

AGENDA  
Regular Meeting  
BOARD OF TRUSTEES  
STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon Avenue  
Fresno, CA 93704  
4:30 p.m., January 13, 2009

- I. Call to Order
- II. Pledge of Allegiance
- III. Introduction of Guests
- IV. Approval of Minutes, Meeting of December 9, 2008
- V. Delegations, Petitions, and Communications [see footnote, Page 2]
- VI. Reports of Chancellor and Staff

A. PRESENTATIONS

- 1. Chancellor's Report Tom Crow
- 2. Campus Reports Cynthia Azari  
Barbara Hioco  
Terry Kershaw
- 3. Academic Senate Report Linda DeKruif, FCC
- 4. Classified Senate Report Mary Helen Garcia, RC
- 5. PG&E Power Pathways Michael Quinn  
Andy Crider

- B. CONSIDERATION OF CONSENT AGENDA [09-01HR through 09-02HR]  
[09-01G through 09-10G]

C. HUMAN RESOURCES

D. GENERAL

- 1. Consideration to Accept 2007-08 Audit Report [09-01] Doug Brinkley
- 2. Consideration to Extend Agreement with Kitchell for Program Management [09-02] Doug Brinkley  
Services, Capital Projects, Districtwide

- VII. Reports of Board Members
- VIII. Old Business
- IX. Future Agenda Items
- X. Delegations, Petitions, and Communications [see footnote, Page 2]
- XI. Closed Session
  - A. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE, Pursuant to Government Code Section 54957
- XII. Open Session
- XIII. Adjournment

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All supporting documents/materials pertaining to the open session agenda of a regular meeting are available for public inspection by contacting the Office of the Chancellor during the office hours of 8:00 a.m. to 5:00 p.m., Monday – Friday, at (559) 244-5902.

The Board chairperson, under Board Policy 2350, has set a limit of three minutes each for those who wish to address the Board. General comments will be heard under Agenda Section Delegations, Petitions and Communications at the beginning of the meeting. Those who wish to speak to items to be considered in Closed Session will be given the opportunity to do so following the completion of the open agenda and just prior to the Board's going into Closed Session. Individuals wishing to address the Board should fill out a Request Form and file it with the Associate Vice Chancellor–Human Resources Randy Rowe, at the beginning of the meeting.

Any person with a disability may request this agenda be made available in an appropriate alternative format. A request for a disability-related modification or accommodation may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting to Jan Krueger, Executive Secretary to the Chancellor, 1525 E. Weldon Avenue, Fresno, CA 93704, (559) 244-5902, 8:00 a.m. to 5:00 p.m., Monday – Friday, at least 48 hours before the meeting.

CONSENT AGENDA  
BOARD OF TRUSTEES MEETING  
January 13, 2009

HUMAN RESOURCES

1. Employment, Retirement, Academic Personnel [09-01HR]
2. Employment, Change of Status, Lateral Transfer, Leave of Absence, Resignation, Retirement, Classified Personnel [09-02HR]

GENERAL

3. Consideration to Approve Study Abroad Program, Galapagos Islands, Summer 2010 [09-01G]
4. Consideration to Approve Study Abroad Program, China, Summer 2010 [09-02G]
5. Consideration to Approve Study Abroad Program, Florence, Italy, Summer 2010 [09-03G]
6. Consideration to Approve Study Abroad Program, Semester in England, Spring 2010 [09-04G]
7. Review of District Warrants and Checks [09-05G]
8. Consideration to Accept Construction Project, Energy Management System, Reedley College [09-06G]
9. Consideration to Accept Construction Project, Security System Installation, Willow International Center [09-07G]
10. Consideration to Authorize Agreement with Kaiser Permanente Community Benefit Program for the Future Nurses Project, Fresno City College [09-08G]
11. Consideration to Authorize Agreement with the California Community Colleges Chancellor's Office, Economic and Workforce Development Program for Linking Afterschool Employment to Career Pathways, Districtwide [09-09G]
12. Consideration to Approve 2009-10 Tuition Rate, Out-of-State and Nonresident Students [09-10G]

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Employment, Retirement, Academic Personnel

ITEM NO. 09-01HR

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EXHIBIT: Academic Personnel Recommendations

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Recommendation:

It is recommended that the Board of Trustees approve the academic personnel recommendations, Items A and B, as presented.

ACADEMIC PERSONNEL RECOMMENDATIONS

A. Recommendation to employ the following persons:

<u>Name</u>	<u>Campus</u>	<u>Class &amp; Step</u>	<u>Salary</u>	<u>Position</u>
Day, Diana F.	FCC	II, 1	\$27,941	Respiratory Care Instructor

(New Hire)

(First Contract – January 14, 2009 through May 22, 2009)

Schoenburg, Diane L.	FCC	V, 4	\$36,673	Child Development Instructor
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(Current Adjunct Faculty)

(One Semester Temporary Contract – January 14, 2009 through May 22, 2009)

B. Recommendation to accept resignation for the purpose of retirement from the following person:

<u>Name</u>	<u>Campus</u>	<u>Effective Date</u>	<u>Position</u>
Bowie, Sydney T.	RC	December 19, 2008	English Instructor

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Employment, Change of Status, Lateral Transfer, ITEM NO. 09-02HR  
Leave of Absence, Resignation, Retirement

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EXHIBIT: Classified Personnel Recommendations

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Recommendation:

It is recommended that the Board of Trustees approve classified personnel recommendations, Items A through H, as presented.

## CLASSIFIED PERSONNEL RECOMMENDATIONS

A. Recommendation to employ the following persons as probationary:

Name	Location	Classification	Range/Step/Salary	Date
Vang, Wendy	FCC	Instructional Aide - PPT Position No. 2270	32-A \$12.35/hr.	12/15/2008
Balcom, Heather	FCC	Bookstore Seasonal Assistant Position No. 8031	31-A \$12.02/hr.	01/05/2009
Gastelum, Lupe	FCC	Bookstore Seasonal Assistant Position No. 8038	31-A \$12.02/hr.	01/05/2009
Goddard, Tracy	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8007	37-A \$13.98/hr.	01/05/2009
Graber, Robin	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8009	37-A \$13.98/hr.	01/05/2009
Landseadel, John	FCC	Bookstore Seasonal Assistant Position No. 8026	31-A \$12.02/hr.	01/05/2009
Moore, Tiffany	FCC	Bookstore Seasonal Assistant Position No. 8039	31-A \$12.02/hr.	01/05/2009
Porter, Kimberly	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8018	37-A \$13.98/hr.	01/05/2009
Runyon, Jacqueline	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8016	37-A \$13.98/hr.	01/05/2009
Schapansky, Janice	RC	Bookstore Sales Clerk I (Seasonal) Position No. 8043	37-A \$13.98/hr.	01/05/2009
Skomsvold, Paulette	FCC	Bookstore Seasonal Assistant Position No. 8037	31-A \$12.02/hr.	01/05/2009
Sorenson, Joyce	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8010	37-A \$13.98/hr.	01/05/2009
Valtierra, Nubia	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8012	37-A \$13.98/hr.	01/05/2009

A. Recommendation to employ the following persons as probationary (cont'd):

Name	Location	Classification	Range/Step/Salary	Date
Vernon, Kylynn	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8020	37-A \$13.98/hr.	01/05/2009
Walker, Rochelle	RC	Bookstore Seasonal Assistant Position No. 8048	31-A \$12.02/hr.	01/05/2009
Wright, Margaret	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8013	37-A \$13.98/hr.	01/05/2009

B. Recommendation to employ the following persons as provisional – filling vacant position of permanent full-time or permanent part-time pending recruitment/selection, or replacing regular employee on leave:

Name	Location	Classification	Range/Step/Salary	Date
Reyes, Adrian	FCC	Job Developer - PPT Position No. 2281	62-A \$25.74/hr.	12/01/2008
Malone, Melissa	FCC	Accounting Clerk III Position No. 2424	48-A \$18.32/hr.	12/09/2008

C. Recommendation to employ the following persons as retiree/hourly (Ed Code 88034):

Name	Location	Classification	Hourly Rate	Date
Pinkerton, Sandra	FCC	Job Developer	\$32.84/hr.	10/30/2008 thru 06/30/2009

D. Recommendation to approve the change of status of the following regular employees:

Name	Location	Classification	Range/Step/Salary	Date
Bruce, Eleanor	FCC	Accounting Clerk III Position No. 2073 to Accounting Technician I Position No. 2073	48-E \$3,932.25 to 57-B \$4,224.00	10/10/2008 thru 11/10/2008

(Additional compensation for “working out of class” per CSEA Article 33, Section 8)

Walke, Bonnie	WI	Financial Aid Assistant I Position No. 4015 to Office Assistant III Position No. 4022	57-B \$4,149.00 to 48-E \$3,857.25	11/01/2008
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(Return to regular assignment)



D. Recommendation to approve the change of status of the following regular employees (cont'd):

Name	Location	Classification	Range/Step/Salary	Date
Griffin, Doris	DO	VP of Admissions and Records Position No. 1512 to	34-8 + 15% \$7,579.67 to	12/15/2008
	FCC	Admissions & Records Manager Position No. 2166	34-8 \$6,591.00	

(Return to regular assignment)

Silva, Sonny	FCC	Financial Aid Assistant I Position No. 2445 to	57-E \$4,801.50 to	12/19/2008
		College Relations Specialist Position No. 2225	69-A \$5,289.75	

(Additional compensation for "working out of class" per CSEA Article 33, Section 8)

Edwards, Sandi	DO	Human Resources Assistant Position No. 1002 to	57-E (Confidential) \$5,198.75 to	12/22/2008
		HR/MIS Data Researcher Position No. 1018	63-D (Confidential) \$5,724.00	

(Additional compensation for "working out of class" per PC rule 3-15)

E. Recommendation to approve the lateral transfer of the following employees (regular):

Name	Location	Classification	Range/Step/Salary	Date
Moua, Be	MC	Administrative Aide Position No. 4009 to	53-B \$3,762.67 to	01/05/2009
	FCC	Administrative Aide Position No. 2041	53-B \$3,762.67	

(Lateral transfer per PC rule 11-2)

F. Recommendation to approve the leave of absence of the following employee (regular):

Name	Location	Classification	Date
Lewellen, Carolyn	FCC	Accounting Clerk III Position No. 2469	12/01/2008 thru 01/04/2009

(Unpaid Health Leave of Absence per Article 14 of the CSEA contract)

Davitian, Elizabeth	FCC	Accounting Clerk III Position No. 2424	12/09/2008
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(Unpaid Health Leave of Absence per Article 14 of the CSEA contract)

G. Recommendation to accept the resignation of the following regular employees:

Name	Location	Classification	Date
Xiong, Yer	FCC	Bookstore Sales Clerk I (Seasonal) Position No. 8007	11/17/2008
Rickerd, Kaitlin	FCC	Sign Language Interpreter III Position No. 8121	12/12/2008
Cyr, John	FCC	Sign Language Interpreter III Position No. 2394	12/15/2008

H. Recommendation to accept the resignation for the purpose of retirement for the following regular employees:

Name	Location	Classification	Date
Boswell, Marc	DO	Director of Environmental Health & Safety Position No. 1096	12/30/2008
Dietrich, Dayann	DO	Administrative Assistant Position No. 1146	12/31/2008
Staebler, Kathleen	FCC	Administrative Secretary Position No. 2272	01/30/2009
Rivera, Donna	FCC	Assistant Bookstore Manager Position No. 2285	02/27/2009

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Approve Study Abroad  
Program, Galapagos Islands, Summer 2010

ITEM NO. 09-01G

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EXHIBIT: None

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Background:

As part of its commitment to expand international education in the District, a new program is planned for Summer 2010. This two-week program, based in the Galapagos Islands, will focus on the geology and natural history of these islands, noted for their unique plant and animal life found nowhere else in the world and contribution to biological and scientific thought. Participants will study geology or natural history of the Galapagos Islands and can earn three transferable credits.

The instructors who have developed and organized this program are Brandy Anglen and Rodney Olsen, both from Fresno City College. They will teach and administer the program, and promote it districtwide.

Travel arrangements, accommodations and general promotion for this two-week program will be handled by a third-party provider. Program implementation will be in accordance with current District policies, regulations and college procedures.

Recommendation:

It is recommended that the Board of Trustees approve the offering of this Summer 2010 program to the Galapagos Islands and approve Brandy Anglen and Rodney Olsen as instructors for the program.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Approve Study Abroad  
Program, China, Summer 2010

ITEM NO. 09-02G

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EXHIBIT: None

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Background:

The District is again planning to have a study abroad program to China in the summer of 2010. The 16-day program will be based in Beijing and Shanghai, and participants will study either dance appreciation or linguistics and earn three transferrable credits.

The instructors who have developed and organized this program are Debbie Ockey and Jimmy Hao, both from Fresno City College. They will teach and administer the program, and promote it districtwide.

Travel arrangements, accommodations, and general promotion for this program will be handled by a third-party provider. Program implementation will be in accordance with current District policies, regulations and college procedures.

