings and improvements	123,085,344	930,863	-	124,016,207
Site improvements	10,404,138	74,061	-	10,478,199
Equipment	11,985,169	980,172	843,058	12,122,283
Total Capital Assets Being Depreciated	145,474,651	1,985,096	843,058	146,616,689
Total Capital Assets	158,513,889	1,985,096	1,550,082	158,948,903
Less Accumulated Depreciation				
Buildings and improvements	31,822,734	1,264,793	-	33,087,527
Site improvements	1,586,566	658,334	-	2,244,900
Equipment	6,822,222	979,395	757,530	7,044,087
Total Accumulated Depreciation	40,231,522	2,902,522	757,530	42,376,514
Net Capital Assets	\$ 118,282,367	\$ (917,426)	\$ 792,552	\$ 116,572,389

Depreciation expense was \$2,902,522 and \$3,238,017 for the years ended June 30, 2003 and 2002, respectively.

### NOTE 5 - INTERFUND TRANSACTIONS

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

Interfund receivable and payable balances consist of amounts owed between funds as a result of the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system, and (3) payments between funds occur. These interfund transactions have been eliminated through consolidation within the entity-wide financial statements.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

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### **B. Operating Transfers**

Operating transfers between District governmental funds are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These operating transfers have been eliminated through consolidation within the entity-wide financial statements.

### ***NOTE 6 - ACCOUNTS PAYABLE***

Accounts payable at June 30, consisted of the following:

#### 2003

Accrued payroll	\$ 5,899,958
Construction	261,806
Other	<u>2,337,952</u>
Total	<u><u>\$ 8,499,716</u></u>

#### 2002

Accrued payroll	\$ 6,419,484
Apportionment	582,777
Other	<u>1,535,311</u>
Total	<u><u>\$ 8,537,572</u></u>



# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

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### *NOTE 7 - DEFERRED REVENUE*

Deferred revenue at June 30, consisted of the following:

#### 2003

State categorical aid	\$ 1,309,131
Student fees	3,702,146
Other local	<u>706,048</u>
Total	<u>\$ 5,717,325</u>

#### 2002

State categorical aid	\$ 1,299,588
Student fees	3,115,244
Other local	<u>1,417,300</u>
Total	<u>\$ 5,832,132</u>

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

### NOTE 8 - LONG-TERM DEBT

#### A. Long-Term Debt Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable					
General obligations bonds	\$ -	\$33,000,000	\$ -	\$33,000,000	\$ 1,850,000
Certificates of participation	6,160,000	-	425,000	5,735,000	445,000
Note payable	1,616,250	-	139,250	1,477,000	149,293
Total Bonds and Notes Payable	7,776,250	33,000,000	564,250	40,212,000	2,444,293
Other Liabilities					
Compensated absences	2,418,484	-	28,369	2,390,115	398,352
Capital leases	320,718	702,727	299,232	724,213	204,964
Total Other Liabilities	2,739,202	702,727	327,601	3,114,328	603,316
Total Long-term Liabilities	<u>\$10,515,452</u>	<u>\$33,702,727</u>	<u>\$ 891,851</u>	<u>\$43,326,328</u>	<u>\$ 3,047,609</u>

#### B. Description of Debt

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$150,000,000. At June 30, 2003, \$33,000,000 had been issued and \$33,000,000 was outstanding. Interest rates on the bonds range from two percent to five percent.

The certificates of participation were issued in November 1993 in the amount of \$8,685,000 to fund the parking structure. At June 30, 2003, the balance outstanding was \$5,735,000. The certificates mature through 2013 with interest rates not to exceed 5.625 percent.

The notes payable were issued in 1996 in the amount of \$2,240,000 to fund energy-retrofitting projects throughout the District. At June 30, 2003, the balance outstanding was \$1,477,000. The notes mature through 2011.