Recommendation:

It is recommended that the Board of Trustees approve the offering of the Summer 2010 program in China and approve Debbie Ockey and Jimmy Hao as instructors for this program.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Approve Study Abroad  
Program, Florence, Italy, Summer 2010

ITEM NO. 09-03G

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EXHIBIT: None

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Background:

The District is again planning to have a study abroad program to Florence, Italy in the summer of 2010. Participants in this four-week program will study art appreciation or drawing and can earn three units of transferrable credit.

The instructors who have developed and organized this program are Ann Scheid and Susana Sosa, both from Fresno City College. They will teach and administer the program, and promote it districtwide.

Travel arrangements, accommodations, school facilities and general promotion will be handled by the American Institute for Foreign Study, Inc. Program implementation will be in accordance with current District policies, regulations and college procedures.

Recommendation:

It is recommended that the Board of Trustees approve the offering of this Summer 2010 program in Florence, Italy and approve Ann Scheid and Susana Sosa as instructors for the program.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Approve Study Abroad  
Program, Semester in England, Spring 2010

ITEM NO. 09-04G

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EXHIBIT: None

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Background:

The District is again planning to have a Semester in England program for Spring 2010, a popular destination. Classes will be held in the District for the first part of the semester and then continue the remaining 10-11 weeks in London. Students will homestay with British families while taking English and speech-related classes, earning 12-15 transferable credits.

The instructors who have organized the academics and activities of the program are Loretta Ramos and Teresa Tarazi, both from Fresno City College. They will teach and administer the program, and promote it districtwide.

Travel arrangements, accommodations, school facilities and general promotion will be handled by the American Institute for Foreign Study, Inc. Program implementation will be in accordance with current District policies, regulations and college procedures.

Recommendation:

It is recommended that the Board of Trustees approve the offering of the Semester in England program in London for the 2010 spring semester and approve Loretta Ramos and Teresa Tarazi as instructors for the program.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Review of District Warrants and Checks

ITEM NO. 09-05G

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EXHIBIT: None

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Recommendation:

It is recommended that the Board of Trustees review and sign the warrants register for the period November 26, 2008, to December 24, 2008, in the amount of \$21,439,091.42.

It is also recommended that the Board of Trustees review and sign the check registers for the Fresno City College and Reedley College Co-Curricular Accounts and the Fresno City College and Reedley College Bookstore Accounts for the period November 22, 2008, to December 19, 2008, in the amount of \$571,063.91.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Accept Construction Project,  
Energy Management System, Reedley College

ITEM NO. 09-06G

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EXHIBIT: None

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Background:

The project for the Energy Management System, Reedley College, is now substantially complete and ready for acceptance by the Board of Trustees.

Recommendation:

It is recommended that the Board of Trustees:

- a) accept the project for the Energy Management System, Reedley College; and
- b) authorize the Chancellor or his designee to file a Notice of Completion with the County Recorder.



STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Accept Construction Project,  
Security System Installation, Willow  
International Center

ITEM NO. 09-07G

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EXHIBIT: None

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Background:

The project for the Security System Installation, Willow International Center, is now substantially complete and ready for acceptance by the Board of Trustees.

Recommendation:

It is recommended that the Board of Trustees:

- a) accept the project for the Security System Installation, Willow International Center ; and
- b) authorize the Chancellor or his designee to file a Notice of Completion with the County Recorder.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Authorize Agreement  
with Kaiser Permanente Community  
Benefit Program for the Future Nurses  
Project, Fresno City College

ITEM NO. 09-08G

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EXHIBIT: None

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Background:

The District has received notice of a grant award from the Kaiser Permanente Fresno Area Community Benefit Program in support of the Future Nurses Project. The grant will be used to fund instructors and other expenses directly related to the nursing program. The Agreement is for the period September 24, 2008, through September 24, 2009, with funding in the amount of \$60,000.

Recommendation:

It is recommended that the Board of Trustees:

- a) authorize the District, on behalf of Fresno City College, to enter into the Grant Agreement with the Kaiser Permanente Fresno Area Community Benefit Program in support of the Future Nurses Project for the period September 24, 2008, through September 24, 2009, with funding in the amount of \$60,000;
- b) authorize renewal of the Agreement with similar terms and conditions; and
- c) authorize the Chancellor, or Vice Chancellor, Finance and Administration, to sign the Agreement on behalf of the District.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Authorize Agreement with  
the California Community Colleges Chancellor's  
Office, Economic and Workforce Development  
Program for Linking Afterschool Employment  
to Career Pathways, Districtwide

ITEM NO. 09-09G

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EXHIBIT: None

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Background:

The District has been awarded an Economic and Workforce Development Program Grant for Linking Afterschool Employment to Career Pathways from the California Community Colleges Chancellor's Office. This program will utilize aspects of the Central Valley Career Advancement Academies' (CVCAA) successful models by linking afterschool employment to extended career pathways and increasing needed connections between local afterschool providers, employers, social service and community organizations, high schools, universities, and community colleges. The expanded collaborative partnership will develop, implement, and articulate a sustainable program that provides career preparation and exploration related to public sector/education/afterschool career pathways. The Grant Agreement is for the period September 9, 2008, through June 30, 2010, with total funding in the amount of \$300,000 (\$250,000 for 2008-09 and \$50,000 for 2009-10).

Recommendation:

It is recommended that the Board of Trustees:

- a) authorize the District to enter into the Grant Agreement with the California Community Colleges Chancellor's Office, Economic and Workforce Development Program for Linking Afterschool Employment to Career Pathways for the period September 9, 2008, through June 30, 2010, with total funding in the amount of \$300,000 (\$250,000 for 2008-09 and \$50,000 for 2009-10);
- b) authorize renewal of the Agreement with similar terms and conditions; and
- c) authorize the Chancellor, or Vice Chancellor, Finance and Administration, to sign the Agreement on behalf of the District.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

SUBJECT: Consideration to Approve 2009-10 Tuition Rate,      ITEM NO. 09-10G  
Out-of-State and Nonresident Students

EXHIBIT:      None

Background:

Community college districts must annually establish the nonresident tuition rate for the ensuing year not later than February 1 of each fiscal year. Nonresident refers to students who are both citizens and residents of a foreign country, whereas out-of-state residents are students who are citizens of this country but who have not established residency in California.

The out-of-state resident tuition fee has been established in the past years based on the statewide average per semester unit, which is usually greater than the District computation. The 2007-08 statewide average adjusted for inflation is \$5,452 per FTES, or \$189 per semester unit, based on 30 units for a full-time student.

In addition, State law permits community college districts to charge nonresident students an additional fee for capital outlay purposes. This fee is based on a district's capital outlay expenditures for the last fiscal year. The fee schedules for the fiscal years 1994-95 to present are listed below.

FISCAL YEAR	OUT OF STATE TUITION	CAPITAL OUTLAY FEE	TOTAL FEES
94-95	\$107	\$10	\$117
95-96	\$114	\$ 6	\$120
96-97	\$114	\$ 8	\$122
97-98	\$118	\$12	\$130
98-99	\$121	\$17	\$138
99-00	\$125	\$14	\$139
00-01	\$130	\$16	\$146
01-02	\$134	\$34	\$168
02-03	\$141	\$16	\$157
03-04	\$149	\$16	\$165

ITEM NO. 09-10G – Continued  
Page 2

04-05	\$149	\$19	\$168
05-06	\$151	\$21	\$172
06-07	\$160	\$20	\$180
07-08	\$173	\$22	\$195
08-09	\$181	\$23	\$204
09-10 Proposed	\$189	\$21	\$210

Fiscal Impact:

The fees for out-of-state and nonresident tuition are estimated to generate approximately \$1,250,000.

Recommendation:

It is recommended that the Board of Trustees:

- a) establish the 2009-10 out-of-state tuition rate at \$189 for each unit enrolled; and
- b) establish the 2009-10 nonresident tuition rate at \$210 (including \$21 for capital outlay) for each unit enrolled.

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Accept 2007-08 Audit Report

ITEM NO. 09-01

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EXHIBIT: Audit Report

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Background:

Title V requires that community college districts conduct an annual independent audit of the District's financial records and compliance issues. The 2007-08 District audit has recently been completed by the audit firm of Vavrinek, Trine, Day & Co., LLP. A representative of the audit firm will be present at the Board meeting to review the report and to respond to questions from Board members.

Recommendation:

It is recommended that the Board of Trustees accept the 2007-08 audit report as submitted by the firm of Vavrinek, Trine, Day & Co., LLP.

**STATE CENTER COMMUNITY  
COLLEGE DISTRICT**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2008**

# STATE CENTER COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2008

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
State Center Community College District  
Fresno, California

We have audited the accompanying basic financial statements of the business-type activities of the State Center Community College District (the District) as of and for the years ended June 30, 2008 and 2007, and its discretely presented component unit State Center Community College Foundation, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the State Center Community College District and its discretely presented component unit as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the Financial Statements, the accompanying financial statements reflect certain changes required as a result of the implementation of Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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.

Vauterick, Okine, Day & Co., LLP

Fresno, California  
December 24, 2008



## State Center Community College District

1525 East Weldon Avenue • Fresno, California 93704-6398 • (559) 226-0720 • FAX 559-229-7039 • www.scccd.edu

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

The Management's Discussion and Analysis section of the audit provides management the opportunity to review the overall financial condition and activities of the District and to discuss important fiscal issues. All information presented in this report will be in a three-year comparative format (new for this year). Responsibility for the completeness and fairness of this information rests with the District.

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

As required by 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 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, state apportionment, and other local 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.

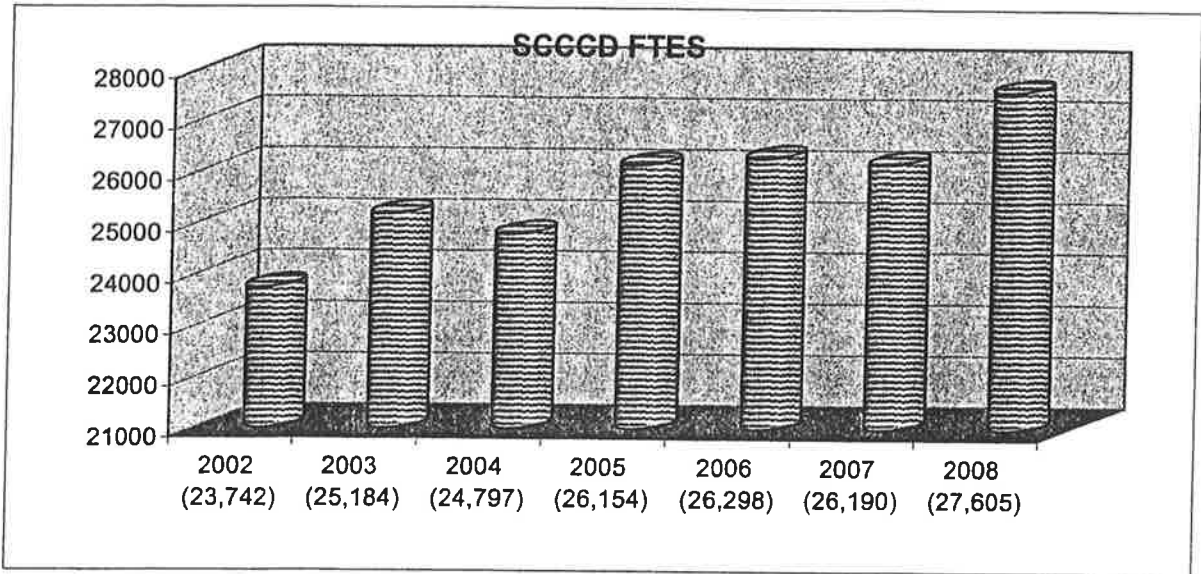
#### **FINANCIAL HIGHLIGHTS**

The District's primary funding source is based upon apportionment received from the State of California. The key component of the apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2007-08 fiscal year, FTES reported were 27,605--a 5.4% increase over the prior year. As you can see from the chart below, the District has historically done quite well in attracting students to our District. Attracting and keeping students enrolled in our District is the life-blood of our organization and we will continue focusing our efforts in 2008-09. Statewide, enrollment growth for Districts took a turn in the right direction with credit FTES up almost 3%. However, some Districts are still not growing as almost 10,000 total FTES were claimed in restoration for the 2007-08 fiscal year. Preliminary reports statewide indicate that the slowing economy and the low cost of attending Community Colleges are bringing students back to the fold for the 2008-09 fiscal year. It is still early, but the current trend looks promising after the past few years of little or no growth for the Community College System.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008



The 2007-08 budget included a \$200 million deferral to the 2008-09 Prop 98 guarantee. The District's share of this system-wide deferral was \$5.61 million and is included in the District's accounts receivable balance at year end. To help the State with their cash-flow problems, the 2008-09 budget includes a new deferral of \$245m to be split equally over the months of January, February, and March 2008 and to be paid back equally in April, May and June 2008. The impact to the District is approximately \$6.9m in total or \$2.3m per month for the three months.

The 2008-09 Budget Act also provided a 0.68% cost of living adjustment (COLA) compared to the 4.53% COLA funded in 2007-08. State Center will receive approximately \$0.9m in COLA funding.