The District has utilized capital leases purchase agreements to purchase primarily equipment. The current lease purchase agreements will be paid through 2009.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

### C. Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2002	Issued	Redeemed	Bonds Outstanding June 30, 2003
6/1/2003	6/1/2028	2.00-5.00%	\$ 33,000,000	\$ -	\$ 33,000,000	\$ -	\$ 33,000,000

The general obligation bonds mature through 2028 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2004	\$ 1,850,000	\$ 1,350,545	\$ 3,200,545
2005	2,310,000	1,391,512	3,701,512
2006	800,000	1,299,112	2,099,112
2007	815,000	1,283,113	2,098,113
2008	835,000	1,264,775	2,099,775
2009-2013	4,570,000	5,929,600	10,499,600
2014-2018	5,595,000	4,911,800	10,506,800
2019-2023	7,125,000	3,378,250	10,503,250
2024-2028	9,100,000	1,409,750	10,509,750
Total	<u>\$ 33,000,000</u>	<u>\$ 22,218,457</u>	<u>\$ 55,218,457</u>

### D. Certificates of Participation

The certificates of participation mature through 2013 as follows:

Year Ending June 30,	Principal	Interest	Total
2004	\$ 445,000	\$ 317,345	\$ 762,345
2005	470,000	295,095	765,095
2006	495,000	271,125	766,125
2007	520,000	243,282	763,282
2008	550,000	214,032	764,032
2009-2013	3,255,000	569,533	3,824,533
Total	<u>\$ 5,735,000</u>	<u>\$ 1,910,412</u>	<u>\$ 7,645,412</u>

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

### E. Notes Payable

The notes payable mature through 2011 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2004	\$ 149,293	\$ 80,707	\$ 230,000
2005	159,457	70,543	230,000
2006	169,500	60,500	230,000
2007	179,543	50,457	230,000
2008	189,707	40,293	230,000
2009-2011	629,500	60,500	690,000
Total	<u>\$ 1,477,000</u>	<u>\$ 363,000</u>	<u>\$ 1,840,000</u>

### F. Capital Leases

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

Balance, July 1, 2002	\$ 320,718
Additions	702,727
Payments	227,606
Balance, June 30, 2003	<u>\$ 795,839</u>

The capital leases have minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2004	\$ 204,964
2005	171,675
2006	134,313
2007	118,737
2008	113,896
2009	52,254
Total	<u>795,839</u>
Less: Amount Representing Interest	71,626
Present Value of Minimum Lease Payments	<u>\$ 724,213</u>

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### **NOTE 9 - POSTEMPLOYMENT BENEFITS**

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in PERS is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in STRS is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years and varies by employee class. The District recognizes expenditures for these postemployment health benefits on a pay-as-you-go-basis. During the 2002-2003 fiscal year, the District provided insurance premium benefits to 42 retired employees with total expenditures of \$447,634.

The approximate accumulated future liability for these benefits is \$1,497,429.

### **NOTE 10 - RISK MANAGEMENT**

#### **A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2003, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

#### **B. Workers' Compensation**

For fiscal year 2003, the District participated in the Schools Alliance for Workers' Compensation Excess II Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first \$150,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### A. STRS

##### Plan Description

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 Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRS the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan 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. While early retirement can reduce the two percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. 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. The features of the CD Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### **Funding Policy**

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2002-2003 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

### **Annual Pension Cost**

The District's total contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$3,497,262, \$2,581,783, and \$2,464,681, respectively and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the STRS on behalf of all community colleges in the State. The revenue and expenditures associated with these payments, if any, have not been included in these financial statements.

## **B. CalPERS**

### **Plan Description**

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public entities within the State of California. The Pasadena Area Community College District is part of a "cost-sharing" pool with CalPERS. 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 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at 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.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### **Funding Policy**

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2002-2003 was 2.894 percent beginning with the first pay period ending in July 2002; CalPERS then lowered the rate to 2.771 percent beginning with the first pay period ending in February 2003. On May 16, 2003, CalPERS approved a school employer contribution rate of 10.42 percent beginning with the first pay period that ends in July 2003.

### **Annual Pension Cost**

The District's contributions to CalPERS for fiscal years ending June 30, 2003, 2002, and 2001, were \$532,029, \$0, and \$0, respectively, and equaled 100 percent of the required contributions for each year. The actuarial assumptions used as part of the June 30, 2001, actuarial valuation (the most recent actuarial information available) included (a) an 8.25 percent investment rate of return (net of administrative expense); (b) an overall growth in payroll of 3.75 percent annually; and (c) an inflation component of 3.5 percent compounded annually that is a component of assumed wage growth, and assumed future post-retirement cost of living increases. The actuarial value of pension fund assets was determined by using a technique to smooth the effect of short-term volatility in the market value of investments.

### **C. On Behalf Payments**

The State of California makes contributions to STRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS which amounted to \$1,897,000 (4.475 percent) of salaries subject to STRS and State General Fund contributions to CalPERS which amounted to \$16,913 (.092 percent) of salaries subject to CalPERS. 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 California Community College's Annual Financial and Budget Report (CCFS-311). These amounts also have not been recorded in these financial statements.