In November 2002, the District passed a \$161 million (Proposition 39) General Obligation Bond to fund capital construction projects over the next 12 years. These funds when combined with State Educational Capital Bond funds will provide the District with funds to renovate existing facilities and construct new facilities to meet the enrollment and technology demands of our stakeholders. The District has issued three Series of these bonds totaling \$111 million to date, leaving \$50 million in General Obligation Bonds authorized but unissued. Approximately \$47.2m of the three Series totaling \$111 million have been expended as of June 30, 2008.

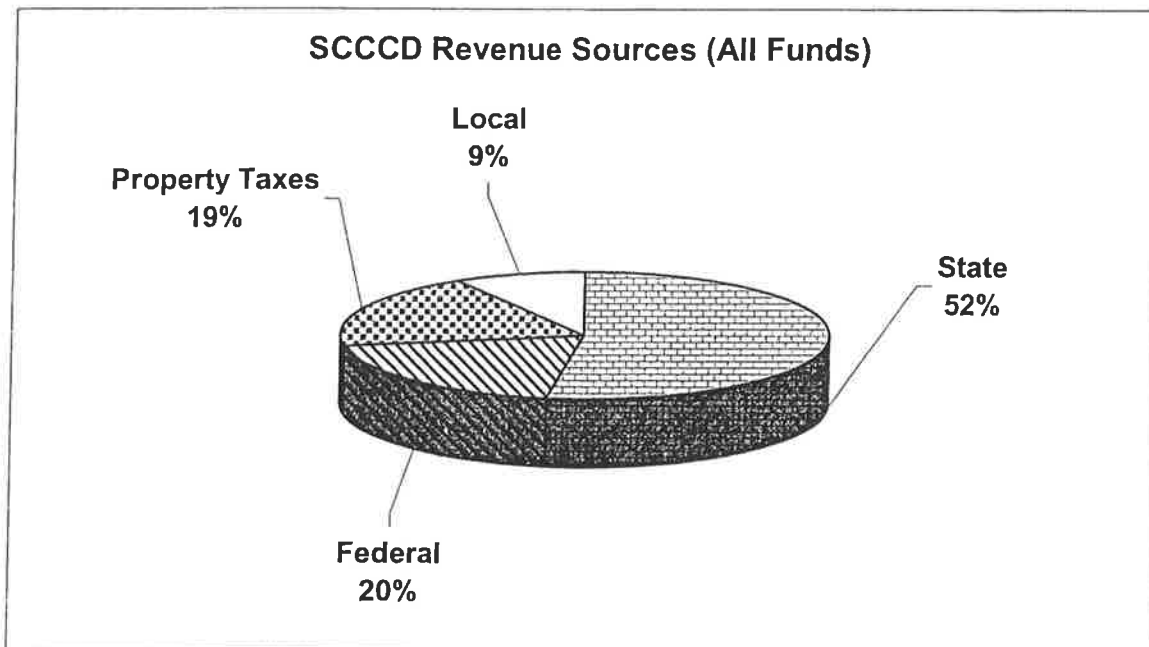
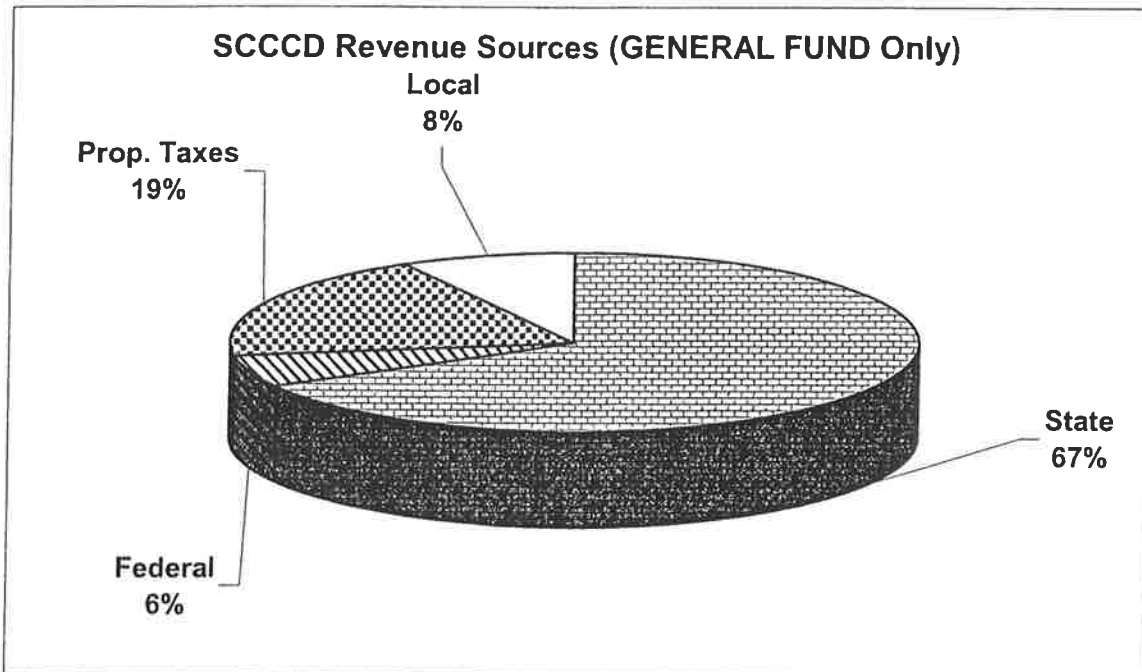
It is important to note that the District relies heavily on Federal Grants, State apportionment, categorical programs, and property taxes. Therefore, as stewards of these funds, we need to understand the sources and uses of these funds. The next four graphs depict the District's major revenue sources and expenditure uses categories. Please note we have provided both General Fund only and all Funds formats for these graphs.

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2008**

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All funds includes the General Fund, Capital Projects, Financial Aid, Cafeteria, Bookstore and Self-Insurance Funds.

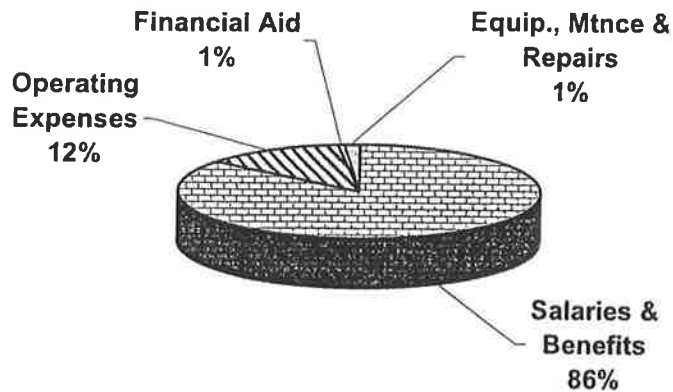
**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

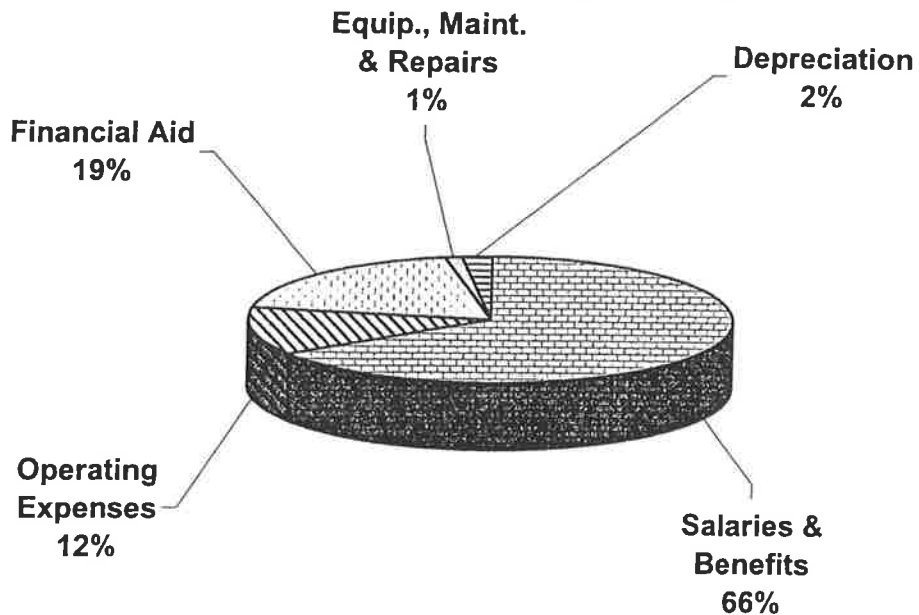
**JUNE 30, 2008**

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**SCCCD Expenditure Uses (GENERAL FUND Only)**



**SCCCD Expenditure Uses (All Funds)**



All funds includes the General Fund, Capital Projects, Financial Aid, Cafeteria, Bookstore and Self-Insurance Funds.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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### Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the basis of accounting used by most private sector institutions. Net assets--the difference between assets and liabilities--are one way to measure the financial health of the District. This data allows readers to determine the assets available to continue the operations of the District. The net assets of the District consist of three major categories:

- Invested in capital assets--The District's equity in property, plant, and equipment.
- Restricted net assets (divided into either expendable or nonexpendable.) - Restricted net assets are restricted by use constraints placed on them by outside parties such as through agreements, laws, regulations of creditors or other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - The District can use them for any lawful purpose. Although unrestricted, the District's governing board may place internal restrictions on these net assets, but it retains the power to change, remove, or modify those restrictions.

Condensed financial information is as follows: *(in thousands)*

As of June 30,

	2008	2007	2006
<b>Current Assets</b>			
Cash, investments, and short-term receivables	\$ 153,633	\$ 161,258	\$ 108,959
Inventory and pre-paid expenditures	2,211	2,032	2,738
<b>Total Current Assets</b>	<b>155,844</b>	<b>163,290</b>	<b>111,697</b>
<b>Non-Current Assets</b>			
Net Plan Asset-OPEB	3,650	-	-
Capital assets, net of depreciation	197,934	186,023	149,127
<b>Total Assets</b>	<b>\$ 357,428</b>	<b>\$ 349,313</b>	<b>\$ 260,824</b>
<b>Current Liabilities</b>			
Account payable and accrued liabilities	\$ 12,437	\$ 11,955	\$ 14,687
Deferred revenue	7,023	7,106	6,033
Amounts held on behalf of others	626	598	560
Long-term Liabilities-current portion	6,757	3,784	6,436
<b>Total Current Liabilities</b>	<b>26,843</b>	<b>23,443</b>	<b>27,716</b>
<b>Non-Current Liabilities</b>			
Long-term liabilities-non-current portion	95,402	99,068	34,194
<b>Total Liabilities</b>	<b>122,245</b>	<b>122,511</b>	<b>61,910</b>
<b>Net Assets</b>			
Invested in capital assets	98,865	85,829	110,672
Restricted for expendable purposes	107,042	102,156	56,213
Unrestricted	29,276	38,817	32,029
<b>Total Net Assets</b>	<b>235,183</b>	<b>226,802</b>	<b>198,914</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 357,428</b>	<b>\$ 349,313</b>	<b>\$ 260,824</b>



# STATE CENTER COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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### Statement of Net Assets

This schedule has been prepared from the District's Statement of Net Assets (page 13). Cash and short-term investments consist primarily of funds held in the Fresno County Treasury. Overall changes in the cash position are explained in the Statement of Cash Flows (page 15). Cash, Net Capital Assets, and Total Long-Term Liabilities increased in the past two years over fiscal year 2006 primarily because of the sale of \$66m in General Obligation Bonds, the capitalization of construction projects from bond proceeds, and the long-term debt associated with bond proceeds. This is the third series of bonds sold with an original issuance of \$161m (the first two series sold totaled \$45m. Investment in Capital Assets decreased overall in fiscal year 2007 as a result of several factors: a physical inventory audit by American Appraisal; bond projects moving from construction in progress to capital assets; new debt from \$66m-general obligation bond sale; and payments made on bonds and loans. Restricted net assets for expendable purposes also increased the last two years over 2005-06 primarily again due to the sale of general obligation bonds in late 2006-07 less funds expended for capital construction. 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, college and center planning stability reserves, bookstore and cafeteria reserves, and general economic uncertainty reserves for the ongoing financial health of the District. A new account--Net Plan Assets-OPEB and the corresponding restriction is set up to account for our funding of our Other Post Employee Benefits (OPEB) under GASB (Governmental Accounting Standards Board) Statement No. 45.

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

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the District. The purpose of the statement is to present the revenues received by the District, both operating and non-operating, and the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District. State general apportionment funds, while budgeting for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in total net assets on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating Expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District.

### Operating Results

For the Year ended June 30,

	2008	2007	2006
Operating Revenues			
Tuition and fees	\$ 9,844	\$ 9,341	\$ 8,590
Grants and contracts	66,451	63,287	56,459
Other operating revenue	5,187	4,711	3,611
Total operating revenues	81,482	77,339	68,660
Operating Expenses			
Salaries and benefits	144,336	130,756	118,402
Supplies, maintenance and other operating expenses	28,886	29,726	21,300
Financial Aid	41,529	37,503	37,825
Depreciation	4,390	4,283	2,784
Total Operating Expenses	219,141	202,268	180,311
Income (Loss) on Operations	(137,659)	(124,929)	(111,651)

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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	2008	2007	2006
Nonoperating Revenue and (Expenses)			
State apportionment	91,549	90,453	82,708
Property taxes	42,791	34,025	34,486
State revenues	7,033	8,263	5,037
Net interest/investment income	2,692	2,750	(128)
Other non-operating revenue	169	223	761
Total Non-Operating Revenue	144,234	135,714	122,864
Other Revenue			
Federal, state, and local capital income	1,806	17,104	39,684
Net Increase in Net Assets	\$ 8,381	\$ 27,889	\$ 50,897

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Assets presented on page 14. Operating revenues have increased over the past few years primarily due to the District's increased involvement with federal and state grant programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs. Auxiliary revenue consists of bookstore and cafeteria sales. The college campuses each maintain a bookstore and a cafeteria to provide services to the students and faculty of the college. The operations are self-supporting through student related activities.

On the operating expenditure side of the equation, salaries and benefit costs make up the lions share of the costs and they have increased primarily as the result of high COLA rates of 5.92% and 4.93% for the past two years and increased health insurance premiums (COLA and health insurance premiums are the primary components of the negotiated compensation agreements with the various bargaining groups). Since the financial statements are on the full accrual basis of accounting, the District records depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 5.

COLA rates have also impacted State apportionment revenue positively (FTES rates for enrollment are adjusted by the COLA rate annually) even when you take into consideration enrollment dropped in 2006-07. Interest income of \$6,146,527 was offset by interest expense of \$3,454,581 in 2007-08. The interest income is primarily the result of cash and general obligation bond proceeds of the District being held at the Fresno County Treasury. The interest expense relates to interest on short-term borrowings, notes payable, and general obligation bond debt of the District.

State bond money for capital projects has been decreasing as the early General Obligation projects were leveraged with available State bond funds. This was done to maximize capital projects and allow the District to pay for projects when construction costs were escalating out of sight.

### Statement of Cash Flows

The statement of cash flows provides additional information about the District's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first portion deals with operating cash flows and shows the sources and uses of the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital related items. The fourth section deals with cash flows from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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### Statement of Cash Flows

for the Year ended June 30,

	2008	2007	2006
Cash provided by (used in)			
Operating activities	\$ (130,699)	\$ (123,918)	\$ (108,563)
Non-capital financing activities	143,660	137,672	123,530
Capital financing activities	(15,461)	37,132	(13,374)
Investing activities	2,560	2,857	1,384
Net increase/(decrease) in cash	60	53,743	2,977
Cash, Beginning of Year	141,042	87,299	84,322
Cash, End of Year	\$ 141,102	\$ 141,042	\$ 87,299

Most if not all Community College Districts in California rely heavily on State General Apportionment and local property taxes to support their programs and services. GASB accounting standards require that these sources of revenues should be shown as non-operating since they are not derived directly from our primary users of the colleges' programs and services (students) but rather taxpayers and homeowners. Operating activities decreased primarily due to increased compensation/benefit costs negotiated with the various bargaining groups (COLA & health insurance premiums), noncapital financing activities increased primarily due to higher local property tax revenue, and capital financing activities decreased due to the sale of General Obligation bonds in 2006-07, fewer related asset additions from construction projects, and less reimbursements of state capital projects.

### Economic and Financial Factors Affecting the Future of State Center Community College District

The Legislature approved and the Governor signed the 2008-09 State Budget some 85 days after the budget year started. Over the past few days prior to signing the Budget, the Governor promised to veto the Legislature's State Budget if they did not modify the current Budget before him. The Legislature made the following changes:

- Restrictions on the Legislature to access the "rainy day" fund (reserve fund).
- Elimination of the acceleration of personal income tax withholding by 10%.
- Increased penalties on corporations that underpay taxes.
- Reduction of the state's reserve fund from \$1.2b to \$800m.
- Cancellation of the tax amnesty program proposed.

All things considered the Community College System fared rather well. Budget highlights include:

- A 0.68% COLA on general apportionments only.
- Enrollment growth funded at 2%.
- Categorical programs funded at the fiscal year 2007-08 level rather than a reduction.
- Student fees to remain level at the \$20 per unit.
- \$75 million to partially backfill the property tax shortfall for the 2007-08 fiscal year.
- A new deferral of apportionment payments (\$250m) to address cash-flow concerns at the State level. General purpose apportionments paid in Jan., Feb., and Mar. of 2009 will be reduced equally by \$250m and will now be paid back equally in April, May and June of 2009.
- The Competitive Cal Grant program is sustained rather than eliminated as earlier proposed.

State Center is projected to receive \$0.90 million for COLA and growth funding of \$4.7 million based on the District's growth rate of 3.89% (budgeted only \$1.9m in anticipation of budget deficits from the State). If any of these funds are received, they will be utilized towards increased compensation and operational costs, program improvements, and additional staffing to support program and facility expansion. Due to the severe projected State revenue shortfall

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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we now anticipate no COLA funding and either budget cuts to the 2008-09 Budget and/or deficit budgeting in which the State does not pay us the full amount we earned. This deficit budgeting has occurred historically whenever actual State revenues are less than budgeted State revenues.

The State Teachers' Retirement System (STRS) had projected an unfunded liability at over \$20 billion two years ago. To help mitigate this liability, the California State Teachers' Retirement System (CalSTRS) Board was seeking legislative action to gradually increase employer and employee contribution rates starting in 2009-10.

Employer contributions for the 2008-09 Public Employee's Retirement System (PERS), covering non-faculty personnel increased by approximately 0.122% to 9.428%.

Currently both retirement systems (STRS & PERS) do not anticipate additional increases for this year or next year, but the performance of the stock market and the underlying investments of these two systems will play a big factor. Traditionally, any increases in the contribution rates have been borne by the employer only, and it does not appear this will change in the near future as an increase would have to be negotiated with the employee bargaining groups.

Additionally, cost increases in employee benefits remain a major concern for the District. The District is part of the Fresno Area Self-Insurance Benefits Organization (FASBO) a self-insured Joint Powers Authority (JPA) with two local K-12 partners for health-related benefits--medical, dental, and vision. While the dental and vision premiums have remained stable with minimal contribution increases, the medical premiums are another story. Employees have a choice between three medical providers--two Health Maintenance Organizations (HMO's) and one Preferred Provider Organization (PPO). Over the past few years, the medical premium increases have been in the double digits due in a large part to escalating prescription costs. For the 2008-09 FASBO fiscal year, (Oct. 1, 2008 to Sept 30, 2009) medical premium rates range from no increase to 9.2% and 9.95% for the three medical providers. The FASBO Board has been working hard to contain costs and utilization by adjusting co-pays and deductibles, and by utilizing pricing discounts for generic prescriptions.

Even with this relatively good budget for the Community College System when you consider the economic constraints of the economy, the real problems of the structural budget deficit have been essentially deferred to next year at best and by mid-year at worst because of the overly optimistic revenues budgeted by the Legislature. What needs to occur is real reform in the budget where revenues projected meet or exceed expenditures. This will only occur if expenditures are reduced or revenues are increased or a combination of the two. Currently both political parties are holding true to their Party's philosophical ideology, and, until the Legislature addresses the core issue that the State of California is spending more money than it takes in, all organizations/agencies that rely on State funding will continue to ride the economic tide of the State's economy.

Recently, the Governor called for a special session (November 6, 2008) of the State Legislature to address the lack of State revenues. State revenue shortfall projections range from a low of \$3b to a high of \$27.8b. How and when the Legislature and the Governor decide to address this problem could potentially have serious financial ramifications on SCCCD's 2008-09 Budget or the 2009-10 Budget or both budgets. SCCCD is currently reviewing options available to address potential funding cuts from the State.

In summary, the economy, housing foreclosures, and the stock market, which have a significant impact on the State Budget have taken center stage. Revenue shortfall predictions continue to increase with no floor in sight, further complicating the District's ability to plan for the future. The Governor and Legislature will need to make real progress on a State Budget that takes in more revenues than it expends. The Board of Trustees and management have weathered these financial storms in the past and, as always, prudent fiscal management practices will remain in place to ensure the District has adequate reserves to sustain operations during these difficult budget times.

STATE CENTER COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS  
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,215,000	\$ 5,518,445
Investments	132,236,969	135,523,265
Accounts receivable, net	15,889,006	19,887,347
Student loans and grants receivable, net	292,368	328,664
Prepaid expenses - current portion	281,645	351,441
Stores inventories	1,929,397	1,680,542
<b>Total Current Assets</b>	<u>155,844,385</u>	<u>163,289,704</u>
<b>Noncurrent Assets</b>		
Net Plan Asset-OPEB	3,649,925	-
Nondepreciable capital assets	62,426,641	56,552,917
Depreciable capital assets	185,614,082	175,325,311
Accumulated depreciation	(50,107,350)	(45,855,283)
<b>Total Noncurrent Assets</b>	<u>201,583,298</u>	<u>186,022,945</u>
<b>TOTAL ASSETS</b>	<u>357,427,683</u>	<u>349,312,649</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	12,436,707	11,955,222
Deferred revenue	7,023,572	7,105,798
Amounts held in custody on behalf of others	625,887	598,284
Compensated absences payable - current portion	3,090,707	2,657,337
Bonds payable - current portion	3,497,424	962,424
Loan obligations - current portion	168,452	163,476
<b>Total Current Liabilities</b>	<u>26,842,749</u>	<u>23,442,541</u>
<b>Noncurrent Liabilities</b>		
Bonds payable - noncurrent portion	95,228,479	98,725,903
Loan obligations - noncurrent portion	173,543	341,995
<b>Total Noncurrent Liabilities</b>	<u>95,402,022</u>	<u>99,067,898</u>
<b>TOTAL LIABILITIES</b>	<u>122,244,771</u>	<u>122,510,439</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	98,865,475	85,829,147
Restricted for:		
Debt service	14,582,818	7,004,232
Capital projects	82,430,355	86,490,303
Educational programs	583,952	563,337
Postemployment benefits-Net Plan Asset	3,649,925	-
Self insurance	5,460,922	7,844,494
Other activities	333,382	253,338
Unrestricted	29,276,083	38,817,359
<b>TOTAL NET ASSETS</b>	<u>\$ 235,182,912</u>	<u>\$ 226,802,210</u>

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

STATE CENTER COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 17,763,353	\$ 18,265,316
Less: Scholarship discount and allowance	(7,919,226)	(8,924,693)
Net tuition and fees	<u>9,844,127</u>	<u>9,340,623</u>
Grants and Contracts, noncapital:		
Federal	44,619,842	39,949,945
State	19,944,258	21,411,486
Local	1,886,922	1,925,502
Auxiliary Enterprise Sales and Charges		
Bookstore	2,905,641	2,868,419
Cafeteria	870,171	836,095
Other operating local revenues	<u>1,410,896</u>	<u>1,006,517</u>
<b>TOTAL OPERATING REVENUES</b>	<u><u>81,481,857</u></u>	<u><u>77,338,587</u></u>
<b>OPERATING EXPENSES</b>		
Salaries	110,203,838	101,420,708
Employee benefits	34,131,953	29,335,686
Supplies, materials, and other operating expenses and services	26,621,631	20,372,637
Equipment, maintenance, and repairs	2,264,481	9,353,092
Financial aid	41,528,603	37,502,454
Depreciation	<u>4,390,467</u>	<u>4,282,700</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>219,140,973</u></u>	<u><u>202,267,277</u></u>
<b>OPERATING LOSS</b>	<u><u>(137,659,116)</u></u>	<u><u>(124,928,690)</u></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	91,548,455	90,453,251
Local property taxes, levied for general purposes	42,790,919	34,025,299
State taxes and other revenues	7,033,428	8,262,398
Investment income	2,532,793	2,433,403
Interest expense on capital related debt	(3,454,581)	(1,634,995)
Investment income on capital asset-related debt, net	3,613,734	1,951,070
Other nonoperating revenue	<u>168,807</u>	<u>223,216</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u><u>144,233,555</u></u>	<u><u>135,713,642</u></u>
<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<u><u>6,574,439</u></u>	<u><u>10,784,952</u></u>
State revenues, capital	1,174,963	15,757,700
Local revenues, capital	<u>631,300</u>	<u>1,346,292</u>
<b>TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<u><u>1,806,263</u></u>	<u><u>17,103,992</u></u>
<b>CHANGE IN NET ASSETS</b>	8,380,702	27,888,944
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>226,802,210</u>	<u>198,913,266</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 235,182,912</u></u>	<u><u>\$ 226,802,210</u></u>

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

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF CASH FLOWS – DIRECT METHOD FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 9,895,652	\$ 9,213,432
Noncapital grants and contracts	66,464,784	65,083,452
Payments to vendors for supplies and services	(70,484,322)	(71,119,106)
Payments to or on behalf of employees	(142,153,814)	(130,799,992)
Auxiliary enterprise sales and charges	5,514,795	3,704,514
Other operating receipts (payments)	63,899	-
<b>Net Cash Flows From Operating Activities</b>	<u>(130,699,006)</u>	<u>(123,917,700)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	91,514,357	90,249,930
Property taxes - nondebt related	44,510,219	34,899,266
State taxes and other apportionments	8,968,550	11,093,084
Other nonoperating income or expense	(1,332,945)	1,429,957
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>143,660,181</u>	<u>137,672,237</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(16,300,895)	(42,027,379)
State revenue, capital projects	1,174,963	15,757,700
Local revenue, capital projects	631,300	1,346,292
Principal paid on capital debt	(1,125,900)	(4,261,137)
Interest paid on capital debt	(3,454,581)	(1,634,995)
Proceeds from sale of bonds	-	66,000,000
Interest received on capital asset-related debt	3,613,734	1,951,070
<b>Net Cash Flows From Capital Financing Activities</b>	<u>(15,461,379)</u>	<u>37,131,551</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	2,560,388	2,856,755
<b>Net Cash Flows From Investing Activities</b>	<u>2,560,388</u>	<u>2,856,755</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	60,184	53,742,843
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	141,041,710	87,298,867
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 141,101,894</u>	<u>\$ 141,041,710</u>