### **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 cover all employees other than STRS members by Social Security. STRS members at the District intend to begin the process to increase coverage by Social Security.



# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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### NOTE 12 - COMMITMENTS AND CONTINGENCIES

#### A. Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2003.

#### B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2003.

#### C. Construction Commitments

As of June 30, 2003, the District had the following commitments with respect to the unfinished capital projects:

	Remaining Construction Commitment	Expected Date of Completion
CAPITAL PROJECT		
Delmar/Bonnie Parking Structure	<u>\$ 582,504</u>	<u>09/30/04</u>

### NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Statewide Association of Community Colleges (SWACC) Joint Powers Authority (JPA). The District pays premiums for its property liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

The District is also a member of the Schools Alliance for Workers' Compensation Excess II (SAWCX II) JPA. The District pays premiums for excess workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

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

The JPAs reported no long-term debt outstanding at June 30, 2003. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

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Current year condensed audited financial information is as follows:

	SWACC	SAWCX II
	June 30, 2002*	June 30, 2002*
Assets	\$ 19,230,743	\$ 14,828,869
Liabilities	(9,157,011)	(27,195,676)
Fund Equity	\$ 10,073,732	\$ (12,366,807)
Revenues	9,996,205	3,073,713
Expenses	(9,651,057)	(14,692,821)
Net Increase (Decrease) in Fund Equity	\$ 345,148	\$ (11,619,108)
Payments for the Current Year	\$ 466,913	\$ 72,726

\* Most recent information available.

### **NOTE 14 - SUBSEQUENT EVENTS**

In September 2003, the District issued Certificates of Participation 2003 Series A in the amount of \$5,380,000. The certificates were issued to prepay its proportionate share of the 1993 Certificates of Participation Series A, currently outstanding in the amount of \$5,375,000, at a prepayment price of 102 percent of the principal amount thereof, plus interest accrued.

### **NOTE 15 - RESTATEMENT**

The District included all assets as capital assets during the fiscal year ended June 30, 2002. During the fiscal year ended June 30, 2003, the District capitalized assets with a threshold of \$5,000 and above. The effect of this change in application of the capitalization threshold resulted in a restatement of \$14,014,342 to the beginning net assets.

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***SUPPLEMENTARY INFORMATION***

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# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION JUNE 30, 2003

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The Pasadena Area Community College District was established in 1967 and is located in Los Angeles County. There were no changes in the boundaries of the District during the current year.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. John Martin	President	November 2003
Ms. Susanna H. Miele	Vice President	November 2003
Mr. Geoffrey L. Baum	Member	November 2005
Dr. Jeanette Mann	Member	November 2003
Ms. Consuelo Rey Castro	Member	November 2005
Mr. Warren L. Weber	Member	November 2005
Ms. Beth Wells-Miller	Member	November 2005
Vacant	Student Trustee	

### ADMINISTRATION

Dr. James Kossler	President and District Superintendent
Mr. Peter Hardash	Vice President, Administrative Services
Dr. Jacqueline Jacobs	Vice President, Instructional Administration
Ms. Ernestine Moore	Vice President, Student and Learning Services
Ms. Janet Levine	Dean, External Relations
Dr. Sandra Lindoerfer	Dean, Human Resources
Dr. Stuart Wilcox	Dean, Planning and Research

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2003

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the California State Chancellor's Office			
VATEA I-C	84.048	03579	\$ 737,362
VATEA II, Tech-Prep Education Grant	84.048	03579	85,024
Title V - Strengthening Institutions [1]	84.031S	*	402,600
TRIO - Student Support Services and Student Grants	84.042A	*	289,973
TRIO - Upward Bound	84.047A	*	248,662
TRIO - Upward Bound Math and Science	84.047M	*	234,144
Adult Basic Education	84.002A	03055	379,169
Child Development Program	84.335	*	95,685
Fund for Improvement of Post Secondary Education	84.116	*	9,902
Student Financial Aid Cluster [1]			
Pell Grant	84.063	*	11,240,329
Pell Grant Administration Grant	84.063	*	37,837
Supplemental Educational Opportunity Grant	84.007	*	487,041
Supplemental Educational Opportunity Grant Admin	84.007	*	26,680
Federal Work-Study Program	84.033	*	397,284
Perkins Loan Program	84.032	*	50,603
<b>NASA</b>			
Smart Scientists Mentoring	43.001	*	86,323
Pre-College Science Academy	43.001	*	6,238
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Forest Reserve	10.665	*	27,927
<b>U.S. DEPARTMENT OF LABOR</b>			
Job Training Partnership Act	17.250	03422	15,000
<b>NATIONAL SCIENCE FOUNDATION</b>			
Advanced Technological Programs			
Uplift and Exhumation Fault Zone	47.076	*	89
Computer, Science, Engineering, and Math	47.076	*	65,710
Chemistry and Biology	47.076	*	16,705
National Science Foundation Cal State	47.076	*	21,562
Subtotal			<u>14,961,849</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Child Development Program	93.575	*	25,674
Subtotal			<u>25,674</u>
<b>DEPARTMENT OF LABOR</b>			
Veterans Education	17.804	*	2,149
			<u>\$14,989,672</u>

[1] Tested as a major program.

\* Pass-Through Entity Identifying Number not available

See accompanying note to supplementary information.

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# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2003

PROGRAM	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
<b>GENERAL FUND</b>			
California Articulation Number System (CAN)	\$ 5,000	\$ -	\$ 5,000
Calworks	524,578	345,788	870,366
Child Development Program - State Preschool (GPRES122)	381,845	-	381,845
Child Development Program - Infants and Toddlers (GPRES167)	425,900	-	425,900
Child Development Program - Supply Grant	2,238	-	2,238
Child Development Program - Infant Toddler Resource	12,434	-	12,434
Child Development Program - Playground Safety	7,955	-	7,955
Cooperative Agencies Resources For Education (CARE)	139,895	2,995	142,890
Disabled Students Program and Services (DSPS)	924,447	-	924,447
Economic Development - Applied Biological Technology	178,875	-	178,875
Economic Development - Multimedia Entertainment Center	178,875	-	178,875
Extended Opportunity Program and Services (EOP&S)	1,459,691	105,028	1,564,719
Associate Degree - Nursing Program	-	73,651	73,651
Foster Care Education Program	152,220	-	152,220
Matriculation - Credit	930,502	91,091	1,021,593
Matriculation - Non Credit	170,171	86,440	256,611
Matriculation - Administration	-	419,686	419,686
Instructional Equipment	338,472	168,345	506,817
MESA	81,500	26,154	107,654
Staff Development - AB1725	44,444	-	44,444
Staff Diversity - AB1725	24,313	11,817	36,130
TANF	119,869	-	119,869
Telecommunications and Technology	94,648	99,651	194,299
Human Resources Tech Training	-	69,528	69,528
Economic Development Workplace Learning Resource Center	-	1,402	1,402
Funds for Student Success	4,000	-	4,000
Cal Grant "B"	1,503,452	-	1,503,452
Cal Grant "C"	24,120	-	24,120
Transfer and Articulation	8,736	-	8,736
Student Financial Aid Administration	162,957	-	162,957

See accompanying note to supplementary information.

Program Revenues					Program Expenditures
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue		
\$ 5,000	\$ -	\$ 1,673	\$ 3,327	\$ 3,327	
870,988	-	223,351	647,637	647,637	
381,845	-	-	381,845	381,845	
355,725	-	-	355,725	355,725	
2,238	-	-	2,238	2,238	
12,434	-	-	12,434	12,434	
7,955	-	-	7,955	7,955	
142,890	-	3,628	139,262	139,262	
924,447	-	27,466	896,981	896,981	
178,875	-	-	178,875	178,875	
177,269	-	40,149	137,120	137,120	
1,459,691	-	262,023	1,197,668	1,197,668	
69,945	-	6,560	63,385	63,385	
62,532	85,955	-	148,487	148,487	
824,323	-	23,920	800,403	800,403	
256,612	-	105,951	150,661	150,661	
226,183	-	56,334	169,849	169,849	
506,817	-	254,350	252,467	252,467	
61,125	35,979	-	97,104	97,104	
44,444	-	28,206	16,238	16,238	
36,129	-	24,337	11,792	11,792	
119,869	-	37,057	82,812	82,812	
302,827	-	133,672	169,155	169,155	
69,528	-	52,281	17,247	17,247	
1,402	-	-	1,402	1,402	
4,000	-	157	3,843	3,843	
1,503,452	1,162	23,879	1,480,735	1,480,735	
24,120	-	-	24,120	24,120	
8,736	-	4,137	4,599	4,599	
162,957	-	-	162,957	162,957	
<u>\$ 8,804,358</u>	<u>\$ 123,096</u>	<u>\$ 1,309,131</u>	<u>\$ 7,618,323</u>	<u>\$ 7,618,323</u>	