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

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS – DIRECT METHOD, Continued  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$(137,659,116)	\$(124,928,690)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	4,390,467	4,282,700
Changes in Assets and Liabilities:		
Receivables, net	2,321,840	1,443,640
Inventories	(248,855)	472,636
Prepaid expenses	69,796	233,434
Accounts payable and accrued liabilities	481,485	(2,250,051)
Deferred revenue	(82,226)	1,073,028
Funds held for others	27,603	38,303
Total Adjustments	<u>6,960,110</u>	<u>1,010,990</u>
<b>Net Cash Flows From Operating Activities</b>	<u><u>\$(130,699,006)</u></u>	<u><u>\$(123,917,700)</u></u>

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



STATE CENTER COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - STATE CENTER  
 COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2008 AND 2007

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ (508,851)	\$ 600,694	\$ -	\$ 91,843
Accounts receivable	11,591	111,443	-	123,034
Pledges receivable, net of allowance for doubtful accounts	-	-	-	-
Due from (to) other funds	169,650	9,883	(179,533)	-
Short term investments	409,294	260,583	-	669,877
<b>Total Current Assets</b>	<u>81,684</u>	<u>1,548,801</u>	<u>(179,533)</u>	<u>1,450,952</u>
<b>NONCURRENT ASSETS</b>				
Pledges receivable, net of current portion	-	246,132	-	246,132
Investments	306,380	4,867,045	5,342,942	10,516,367
Equipment, net	2,729	-	-	2,729
<b>Total Noncurrent Assets</b>	<u>309,109</u>	<u>5,113,177</u>	<u>5,342,942</u>	<u>10,765,228</u>
<b>TOTAL ASSETS</b>	<u>\$ 390,793</u>	<u>\$ 6,661,978</u>	<u>\$ 5,163,409</u>	<u>\$ 12,216,180</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	668	72,533	-	73,201
Annuity agreement liabilities	-	15,588	-	15,588
<b>Total Current Liabilities</b>	<u>668</u>	<u>88,121</u>	<u>-</u>	<u>88,789</u>
<b>NONCURRENT LIABILITIES</b>				
Annuity agreement liabilities	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>668</u>	<u>88,121</u>	<u>-</u>	<u>88,789</u>
<b>NET ASSETS</b>				
Unrestricted	390,125	-	-	390,125
Temporarily restricted	-	6,573,857	-	6,573,857
Permanently restricted	-	-	5,163,409	5,163,409
<b>Total Net Assets</b>	<u>390,125</u>	<u>6,573,857</u>	<u>5,163,409</u>	<u>12,127,391</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 390,793</u>	<u>\$ 6,661,978</u>	<u>\$ 5,163,409</u>	<u>\$ 12,216,180</u>

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

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2007

Total

\$ 122,563  
14,346  
376,689

-

-

401,973

915,571

465,169

11,381,154

5,456

11,851,779

\$ 12,767,350

22,614

9,956

32,570

12,433

12,433

45,003

488,105

6,827,694

5,406,548

12,722,347

\$ 12,767,350

STATE CENTER COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - STATE CENTER  
COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED JUNE 30, 2007

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES</b>				
Contributions	\$ 190,104	\$ 1,901,969	\$ 214,055	\$ 2,306,128
Interest and dividends	27,872	91,057	149,921	268,850
Realized gain on investments	13,617	132,141	128,580	274,338
Unrealized gain (loss) on investments	(68,885)	(969,599)	(556,162)	(1,594,646)
Assets released from restrictions	1,588,938	(1,588,938)	-	-
Income reallocations	-	179,533	(179,533)	-
<b>Total Revenues</b>	<u>1,751,646</u>	<u>(253,837)</u>	<u>(243,139)</u>	<u>1,254,670</u>
<b>EXPENSES</b>				
Program services:				
Educational activities	1,465,152	-	-	1,465,152
Scholarships and awards	227,543	-	-	227,543
Management and general	77,846	-	-	77,846
Fundraising	79,085	-	-	79,085
<b>Total Expenses</b>	<u>1,849,626</u>	<u>-</u>	<u>-</u>	<u>1,849,626</u>
<b>CHANGE IN NET ASSETS</b>	(97,980)	(253,837)	(243,139)	(594,956)
<b>NET ASSETS, BEGINNING OF YEAR</b>	488,105	6,827,694	5,406,548	12,722,347
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 390,125</u>	<u>\$ 6,573,857</u>	<u>\$ 5,163,409</u>	<u>\$12,127,391</u>

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

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**2007**

**Total**

\$ 3,137,866  
223,992  
117,379  
1,004,151  
-  
-  
4,483,388

1,419,720  
248,038  
193,664  
112,037  
1,973,459

2,509,929  
10,212,418  
\$ 12,722,347

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT - STATE CENTER  
COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (594,956)	\$ 2,509,929
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Realized gain	(274,338)	(117,379)
Unrealized gain	1,594,646	(1,004,151)
Depreciation	2,727	5,453
Contributions for long-term investments	(214,055)	(209,338)
Changes in Assets and Liabilities		
Accounts receivable	(108,688)	13,300
Pledges receivable	29,528	(841,858)
Annuity obligations	-	-
Accounts payable	50,586	(25,559)
<b>Net Cash Flows From Operating Activities</b>	<u>485,450</u>	<u>330,397</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	-	-
Purchase of investments	(723,424)	(451,585)
<b>Net Cash Flows From Investing Activities</b>	<u>(723,424)</u>	<u>(451,585)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on annuity obligations	(6,801)	(8,408)
Contributions restricted for long-term investment	214,055	209,338
<b>Net Cash Flows From Capital Financing Activities</b>	<u>207,254</u>	<u>200,930</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(30,720)	79,742
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>122,563</u>	<u>42,821</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 91,843</u>	<u>\$ 122,563</u>

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

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### *NOTE 1 - ORGANIZATION*

#### **Organization**

The State Center Community College District was organized on July 1, 1964, under the laws of the State of California. The District operates under a locally elected seven-member Board of Trustees form of government and provides higher education in two community colleges - Fresno City College and Reedley College, as well as three community centers - Clovis Center, Madera Center, and Oakhurst Center. The District currently operates in approximately 5,580 square miles located in parts of Fresno, Madera, Tulare, and Kings Counties. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

#### **Financial Reporting Entity**

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit"; the "environment and ability to access/influence reporting," and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

#### **State Center Community College Foundation**

The State Center Community College Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The 27 member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under Internal Revenue Service (IRS) Code Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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Financial statements for the Foundation can be obtained from the Foundation's Business Office at 1525 East Weldon Avenue, Fresno CA 93704.

The following entities do not meet the above criteria for inclusion as component units of the District. Additional information is included in Note 15 to the financial statements.

**Joint Powers Agencies** - The District is associated with two joint powers agencies (JPA). These organizations do not meet the criteria for inclusion as component units of the District. The organizations are:

- Valley Insurance Program
- Fresno Area Self-Insured Benefits Organization.

### **NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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.

Nonexchange 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.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State System's Office *Budget and Accounting Manual*.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Assets
  - Statement of Revenues, Expenses and Changes in Net Assets
  - Statement of Cash Flows
- Notes to the Financial Statements

### **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. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

### **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 published market prices at year-end. Investments for which there are no quoted market prices are not material.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. Management has analyzed these accounts and believes all amounts are fully collectable.

### **Inventory**

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



# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **Prepaid Expenses**

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services and that will benefit periods beyond June 30. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

### **Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$10,000 for equipment and \$49,000 for buildings and improvements. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset 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. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

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, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles 5 to 10 years.

### **Accrued Liabilities and Long-term Obligations**

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

### **Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the business-type activities statement of net assets. Bond premiums are deferred and amortized over the life of the bonds using the straight line method.

### **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 statement of net assets. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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Sick leave is accumulated without limit for each employee based upon negotiated contracts. 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.

### 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. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as deferred revenue.

### Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Invested in Capital Assets, Net of Related Debt:** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

**Restricted - Expendable:** Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

**Unrestricted:** Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for continuing operations.

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

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### Operating Revenues and Expenses

**Classification of Revenues** - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statement No. 35. Classifications are as follows:

**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 (4) interest on institutional student loans.

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

**Classification of Expenses** - Nearly all the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

**Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

### State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

### On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement Systems (CalPERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$2,935,812 for CalSTRS. No State contribution was made to CalPERS.

### 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.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. 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 Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in November 2002 for the acquisition, construction, and remodeling of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected. The property tax rate for the years ended June 30, 2008 were \$0.000408, \$0.004140, and \$0.01107 per \$100 of assessed property value for the 2003-A, 2004-A, and 2007-A issuances, respectively.

### Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

### 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 either 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. 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*.

### Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### Component Unit

The State Center Community College Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and the changes in net assets are classified as follows:

- **Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.
- **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.
- **Unrestricted Net Assets** - Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

### Changes in Accounting Principles

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the entity-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local government employers.

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2008. The District had an annual required contribution of \$2,928,179 for the year June 30, 2008, and has made contributions with an ending value of \$5,629,227 in an OPEB Trust.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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In July 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The standards in the Statement apply for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This Statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2008.

In June 2005, the GASB issued GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined benefit OPEB, the provisions of GASB Statement No. 47 should be applied simultaneously with the requirements of GASB Statement No. 45. For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, GASB Statement No. 47 is effective for financial statements for periods beginning after June 15, 2005. Earlier application of GASB Statement No. 47 is encouraged.

### **New Accounting Pronouncements**

In May 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for OPEB and, in doing so, enhances information disclosed in notes to financial statements or presented as RSI by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to those intangible assets, as applicable. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as Phase 1 or Phase 2 governments for the purpose of implementing Statement No 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008, with earlier application encouraged.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

### **NOTE 3 - CASH AND INVESTMENTS**

#### **Policies and Practices**

The District is authorized under California Government Code to 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.

**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2008 and 2007, are classified in the accompanying financial statements as follows:

**2008**

Business-type activities	\$ 141,101,894
Total Deposits and Investments	<u>\$ 141,101,894</u>

**2007**

Business-type activities	\$ 141,041,710
Total Deposits and Investments	<u>\$ 141,041,710</u>



**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

Deposits and investments as of June 30, 2008 and 2007, consist of the following:

**2008**

Cash on hand and in banks	\$ 5,096,878
Cash in revolving	118,122
Investments	<u>135,886,894</u>
Total Deposits and Investments	<u><u>\$ 141,101,894</u></u>

**2007**

Cash on hand and in banks	\$ 5,468,445
Cash in revolving	50,000
Investments	<u>135,523,265</u>
Total Deposits and Investments	<u><u>\$ 141,041,710</u></u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Segmented Time Distribution**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

**2008**

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Mutual Funds-Governmental Activities	\$ 18,520	\$ 18,520	\$ -	\$ -	\$ -
Certificate of Deposit	21,418	21,418	-	-	-
Mutual Funds-OPEB Trust	3,649,925	3,649,925	-	-	-
County Pool	132,197,031	132,197,031	-	-	-
Total	<u><u>\$135,886,894</u></u>	<u><u>\$135,886,894</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**2007**

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Mutual Funds	\$ 23,675	\$ 23,675	\$ -	\$ -	\$ -
Certificate of Deposit	22,885	22,885	-	-	-
County Pool	135,476,705	135,476,705	-	-	-
Total	\$135,523,265	\$135,523,265	\$ -	\$ -	\$ -

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not required to be rated, nor has it been rated as of June 30, 2008.