PASADENA AREA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE APPORTIONMENT  
ANNUALIZED ATTENDANCE AND ANNUAL APPRENTICESHIP HOURS  
OF INSTRUCTION  
FOR THE YEAR ENDED JUNE 30, 2003**

<b>CATEGORIES</b>	<b>Reported Data</b>	<b>Audit Adjustments</b>	<b>Audited Data</b>
<b>A. <u>Credit Full-Time Equivalent Student (FTES)</u></b>			
1. Summer	2,632	-	2,632
2. Weekly census	16,593	-	16,593
3. Daily census	249	-	249
4. Actual hours of attendance	222	-	222
5. Independent study/work experience	228	-	228
Subtotal	19,924	-	19,924
<b>B. <u>Noncredit FTES</u></b>			
1. Summer	295	-	295
2. Actual hours of attendance	1,726	-	1,726
Subtotal	2,021	-	2,021
Total FTES	21,945	-	21,945
<b>C. <u>Basic Skills Courses</u></b>			
1. Credit			883
2. Non credit			907
Total Basic Skills FTES			1,790
<b>D. <u>FTES Generated in Leased Space</u></b>			126
<b>E. <u>Gross Square Footage</u></b>			
Existing facilities			1,028,053

See accompanying note to supplementary information.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Unrestricted	General Restricted	Child Development	Other Debt Service	Internal Service
FUND BALANCE					
Balance, June 30, 2003, (CCFS-311)	\$ 6,827,774	\$ 612,824	\$ 20,000	\$ 624	\$ 9,169,460
Increase in:					
Cash held by fiscal agent	-	-	-	1,217,891	-
Accounts payable	(359,470)	(29,512)	(7,911)	-	(1,459)
Balance, June 30, 2003, Audited Financial Statement	<u>\$ 6,468,304</u>	<u>\$ 583,312</u>	<u>\$ 12,089</u>	<u>\$ 1,218,515</u>	<u>\$ 9,168,001</u>

See accompanying note to supplementary information.

# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2003

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **A. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **B. Schedule of Expenditures of State Awards**

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **C. Schedule of Workload Measures for Program-Based Funding**

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

#### **D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the audited financial statements.

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***INDEPENDENT AUDITORS' REPORTS***

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Pasadena Area Community College District  
Pasadena, California

We have audited the basic financial statements of Pasadena Area Community College District (the District) as of and for the years ended June 30, 2003 and June 30, 2002, and have issued our report thereon dated October 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pasadena Area Community College District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pasadena Area Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 misstatements in amounts that would be material in relation to the basic financial statements 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 financial reporting and its operation that we consider to be material weaknesses. However, we have noted certain matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated October 2, 2003.



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

*Vaurinek, Irine, Day & Co. LLP*

Rancho Cucamonga, California  
October 2, 2003



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Pasadena Area Community College District  
Pasadena, California

Compliance

We have audited the compliance of Pasadena Area Community College District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2003. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance 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 of America, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Pasadena Area Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2003.

### Internal Control Over Compliance

The management of Pasadena Area 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 Pasadena Area 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 and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vaurinek, Irine, Day & Co. LLP*

Rancho Cucamonga, California  
October 2, 2003



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Pasadena Area Community College District  
Pasadena, California

We have audited the financial statements of the Pasadena Area Community College District for the year ended June 30, 2003, and have issued our report thereon dated October 2, 2003.

Our audit was made in accordance with auditing standards generally accepted in the United States of America, and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted Audit Manual (CDAM)*.

### 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 leased facilities.

## Administrative

### Fiscal Operations - 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*.

### Fiscal Operation - 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.

### Apportionments - 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).

### Apportionments - 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 - 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.

### Apportionment - Residency Determination for Credit Classes

#### Compliance Requirement

District internal fiscal controls should ensure that State apportionment for credit course is only claimed for student attendance allowed by statute and regulation. Student residence at the time of registration is a major factor for allowing Districts to claim State apportionment for credit courses.

### Apportionment - Concurrent Enrollment of K-12 Students in Community College Courses

#### Compliance Requirement

A community college district may claim FTES for the attendance of K-12 pupils who take courses offered by the district under this concurrent enrollment arrangement only if it complies with all related California Education Code sections.