**2008**

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Mutual Funds-Governmental Activities	\$ 18,520	N/A	\$ -	\$ -	\$ 18,520
Certificate of Deposit	21,418	N/A	-	-	21,418
Mutual Funds-OPEB Trust	3,649,925	N/A	-	-	3,649,925
County Pool	132,197,031	N/A	-	-	132,197,031
Total	\$ 135,886,894		\$ -	\$ -	\$ 135,886,894

N/A - Not applicable

**2007**

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Mutual Funds	\$ 23,675	N/A	\$ -	\$ -	\$ 23,675
Certificate of Deposit	22,885	N/A	-	-	22,885
County Pool	135,476,705	N/A	-	-	135,476,705
Total	\$ 135,523,265		\$ -	\$ -	\$ 135,523,265

N/A - Not applicable

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the stipulated by the California Government code. There were no investments in any one issuer that represented five percent or more of the total investments.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2008 and 2007, the District's bank balance of \$7,913,429 and \$8,183,909, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For June 30, 2008, of the investment in Mutual Funds of \$5,669,165, the District has a custodial credit risk exposure of \$5,669,165 because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. For June 30, 2007, of the investment in Mutual Funds of \$18,520, the District has a custodial credit risk exposure of \$18,520 because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

### NOTE 4 - ACCOUNTS RECEIVABLES

Receivables for the District consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

The accounts receivable are as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Federal Government		
Categorical aid	\$ 2,574,037	\$ 2,596,372
State Government		
Apportionment	5,668,525	5,634,427
Categorical aid	1,770,618	926,773
Other state sources	1,289,972	4,068,939
Local Sources		
Interest	401,723	429,318
Property taxes	1,769,114	3,488,414
Other local sources	2,415,017	2,743,104
Total	<u>\$ 15,889,006</u>	<u>\$ 19,887,347</u>
Student loans and grants receivable, net	<u>\$ 292,368</u>	<u>\$ 328,664</u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

**Discretely Presented Component Unit**

The State Center Community College Foundation's accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets not being Depreciated				
Land	\$ 31,646,516	\$ -	\$ -	\$ 31,646,516
Construction in progress	24,906,401	15,330,199	9,456,475	30,780,125
Total Capital Assets Not Being Depreciated	<u>56,552,917</u>	<u>15,330,199</u>	<u>9,456,475</u>	<u>62,426,641</u>
Capital Assets being Depreciated				
Land improvements	5,758,222	106,698	-	5,864,920
Buildings and improvements	159,132,076	9,500,928	-	168,633,004
Furniture and equipment	8,416,378	681,258	49,400	9,048,236
Vehicles	2,018,635	138,287	89,000	2,067,922
Total Capital Assets Being Depreciated	<u>175,325,311</u>	<u>10,427,171</u>	<u>138,400</u>	<u>185,614,082</u>
Total Capital Assets	<u>231,878,228</u>	<u>25,757,370</u>	<u>9,594,875</u>	<u>248,040,723</u>
Less Accumulated Depreciation				
Buildings and improvements	38,762,909	3,713,942	-	42,476,851
Furniture and equipment	5,691,817	558,721	49,400	6,201,138
Vehicles	1,400,557	117,804	89,000	1,429,361
Total Accumulated Depreciation	<u>45,855,283</u>	<u>4,390,467</u>	<u>138,400</u>	<u>50,107,350</u>
Net Capital Assests	<u>\$186,022,945</u>	<u>\$ 21,366,903</u>	<u>\$ 9,456,475</u>	<u>\$197,933,373</u>

Depreciation expense for the year was \$4,390,467.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets not being Depreciated</b>				
Land	\$ 21,958,720	\$ 9,687,796	\$ -	\$ 31,646,516
Construction in progress	52,907,894	15,722,284	43,723,777	24,906,401
Total Capital Assets Not Being Depreciated	<u>74,866,614</u>	<u>25,410,080</u>	<u>43,723,777</u>	<u>56,552,917</u>
<b>Capital Assets being Depreciated</b>				
Land improvements	5,758,222	-	-	5,758,222
Buildings and improvements	100,509,957	58,704,619	82,500	159,132,076
Furniture and equipment	7,643,600	1,037,578	264,800	8,416,378
Vehicles	2,634,603	125,353	741,321	2,018,635
Total Capital Assets Being Depreciated	<u>116,546,382</u>	<u>59,867,550</u>	<u>1,088,621</u>	<u>175,325,311</u>
Total Capital Assets	<u>191,412,996</u>	<u>85,277,630</u>	<u>44,812,398</u>	<u>231,878,228</u>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	35,191,864	3,638,878	67,833	38,762,909
Furniture and equipment	5,457,964	446,020	212,167	5,691,817
Vehicles	1,636,177	197,802	433,422	1,400,557
Total Accumulated Depreciation	<u>42,286,005</u>	<u>4,282,700</u>	<u>713,422</u>	<u>45,855,283</u>
Net Capital Assests	<u>\$149,126,991</u>	<u>\$ 80,994,930</u>	<u>\$ 44,098,976</u>	<u>\$ 186,022,945</u>

Depreciation expense for the year was \$4,282,700.

### Discretely Presented Component Unit

Capital asset activity for the State Center Community College Foundation for the year ended June 30, 2008, is as follows:

	Balance Beginning of Year	Additions	Balance End of Year
Equipment	\$ 299,533	\$ -	\$ 299,533
Total Assets Being Depreciated	<u>299,533</u>	<u>-</u>	<u>299,533</u>
Less: Accumulated depreciation	<u>294,077</u>	<u>2,727</u>	<u>296,804</u>
Net Capital Assests	<u>\$ 5,456</u>	<u>\$ (2,727)</u>	<u>\$ 2,729</u>

Depreciation expense for the year was \$2,727.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

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**NOTE 6 - PREPAID EXPENDITURES**

Prepaid expenditures at June 30, 2008 and 2007, consisted of the following:

	<u>2008</u>	<u>2007</u>
Insurance and other prepaid items	\$ 281,645	\$ 351,441
Total	<u>\$ 281,645</u>	<u>\$ 351,441</u>

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

	<u>2008</u>	<u>2007</u>
Vendor invoices	\$ 6,070,586	\$ 6,041,630
Accrued payroll	2,077,296	1,846,630
Deferred payroll	2,922,562	2,767,973
Payroll taxes	910,899	908,941
Withholdings payable	400,021	324,919
Sales tax payable	30,290	41,156
Deposits payable	25,053	23,973
Total	<u>\$ 12,436,707</u>	<u>\$ 11,955,222</u>

**Discretely Presented Component Unit**

The accounts payable of State Center Community College Foundation consist primarily of amounts owed to vendors for supplies and services.

**NOTE 8 - DEFERRED REVENUE**

Deferred revenue for the District consisted of the following:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Federal categorical aid	\$ 530,895	\$ 473,195
State categorical aid	2,041,580	2,188,162
Enrollment fees	4,166,360	4,114,835
Other local	284,737	329,606
Total	<u>\$ 7,023,572</u>	<u>\$ 7,105,798</u>

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**NOTE 9 - INTERFUND TRANSACTIONS**

**Interfund Receivables and Payable (Due To/Due From)**

Interfund receivables and payables consist of amounts due between funds for reimbursements of operating costs. Interfund receivable and payable balances at June 30, 2008, have been eliminated in the consolidation process.

**Interfund Operating Transfers**

Operating transfers between funds of the District 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 restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the 2008 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
General obligation bonds:					
2003-A	\$ 14,975,000	\$ -	\$ 435,000	\$ 14,540,000	\$ 455,000
2004-A	18,000,000	-	495,000	17,505,000	510,000
2004-A Premium <sup>1</sup>	713,327	-	32,424	680,903	32,424
2007-A	66,000,000	-	-	66,000,000	2,500,000
Energy loan	505,471	-	163,476	341,995	168,452
Total Long-term Obligations	<u>\$100,193,798</u>	<u>\$ -</u>	<u>\$ 1,125,900</u>	<u>\$ 99,067,898</u>	<u>\$3,665,876</u>
Accumulated vacation - net	<u>\$ 2,657,337</u>	<u>\$ 3,090,707</u>	<u>\$ 2,657,337</u>	<u>\$ 3,090,707</u>	<u>\$3,090,707</u>

<sup>1</sup> Bond premium will be amortized over 24 years beginning during the 2005-06 fiscal year at \$32,424 per year.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
General obligation bonds:					
2003-A	\$ 15,395,000	\$ -	\$ 420,000	\$ 14,975,000	\$ 435,000
2004-A	21,650,000	-	3,650,000	18,000,000	495,000
2004-A Premium <sup>1</sup>	745,751	-	32,424	713,327	32,424
2007-A	-	66,000,000	-	66,000,000	-
Energy loan	664,184	-	158,713	505,471	163,476
Total Long-term Obligations	<u>\$ 38,454,935</u>	<u>\$ 66,000,000</u>	<u>\$ 4,261,137</u>	<u>\$ 100,193,798</u>	<u>\$ 1,125,900</u>
Accumulated vacation - net	<u>\$ 2,175,136</u>	<u>\$ 482,201</u>	<u>\$ -</u>	<u>\$ 2,657,337</u>	<u>\$ 2,657,337</u>

<sup>1</sup> Bond premium will be amortized over 24 years beginning during the 2005-06 fiscal year at \$32,424 per year.

### General Obligation Bonds

#### Description of Debt

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was \$161,000,000. At June 30, 2008, \$99,688,327 had been issued and \$99,067,898 was outstanding including the premium on the 2004, Series A issuance with interest rates on the bonds ranging from 3.0 to 5.25 percent. The bonds are paid by the voters in the District through the collection of supplemental property taxes.

Issue Date	Maturity Date	Interest Rate(s)	Original Issue	Bonds		Bonds
				Outstanding July 1, 2007	Redeemed	Outstanding June 30, 2008
2003	2028	3%-5%	\$ 20,000,000	\$ 14,975,000	\$ 435,000	\$ 14,540,000
2004	2029	3%-5.25%	25,000,000	18,000,000	495,000	17,505,000
2004 Issue Premium			778,175	713,327	32,424	680,903
2007	2032	4%-5%	66,000,000	66,000,000	-	66,000,000
Total				<u>\$ 99,688,327</u>	<u>\$ 962,424</u>	<u>\$ 98,725,903</u>



STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

Debt Maturity

Debt Service Requirements to Maturity

2003-A Issuance

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 455,000	\$ 660,612	\$ 1,115,612
2010	475,000	639,638	1,114,638
2011	500,000	615,262	1,115,262
2012	525,000	589,638	1,114,638
2013	550,000	562,762	1,112,762
2014-2018	3,185,000	2,366,188	5,551,188
2019-2023	3,955,000	1,594,100	5,549,100
2024-2028	4,895,000	624,043	5,519,043
Total	<u>\$ 14,540,000</u>	<u>\$ 7,652,243</u>	<u>\$ 22,192,243</u>

2004-A Issuance

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 510,000	\$ 867,725	\$ 1,377,725
2010	530,000	845,600	1,375,600
2011	555,000	822,575	1,377,575
2012	575,000	799,975	1,374,975
2013	600,000	776,475	1,376,475
2014-2018	3,410,000	3,454,681	6,864,681
2019-2023	4,370,000	2,457,000	6,827,000
2024-2028	5,640,000	1,155,169	6,795,169
2029	1,315,000	36,163	1,351,163
Total	<u>\$ 17,505,000</u>	<u>\$ 11,215,363</u>	<u>\$ 28,720,363</u>

2007-A Issuance

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,500,000	\$ 3,158,125	\$ 5,658,125
2010	-	3,108,125	3,108,125
2011	105,000	3,106,025	3,211,025
2012	340,000	3,097,125	3,437,125
2013	475,000	3,080,825	3,555,825
2014-2018	4,785,000	14,947,300	19,732,300
2019-2023	10,205,000	13,300,888	23,505,888
2024-2028	18,265,000	9,804,125	28,069,125
2029-2032	29,325,000	3,124,875	32,449,875
Total	<u>\$ 66,000,000</u>	<u>\$ 56,727,413</u>	<u>\$ 122,727,413</u>

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

### Energy Loans

On December 28, 2001, the District completed an energy conservation project utilizing a low-interest loan through the California Energy Commission. The loan interest rate is 3.0 percent and semi-annual payments are due in June and December through the fiscal year 2010.

Year Ending June 30,	Loan Payment
2009	\$ 177,461
2010	177,461
Subtotal	354,922
Less: Amount Representing Interest	(12,927)
Present Value of Minimum Lease Payments	<u>\$ 341,995</u>

### Accumulated Unpaid Employee Compensation

The long-term portion of accumulated unpaid employee compensation for the District at June 30, 2008, amounted to \$3,090,707.

### ***NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION***

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

#### **Plan Description**

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 CalPERS is a minimum age of 50 and a minimum ten years of continuous service with the District. Benefits are paid until age 65 for retirees with 10-14 years of service, are paid till age 70 for retirees with 15-19 years of service and for life if they have 20 or more years of service. The District has an annual cap on their obligations totaling \$2,400 a year for retirees under age 65. Retirees over age 65 are capped at \$1,600 per year, increasing two percent per year from 2000. An amount totaling \$800 per year is paid to retirees in groups CSEA 1979-84 and CSEA 1984-87. Additional age and service criteria may be required. The eligibility requirement for employees participating in CalSTRS is a minimum age of 55 with ten years of service with the District. Benefits are paid until age 65 for retirees with 10-14 years of service and are paid for the retiree's lifetime if they have 15 or more years of service. The District has an annual cap on their obligations totaling \$2,400 a year for retirees under age 65. Retirees over age 65 are capped at \$1,500 per year, increasing two percent per year from 1987. For the bargaining unit group AFT 1983-84 ERI, the full cost of benefits are paid. An amount totaling \$800 per year is paid to retirees in groups AFT 1981-83 and AFT 1978-79. Additional age and service criteria may be required.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2007-2008, the District contributed 100 percent of the required "pay as you go" portion of \$928,427 and has also contributed funds with a value as of June 30, 2008, totaling \$5,629,227 towards the future obligations of the District. The annual required contribution (ARC) for the District as of July 1, 2007, was \$2,928,179.

### **Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The table presented in the Required Supplementary Information section of this report shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan.

### **Funding Status and Funding Progress**

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follow the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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On July 1, 2007, actuarial valuation, the unprojected unit credit method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates ranged from an initial ten percent in the first year, nine percent in the second year, eight percent in the third year, and will reduce one percent annual to five percent per year thereafter. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2007, was 30 years. The actuarial value of assets was not determined in this actuarial valuation.

### ***NOTE 12 - RISK MANAGEMENT***

#### **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, 2008, the District contracted with the Valley Insurance Program for property and liability insurance coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

#### **Workers' Compensation**

For fiscal year 2008, the District participated in the Valley Insurance Program (VIP), an insurance purchasing pool. The intent of VIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in VIP. The workers' compensation experience of the participating districts is calculated and a group rate is determined. Each participant pays its workers' compensation premium based on this group rate which is modified based on their own district's workers' compensation claims experience relative to the group. 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 VIP. Participation in VIP is limited to community college districts that can meet VIP's selection criteria.

#### **Employee Medical Benefits**

The District is a member of the Fresno Area Self-Insured Benefits Organization (FASBO), which provides employee medical, dental, and vision benefits. FASBO is a shared risk pool comprised of local education agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### *NOTE 13 - 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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### **CalSTRS**

##### **Plan Description**

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7919 Folsom Blvd., Sacramento, California 95826.

##### **Funding Policy**

Active members 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$5,362,066, \$5,018,142, and \$4,558,535, respectively, and equal 100 percent of the required contributions for each year.

#### **CalPERS**

##### **Plan Description**

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. 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 95811.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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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 2007-2008 was 9.306 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$2,961,719, \$2,718,353, and \$2,439,575, respectively, and equaled 100 percent of the required contributions for each year.

### **On-Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$2,935,812 (4.517 percent) of salaries subject to CalSTRS. A contribution to CalPERS was not made for the year ended June 30, 2008. These amounts have been reflected in the financial statements as a component of nonoperating State revenue and employee benefit expense.

### **PARS**

Active plan members are required to contribute 4.3 percent of their salary and the State Center Community College District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the PARS Board of Administration. The required employer contribution rate for fiscal year 2007-2008 was 3.2 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The State Center Community College District's contributions to PARS for the fiscal years ending June 30, 2008, 2007, and 2006, were \$199,032, \$190,826, and \$160,432, respectively, and equal 100 percent of the required contributions for each year.

### **Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Public Agency Retirement Services (PARS). Contributions made by the District and an employee vest immediately.

## ***NOTE 14 - COMMITMENTS AND CONTINGENCIES***

### **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 District. 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, 2008.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 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, 2008.

### Operating Leases

The District has entered into various operating leases for equipment with no lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

### Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>	<u>Funding Source</u>
DW - Pavement Rehabilitation	\$ 53,032	Aug-08	Scheduled Maintenance
FCC - Old Administration Building	31,599,880	Jul-10	Bond Funds
FCC - Media Center Re-Roof, HVAC Mod	87,093	Oct-08	Scheduled Maintenance
RC - Residence Hall	5,579,612	Jul-08	Bond Funds
RC - Modernization	6,669,821	Aug-09	Bond Funds
RC - EMS	80,707	Nov-08	Scheduled Maintenance
Willow - Phase II	27,944,841	Apr-10	Bond and State Funding
Willow - Parking Expansion	1,334,415	Dec-08	Bond Funds
Madera - Vocational Labs	3,226,707	Jun-09	Bond Funds
Oakhurst - Portables	127,304	Mar-09	Bond Funds
Total	<u>\$ 76,798,053</u>		

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### *NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES*

The District is a member of the Valley Insurance Program and Fresno Area Self-Insured Benefit Organization public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units 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 District has appointed one member to the Governing Board of Valley Insurance Program. The District has two voting members and an alternate member to the Governing Board of Valley Insurance Program. The District has three voting members and an alternate member to the Governing Board of the Fresno Area Self-Insurance Benefits Organization.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2008, the District made payments of \$2,795,655 and \$10,953,673 to Valley Insurance Program and Fresno Area Self-Insured Benefit, respectively.



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*REQUIRED  
SUPPLEMENTARY INFORMATION*

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STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
 PROGRESS AND EMPLOYER CONTRIBUTION  
 FOR THE YEAR ENDED JUNE 30, 2008

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2007	\$ 5,629,227	\$ 31,908,838	\$ 26,279,611	17.64%	\$ 80,961,508	32.46%

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*SUPPLEMENTARY INFORMATION*

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# STATE CENTER COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

JUNE 30, 2008

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State Center Community College District was established on July 1, 1964, and is comprised of approximately 5,580 square miles located in parts of Fresno, Madera, Tulare, and Kings Counties. There were no changes in the boundaries of the District during the current year. The District's two main colleges are each accredited by the Western Association of Schools and Junior Colleges.

### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
H. Ronald Feaver	President	2008
Phillip J. Forhan	Vice President	2008
William J. Smith	Secretary	2008
Isabel Barreras	Member	2010
Patrick E. Patterson	Member	2008
Dorothy Smith	Member	2010
Leslie W. Thonesen	Member	2010

### ADMINISTRATION

Dr. Thomas A. Crow	Chancellor
Dr. Ned Doffoney	President – Fresno City College
Dr. Barbara Hioco	President – Reedley College
Dr. Terral Kershaw	Vice Chancellor – North Centers
Mr. Douglas R. Brinkley	Vice Chancellor – Finance and Administration
Mr. Randy Rowe	Associate Vice Chancellor – Human Resources



STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL PROGRAMS	CFDA Number	Current Year Entitlement
<b>US AGENCY FOR INTERNATIONAL DEVELOPMENT</b>		
Passed through Georgetown University:		
CASS (Cycle 06)	98.012	\$ 313,500
CASS (Cycle 07)	98.012	302,500
NESA	98.012	92,400
Subtotal		<u>708,400</u>
<b>US CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		
Passed through CCCCO Foundation:		
Americorps - ELSRAP	94.006	86,798
Americorps - Foster Youth Mentoring Project	94.006	32,023
Subtotal		<u>118,821</u>
<b>US DEPARTMENT OF AGRICULTURE</b>		
Passed through California Department Education:		
Child Care Food Services	10.558	36,252
CACFP Promoting Integrity NOW (PIN)	10.558	202,183
Child Nutrition Cluster:		
Summer Meals Program	10.559	3,155
CACFP-Trainings	10.555	301,847
Total Child Nutrition Cluster		<u>305,002</u>
Passed through CSU Fresno Foundation:		
Bridging the GAP	10.223	79,569
Subtotal		<u>623,006</u>
<b>US DEPARTMENT OF COMMERCE</b>		
Direct Program:		
Economic Adjustment Assistance	11.307	23,963
<b>US DEPARTMENT OF EDUCATION</b>		
Passed through California Community College Chancellor's Office:		
VTEA - Title IB	84.048	338,000
VTEA - Title IC	84.048	1,316,686
VTEA - Title II Local Tech Prep	84.243	153,296
Passed through California Department Education:		
Distribution Points	84.243	175,000
STC Resource Clearing House	84.278	160,458
Passed through California Department of Rehabilitation:		
Workability III	84.126	163,738
Passed through University of California, Berkeley:		
Asian Studies Curriculum and Activities Grant	84.015	5,988

See accompanying note to supplementary information.

<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>	<u>Accounts Payable</u>	<u>Total Revenue</u>	<u>Program Expenditures</u>
\$ 235,125	\$ 36,989	\$ -	\$ -	\$ 272,114	\$ 272,114
220,000	18,874	-	-	238,874	238,874
64,680	25,020	-	-	89,700	89,700
<u>519,805</u>	<u>80,883</u>	<u>-</u>	<u>-</u>	<u>600,688</u>	<u>600,688</u>
42,765	28,485	-	-	71,250	71,250
27,828	-	-	-	27,828	27,828
<u>70,593</u>	<u>28,485</u>	<u>-</u>	<u>-</u>	<u>99,078</u>	<u>99,078</u>
21,424	9,496	-	-	30,920	30,920
69,545	54,978	-	-	124,523	124,523
3,155	-	-	-	3,155	3,155
96,638	64,506	-	-	161,144	161,144
<u>99,793</u>	<u>64,506</u>	<u>-</u>	<u>-</u>	<u>164,299</u>	<u>164,299</u>
54,278	4,760	-	-	59,038	59,038
<u>245,040</u>	<u>133,740</u>	<u>-</u>	<u>-</u>	<u>378,780</u>	<u>378,780</u>
23,963	-	-	17,558	6,405	6,405
162,929	171,374	-	-	334,303	334,303
872,676	438,024	-	-	1,310,700	1,310,700
84,622	67,482	-	-	152,104	152,104
45,410	72,192	-	-	117,602	117,602
34,640	74,697	-	-	109,337	109,337
100,834	53,863	-	-	154,697	154,697
5,988	-	3,332	-	2,656	2,656

STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL PROGRAMS	CFDA Number	Current Year Entitlement
Direct Programs:		
Student Financial Aids Cluster:		
SEOG	84.007	\$ 939,883
FFELP	84.032	3,138,604
Federal Work Study	84.033	919,762
Pell Grants	84.063	29,576,466
Financial Aid Admin Allowance	84.063	245,028
Direct Loans	84.268	1,222,232
Academic Competitiveness Grant	84.375	104,550
Total Student Financial Aid Cluster		<u>36,146,525</u>
Undergraduate Intern'l Studies and Foreign Language	84.016	49,661
Title V - COOP	84.031	1,058,120
TRIO Cluster:		
Student Support Services	84.042	555,062
Talent Search	84.044	267,657
Upward Bound	84.047	1,916,191
Total TRIO Cluster		<u>2,738,910</u>
Title VI B - ATAP	84.153	126,780
Child Care Access Means Parents in School	84.335	219,532
Subtotal		<u>42,652,694</u>
US DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through California Community College Chancellor's Office:		
TANF - CalWORKS	93.558	274,183
TANF - Child Dev Careers Program	93.596	155,320
Passed through California Department Education:		
Child Care Development Fund Cluster:		
Child Care & Development Fund	93.596	175,749
Child Care Instructional Materials	93.575	609
Child Care Nutrition Education Web Resources	93.575	207,453
Child Development Training Consortium	93.575	27,500
Early Child Mentor Program	93.575	5,110
Infant and Toddler Child Care Resource Program	93.575	2,122
School Age Instructional Resource Program	93.575	2,000
Total Child Care Development Fund Cluster		<u>420,543</u>
Passed through Fresno County Health & Human Services:		
Calworks Employment & Temporary Assist.	93.558	606,629
Independent Living Training/Education	93.674	83,000
Passed through Madera County Dept. of Social Services:		
ST/LT Vocational Training	93.558	85,386
Subtotal		<u>1,625,061</u>

See accompanying note to supplementary information.

Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total Revenue	Program Expenditures
\$ 946,333	\$ -	\$ 6,450	\$ -	\$ 939,883	\$ 939,883
3,164,749	-	26,145	-	3,138,604	3,138,604
717,601	130,692	-	-	848,293	848,293
29,951,430	-	374,964	-	29,576,466	29,576,466
245,028	-	99,090	-	145,938	145,938
1,228,811	-	6,579	-	1,222,232	1,222,232
104,550	-	-	-	104,550	104,550
<u>36,358,502</u>	<u>130,692</u>	<u>513,228</u>	<u>-</u>	<u>35,975,966</u>	<u>35,975,966</u>
22,157	26,237	-	-	48,394	48,394
489,627	234,478	-	-	724,105	724,105
366,492	94,877	-	-	461,369	461,369
161,751	54,271	-	-	216,022	216,022
798,273	470,880	-	-	1,269,153	1,269,153
<u>1,326,516</u>	<u>620,028</u>	<u>-</u>	<u>-</u>	<u>1,946,544</u>	<u>1,946,544</u>
32,926	13,964	-	-	46,890	46,890
117,438	60,149	-	-	177,587	177,587
<u>39,654,265</u>	<u>1,963,180</u>	<u>516,560</u>	<u>-</u>	<u>41,100,885</u>	<u>41,100,885</u>
274,183	-	-	1,093	273,090	273,090
59,229	70,914	-	-	130,143	130,143
166,863	-	-	12,426	154,437	154,437
609	-	-	-	609	609
76,071	78,707	-	-	154,778	154,778
27,500	-	-	16	27,484	27,484
4,258	-	-	-	4,258	4,258
2,122	-	-	7	2,115	2,115
1,998	-	-	-	1,998	1,998
<u>279,421</u>	<u>78,707</u>	<u>-</u>	<u>12,449</u>	<u>345,679</u>	<u>345,679</u>
606,212	-	-	1,212	605,000	605,000
82,690	-	-	79	82,611	82,611
57,108	28,278	-	-	85,386	85,386
<u>1,358,843</u>	<u>177,899</u>	<u>-</u>	<u>14,833</u>	<u>1,521,909</u>	<u>1,521,909</u>

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL PROGRAMS	CFDA Number	Current Year Entitlement
<b>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Direct Program:		
Community Outreach Partnership Center (COPC)	14.511	\$ 257,436
<b>US DEPARTMENT OF JUSTICE</b>		
Direct Program:		
Bulletproof Vest Partnership Program	16.607	2,100
<b>US DEPARTMENT OF LABOR</b>		
Passed through California Employment Development Department:		
Nursing Expansion Grant	17.258	199,424
Passed through Fresno Workforce Development Board:		
Foster Bridge	17.253	87,489
LVN-RN Partnership	17.261	56,231
Passed through Merced County Dept. of Workforce Investment:		
LVN Nursing Training Grant	17.269	330,399
Passed through Westhills Community College District:		
Ensuring Agriculture Tomorrow	17.269	1,150,887
Subtotal		<u>1,824,430</u>
<b>US DEPARTMENT OF VETERAN AFFAIRS</b>		
Direct Program:		
Reporting Fees	64.115	19,122
<b>US NATIONAL SCIENCE FOUNDATION</b>		
Survey of the Tardigrades at the LT Enviromental Sites	47.074	81,467
Total Federal Programs		<u>\$ 47,936,500</u>

See accompanying note to supplementary information.