### Open Enrollment

#### Compliance Requirement

Community colleges shall comply with Title 5 provisions of the *California Code of Regulations* 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 Services - (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

Districts 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.

### **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.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Pasadena Area Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2003.

This report is intended solely for the information of the District's Management, Board of Trustees, audit committee, and others within the District, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

*Vaurinek, Irine, Day & Co. LLP*

Rancho Cucamonga, California

October 2, 2003

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2003

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### FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</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)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.007, 84.063, 84.032	Student Financial Aid Cluster
84.031S	Title V - Strengthening Institutions

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 449,690</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>

# **PASADENA AREA COMMUNITY COLLEGE DISTRICT**

## **FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2003**

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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*.

**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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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.

**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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

**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2003**

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There were no audit findings reported in the prior year's schedule of audit findings and questioned costs.

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***ADDITIONAL SUPPLEMENTARY INFORMATION***

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**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	<b>General Unrestricted</b>	<b>General Restricted</b>	<b>Child Development</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,758,646	\$ 274,350	\$ 20,687
Investments	13,398,117	2,127,735	20,132
Accounts receivable	1,495,571	1,104,849	41,243
Prepaid expenses	14,669	43,734	-
Stores inventory	91,541	-	-
<b>Total Assets</b>	<b>\$ 16,758,544</b>	<b>\$ 3,550,668</b>	<b>\$ 82,062</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	7,076,228	736,399	69,973
Deferred revenue	3,214,012	2,230,957	-
<b>Total Liabilities</b>	<b>10,290,240</b>	<b>2,967,356</b>	<b>69,973</b>
<b>FUND EQUITY</b>			
Fund Balances			
Reserved	1,394,251	-	-
Unreserved			
Designated	5,074,053	583,312	12,089
<b>Total Fund Equity</b>	<b>6,468,304</b>	<b>583,312</b>	<b>12,089</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 16,758,544</b>	<b>\$ 3,550,668</b>	<b>\$ 82,062</b>

<b>Bond Interest and Redemption</b>	<b>Other Debt Service</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Schedule Maintenance</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 71,455	\$ -	\$ -	\$ 2,125,138
1,462,166	1,218,515	1,994,345	31,920,164	1,632,468	53,773,642
-	-	9,324	33,275	138,995	2,823,257
-	-	5,500	-	-	63,903
-	-	-	-	-	91,541
<u>\$ 1,462,166</u>	<u>\$ 1,218,515</u>	<u>\$ 2,080,624</u>	<u>\$ 31,953,439</u>	<u>\$ 1,771,463</u>	<u>\$ 58,877,481</u>
-	-	6,588	255,218	33,709	8,178,115
-	-	193,079	-	46,224	5,684,272
-	-	199,667	255,218	79,933	13,862,387
-	-	-	-	-	1,394,251
1,462,166	1,218,515	1,880,957	31,698,221	1,691,530	43,620,843
<u>1,462,166</u>	<u>1,218,515</u>	<u>1,880,957</u>	<u>31,698,221</u>	<u>1,691,530</u>	<u>45,015,094</u>
<u>\$ 1,462,166</u>	<u>\$ 1,218,515</u>	<u>\$ 2,080,624</u>	<u>\$ 31,953,439</u>	<u>\$ 1,771,463</u>	<u>\$ 58,877,481</u>

**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET  
PROPRIETARY FUNDS  
JUNE 30, 2003**

	<b>Enterprise Fund Bookstore</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 671,876	\$ 81,405
Investments	605,651	10,345,882
Accounts receivable	69,551	1,280
Prepaid expenses	19,933	31,515
Stores inventory	1,255,907	-
Furniture and equipment (net)	509,660	-
<b>Total Assets</b>	<b>\$ 3,132,578</b>	<b>\$ 10,460,082</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	154,839	32,907
Deferred revenue	-	9,174
Claim liabilities	-	1,250,000
<b>Total Liabilities</b>	<b>154,839</b>	<b>1,292,081</b>
<b>FUND EQUITY</b>		
Retained earnings	2,977,739	9,168,001
<b>Total Liabilities and Fund Equity</b>	<b>\$ 3,132,578</b>	<b>\$ 10,460,082</b>

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# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## BALANCE SHEET FIDUCIARY FUNDS JUNE 30, 2003

	Associated Students Trust	Student Representation Fee	Student Financial Aid
<b>ASSETS</b>			
Cash and cash equivalents	\$ 157,475	\$ 128,255	\$ 133,719
Investments	-	-	331,431
Student loans receivable	-	-	725,717
Fixed assets	30,585	-	-
<b>Total Assets</b>	<u>\$ 188,060</u>	<u>\$ 128,255</u>	<u>\$ 1,190,867</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	-	-	5,825
Other current liabilities	-	-	513,301
Deferred revenue	-	-	23,879
Due to student groups	188,060	128,255	-
<b>Total Liabilities</b>	<u>188,060</u>	<u>128,255</u>	<u>543,005</u>
<b>FUND EQUITY</b>			
Fund Balances			
Reserved	-	-	647,862
<b>Total Fund Equity</b>	<u>-</u>	<u>-</u>	<u>647,862</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 188,060</u>	<u>\$ 128,255</u>	<u>\$ 1,190,867</u>

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<b>Scholarship and Loan</b>	<b>Other Trust</b>	<b>Total</b>
\$ 192,404	\$ 665,226	\$ 1,277,079
5,878,654	835,336	7,045,421
-	-	725,717
1,495	-	32,080
<u>\$ 6,072,553</u>	<u>\$ 1,500,562</u>	<u>\$ 9,080,297</u>
-	13,081	18,906
-	-	513,301
-	-	23,879
-	-	316,315
<u>-</u>	<u>13,081</u>	<u>872,401</u>
6,072,553	1,487,481	8,207,896
<u>6,072,553</u>	<u>1,487,481</u>	<u>8,207,896</u>
<u>\$ 6,072,553</u>	<u>\$ 1,500,562</u>	<u>\$ 9,080,297</u>



# PASADENA AREA COMMUNITY COLLEGE DISTRICT

## BALANCE SHEET RECONCILIATION JUNE 30, 2003

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### Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

#### Total Fund Balance and Due to Student Groups:

General Funds	\$ 7,051,616
Special Revenue Funds	12,089
Capital Project Funds	35,270,708
Debt Service Funds	2,680,681
Enterprise Funds	2,977,739
Internal Service Funds	9,168,001
Fiduciary Funds	<u>8,524,211</u>

**Total Fund Balance - All District Funds** **\$ 65,685,045**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	158,948,903	
Accumulated depreciation is	(42,376,514)	
Less fixed assets already recorded in the enterprise and fiduciary funds	<u>(541,740)</u>	116,030,649

Amounts held in trust on behalf of others (Trust and Agency Funds) (7,876,349)

In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term debt is recognized when it is incurred. (26,445)

Long-term liabilities at year end consist of:

Bonds payable	33,000,000	
Certificates of participation	5,735,000	
Notes payable	1,477,000	
Capital leases payable	724,213	
Compensated absences (vacations)	<u>1,991,763</u>	(42,927,976)
<b>Total Net Assets</b>		<b><u>\$ 130,884,924</u></b>

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**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>General Unrestricted</b>	<b>General Restricted</b>	<b>Child Development</b>
<b>REVENUES</b>			
Federal revenues	\$ 156,423	\$ 2,882,065	\$ 116,814
State revenues	50,240,161	5,419,784	532,359
Local revenues	41,766,981	2,562,352	210,049
<b>Total Revenues</b>	<b>92,163,565</b>	<b>10,864,201</b>	<b>859,222</b>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	48,752,447	2,161,452	-
Classified salaries	19,980,296	3,863,709	619,500
Employee benefits	14,477,100	815,822	149,107
Books and supplies	1,883,672	727,062	55,832
Services and operating expenditures	8,060,745	1,387,021	146,471
Capital outlay	1,318,555	529,729	3,703
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
<b>Total Expenditures</b>	<b>94,472,815</b>	<b>9,484,795</b>	<b>974,613</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,309,250)</b>	<b>1,379,406</b>	<b>(115,391)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	627,247	114,000
Operating transfers out	(971,937)	(766,910)	-
Other sources	19,435	-	-
Other uses	(4,731)	(656,431)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(957,233)</b>	<b>(796,094)</b>	<b>114,000</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(3,266,483)</b>	<b>583,312</b>	<b>(1,391)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>9,734,787</b>	<b>-</b>	<b>13,480</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 6,468,304</b>	<b>\$ 583,312</b>	<b>\$ 12,089</b>

<b>Bond Interest and Redemption</b>	<b>Other Debt Service</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Schedule Maintenance</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,155,302
-	-	-	-	248,612	56,440,916
-	46,502	533,096	33,275	186,727	45,338,982
-	46,502	533,096	33,275	435,339	104,935,200
-	-	-	-	-	50,913,899
-	-	-	-	-	24,463,505
-	-	-	-	-	15,442,029
-	-	-	829	-	2,667,395
-	-	40,163	118,000	127,165	9,879,565
-	-	830,124	1,216,225	387,719	4,286,055
-	564,250	-	-	-	564,250
-	433,350	-	-	-	433,350
-	997,600	870,287	1,335,054	514,884	108,650,048
-	(951,098)	(337,191)	(1,301,779)	(79,545)	(3,714,848)
-	997,600	-	-	-	1,738,847
-	-	-	-	-	(1,738,847)
1,462,166	-	-	33,000,000	-	34,481,601
-	-	-	-	-	(661,162)
1,462,166	997,600	-	33,000,000	-	33,820,439
1,462,166	46,502	(337,191)	31,698,221	(79,545)	30,105,591
-	1,172,013	2,218,148	-	1,771,075	14,909,503
\$ 1,462,166	\$ 1,218,515	\$ 1,880,957	\$ 31,698,221	\$ 1,691,530	\$ 45,015,094

**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Enterprise Fund Bookstore</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>		
Sales and other local revenues	\$ 6,884,131	\$ 2,590,671
<b>OPERATING EXPENSES</b>		
Classified salaries	739,830	47,085
Employee benefits	113,795	13,276
Books and supplies	5,101,847	1,305
Services and other operating expenditures	91,697	3,004,731
Capital outlay	266,609	-
<b>Total Operating Expenses</b>	<b>6,313,778</b>	<b>3,066,397</b>
<b>Operating Income (Loss)</b>	<b>570,353</b>	<b>(475,726)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	-	221,968
Miscellaneous revenues	-	134,958
Operating transfers out	(430,967)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(430,967)</b>	<b>356,926</b>
<b>NET INCOME (LOSS)</b>	<b>139,386</b>	<b>(118,800)</b>
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<b>2,838,353</b>	<b>9,286,801</b>
<b>RETAINED EARNINGS, END OF YEAR</b>	<b>\$ 2,977,739</b>	<b>\$ 9,168,001</b>

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**PASADENA AREA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Associated Students Trust</b>	<b>Student Representation Fee</b>	<b>Student Financial Aid</b>
<b>REVENUES</b>			
Federal revenues	\$ -	\$ -	\$11,760,179
State revenues	-	-	1,678,015
Local revenues	41,850	74,163	3,036
<b>Total Revenues</b>	<b>41,850</b>	<b>74,163</b>	<b>13,441,230</b>
<b>EXPENDITURES</b>			
Current Expenditures			
Classified salaries	5,826	696	-
Employee benefits	688	-	-
Books and supplies	55,017	18,526	-
Services and operating expenditures	69,342	44,854	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>130,873</b>	<b>64,076</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(89,023)</b>	<b>10,087</b>	<b>13,441,230</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	92,437	-	-
Other uses	(3,414)	(10,087)	(13,438,079)
<b>Total Other Financing Sources (Uses)</b>	<b>89,023</b>	<b>(10,087)</b>	<b>(13,438,079)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>-</b>	<b>-</b>	<b>3,151</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>644,711</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 647,862</b>

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<b>Scholarship and Loan</b>	<b>Other Trust</b>	<b>Total</b>
\$ -	\$ -	\$ 11,760,179
-	-	1,678,015
1,819,515	2,216,226	4,154,790
<u>1,819,515</u>	<u>2,216,226</u>	<u>17,592,984</u>
-	189,139	195,661
-	35,749	36,437
-	595,804	669,347
2,805,077	1,514,397	4,433,670
-	73,125	73,125
<u>2,805,077</u>	<u>2,408,214</u>	<u>5,408,240</u>
<u>(985,562)</u>	<u>(191,988)</u>	<u>12,184,744</u>
-	338,530	430,967
-	-	(13,451,580)
<u>-</u>	<u>338,530</u>	<u>(13,020,613)</u>
(985,562)	146,542	(835,869)
7,058,115	1,340,939	9,043,765
<u>\$ 6,072,553</u>	<u>\$ 1,487,481</u>	<u>\$ 8,207,896</u>