<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>	<u>Accounts Payable</u>	<u>Total Revenue</u>	<u>Program Expenditures</u>
<u>\$ 41,536</u>	<u>\$ 86,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,660</u>	<u>\$ 127,660</u>
<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>2,100</u>
152,899	-	-	-	152,899	152,899
48,073	3,829	-	-	51,902	51,902
14,652	10,014	-	-	24,666	24,666
60,158	39,408	-	-	99,566	99,566
<u>366,518</u>	<u>28,089</u>	<u>-</u>	<u>-</u>	<u>394,607</u>	<u>394,607</u>
<u>642,300</u>	<u>81,340</u>	<u>-</u>	<u>-</u>	<u>723,640</u>	<u>723,640</u>
<u>19,122</u>	<u>-</u>	<u>14,335</u>	<u>-</u>	<u>4,787</u>	<u>4,787</u>
<u>26,247</u>	<u>22,386</u>	<u>-</u>	<u>-</u>	<u>48,633</u>	<u>48,633</u>
<u><u>\$ 42,603,814</u></u>	<u><u>\$ 2,574,037</u></u>	<u><u>\$ 530,895</u></u>	<u><u>\$ 32,391</u></u>	<u><u>\$ 44,614,565</u></u>	<u><u>\$ 44,614,565</u></u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

Programs	Program Entitlements		
	Current Year	Prior Year	Total Entitlements
<b>State Projects:</b>			
Alternative Transportation Technology Initiative (ATTI)	\$ 205,000	\$ -	\$ 205,000
Allied Health and Nursing Grant	176,148	-	176,148
Baby City	5,000	-	5,000
Basic Skills	480,392	793,319	1,273,711
BFAP	1,352,138	-	1,352,138
C.A.R.E.	333,735	-	333,735
Cal Grant (FCC)	2,677,282	-	2,677,282
Cal Grant (RC)	1,356,065	-	1,356,065
California High School Exit Exam (CAHSEE)	90,000	-	90,000
CalWorks	1,796,062	-	1,796,062
Capacity Building for Associated Degree Nursing Prog	407,962	96,390	504,352
Career Advancement Academy Planning Grant	-	38,644	38,644
Career Advancement Academy Implementation Grant	1,643,327	-	1,643,327
Career Tech Education	-	133,695	133,695
Center for Applied Competitive Technologies (CACT)	205,000	-	205,000
Center for International Trade (CITD)	205,000	14,720	219,720
Disabled Students Services (DSPS)	2,310,710	-	2,310,710
Economic Opportunity Programs & Services (EOPS)	2,854,179	-	2,854,179
Enrollment Growth-Associate Degree Nursing Program	112,692	55,503	168,195
Equal Employment Opportunity Fund	25,285	-	25,285
Faculty and Counselor Work Experience Grant	-	50,000	50,000
Foster Care Education	195,767	-	195,767
HUB-CITD	121,000	121,000	242,000
IDRC-CITD	254,118	73,725	327,843
Independent Living Skills	15,000	-	15,000
Instructional Equipment/Scheduled Maintenance - On Going	572,022	82,971	654,993
Instructional Equipment/Scheduled Maintenance - One Time	155,674	185,774	341,448
Live Caption Grant	38,945	-	38,945
Lottery - Proposition 20	488,259	-	488,259
LVN to RN Step-up Program	123,774	376,226	500,000
Math and Science Teach Initiative Fund (MSTI)	6,000	-	6,000
Matriculation	1,719,260	-	1,719,260
Noncredit Matriculation	21,335	-	21,335
Parent-Child Welcoming Area Improvement Project	981	-	981
Peace Officer Standards and Training (POST)	84,941	-	84,941
Project Power	249,923	-	249,923
Quick Start Partnerships	22,160	-	22,160
Song Brown	100,000	-	100,000
Staff Development	-	114,524	114,524
Supplemental Funding for CD Center Instruction Cost	76,000	-	76,000

See accompanying note to supplementary information.

Program Revenues					Total
Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total Revenue	Program Expenditures
\$ 172,200	\$ 32,800	\$ -	\$ -	\$ 205,000	\$ 205,000
176,148	-	164,112	-	12,036	12,036
-	3,764	-	-	3,764	3,764
1,273,711	-	898,926	-	374,785	374,785
1,352,138	-	-	-	1,352,138	1,352,138
333,735	-	-	116	333,619	333,619
2,674,934	2,348	-	-	2,677,282	2,677,282
1,407,451	-	-	51,386	1,356,065	1,356,065
36,000	19,013	-	-	55,013	55,013
1,799,806	-	-	6,032	1,793,774	1,793,774
503,462	-	200,305	-	303,157	303,157
38,644	-	-	-	38,644	38,644
657,331	326,303	-	-	983,634	983,634
133,695	-	-	-	133,695	133,695
172,200	30,470	-	-	202,670	202,670
172,200	14,720	84,171	-	102,749	102,749
2,310,710	-	-	261	2,310,449	2,310,449
2,849,294	-	-	5,538	2,843,756	2,843,756
168,195	-	3,058	-	165,137	165,137
25,285	-	-	-	25,285	25,285
42,000	-	-	39,684	2,316	2,316
-	195,319	-	-	195,319	195,319
203,280	33,312	-	-	236,592	236,592
253,100	54,017	-	-	307,117	307,117
12,670	2,293	-	-	14,963	14,963
654,993	-	113,682	-	541,311	541,311
341,448	-	13,612	-	327,836	327,836
38,945	-	-	-	38,945	38,945
57,842	430,417	-	-	488,259	488,259
500,000	-	300,888	-	199,112	199,112
-	3,200	-	-	3,200	3,200
1,719,260	-	-	-	1,719,260	1,719,260
21,335	-	-	-	21,335	21,335
981	-	-	-	981	981
-	70,670	-	-	70,670	70,670
124,961	-	61,622	-	63,339	63,339
12,200	1,394	-	-	13,594	13,594
49,890	50,110	-	-	100,000	100,000
114,524	-	20,305	-	94,219	94,219
76,000	-	76,000	-	-	-



**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2008**

Programs	Program Entitlements		
	Current Year	Prior Year	Total Entitlements
<b>State Projects:</b>			
Supplemental Funding for CD Training Consortium	\$ 27,000	\$ -	\$ 27,000
Technical Assistance Center	-	560,214	560,214
Telecom Tech (TTIP)	214,324	-	214,324
Transfer and Articulation	10,000	-	10,000
Willow/International Playground Equipment	-	274,369	274,369
Total State Programs	<u>\$ 20,732,460</u>	<u>\$ 2,971,074</u>	<u>\$ 23,703,534</u>

See accompanying note to supplementary information.

Program Revenues					Total
Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total Revenue	Program Expenditures
\$ -	\$ 26,157	\$ -	\$ -	\$ 26,157	\$ 26,157
107,487	215,530	-	-	323,017	323,017
214,324	-	104,899	-	109,425	109,425
10,000	-	-	-	10,000	10,000
-	258,781	-	-	258,781	258,781
<u>\$ 20,812,379</u>	<u>\$ 1,770,618</u>	<u>\$ 2,041,580</u>	<u>\$ 103,017</u>	<u>\$ 20,438,400</u>	<u>\$ 20,438,400</u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE  
 GENERAL APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2008

CATEGORIES	Annual Reported Data *	Audit Adjustments	Audited Data
<b>A. Summer Intersession</b>			
1. Noncredit	83.63	-	83.63
2. Credit	1,679.97	-	1,679.97
<b>B. Summer Intersession</b>			
1. Noncredit	1.45	-	1.45
2. Credit	1,253.35	-	1,253.35
<b>C. Primary Terms</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	20,285.70	-	20,285.70
(b) Daily Census Contact Hours	2,132.27	-	2,132.27
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	589.94	-	589.94
(b) Credit	1,028.79	-	1,028.79
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	889.71	-	889.71
(b) Daily Census Contact Hours	70.23	-	70.23
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>28,015.04</u>	<u>-</u>	<u>28,015.04</u>
<b>E. Basic Skills courses and Immigrant Education (FTES)</b>			
1. Noncredit	-	-	-
2. Credit	1,726.77	-	1,726.77
	<u>1,726.77</u>	<u>-</u>	<u>1,726.77</u>

\* Residents and Non-residents

See accompanying note to supplementary information.

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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There were no fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

See accompanying note to supplementary information.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2008

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **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.

#### **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.

#### **Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance**

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.

#### **Reconciliation of Annual Financial and Budget Report (CCFS-311) 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 fund financial statements.

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*INDEPENDENT AUDITORS' REPORTS*

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**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
State Center Community College District  
Fresno, California

We have audited the financial statements of the business-type activities of the State Center Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 24, 2008. We conducted our audits 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered State Center Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of State Center Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of State Center Community College District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether State Center Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of State Awards Findings and Questioned Costs as items 2008-1 and 2008-2.

We noted certain matters that we reported to management of State Center Community College District in a separate letter dated December 24, 2008.

State Center Community College District's responses to the findings identified in our audit are described in the accompanying Schedule of State Awards Findings and Questioned Costs. We did not audit State Center Community College District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Vavrinek, Ukeire, Day & Co., LLP*

Fresno, California  
December 24, 2008



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

Board of Trustees  
State Center Community College District  
Fresno, California

**Compliance**

We have audited the compliance of State Center Community College District (the 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, 2008. State Center Community College District's major Federal programs are identified in the summary of auditors' 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 State Center Community College District's management. Our responsibility is to express an opinion on State Center Community College 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; 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 State Center Community College 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 of State Center Community College District's compliance with those requirements.

In our opinion, State Center 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, 2008.

**Internal Control Over Compliance**

The management of State Center Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered State Center Community College District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State Center Community College District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Vavrinek, Orine, Day & Co., LLP*

Fresno, California  
December 24, 2008



## REPORT ON STATE COMPLIANCE

Board of Trustees  
State Center Community College District  
Fresno, California

We have audited the financial statements of the State Center Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 24, 2008.

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 District Audit Manual (CDAM)*.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 437: Student Fee - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 421: Salaries of Classroom Instructors (50% Law)

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

### Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

## Facilities

### Section 434: Scheduled Maintenance Program

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, except findings 2008-1 and 2008-2 as described in the accompanying Schedule of State Award Findings and Questioned Costs, the State Center Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

State Center Community College District's response to the finding identified in our audit is described in the accompanying Schedule of State Award Findings and Questioned Costs. We did not audit State Center Community College District's response and, accordingly, we express no opinion.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges System'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.

*Vautournek, Okine, Day & Co., LLP*

Fresno, California  
December 24, 2008

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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.032, 84.033, 84.063</u>	<u>Student Financial Assistance Programs Cluster</u>
<u>84.268, 84.375</u>	

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,338,437</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>



**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2008**

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None noted.

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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None noted.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

### 2008-1 *50 Percent Law Compliance*

#### **Criteria**

Education Code (Ed. Code) Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors." Salaries of classroom instructors, as prescribed in California Code of Regulations (CCR) Section 59204, means (1) "that portion of salaries paid for purposes of instruction of students by full-time and part-time instructors employed by a district; and (2) all salaries paid to classified district employees who are (a) assigned the basic title of "Instructional Aide" or other appropriate title designated by the governing board that denotes that the employees' duties include instructional tasks, and (b) employed to assist instructors in the performance of their duties, in the supervision of students, and in the performance of instructional tasks." An employee shall be deemed to be under the supervision of an instructor for the purpose of Ed. Code Section 84362 if the employee performs duties under the general direction of an instructor.

#### **Condition**

During our audit of the District's compliance with the 50 percent law we found that the District had numerous errors in the classification of instructors for reassigned time and instructors for instructional time. Some instructors were not correctly charged to reassigned time, while others were incorrectly charged as reassigned.

#### **Effect**

Based on our analysis performed, we noted that the net effect of the errors is immaterial to the 50 percent calculation and would appear to not cause non-compliance with this requirement on a global scale. In some instances the errors were in favor of the District and in others the errors were unfavorable to the District (reducing their instruction costs).

#### **Cause**

The District has several departments that are individually responsible for maintaining the reassigned instructors list, however this information does not always get forwarded to the payroll/personnel departments who is charged with the responsibility to change the instructors ledger coding which is used as a basis for determining instructional and non-instruction costs.

#### **Recommendation**

The District should implement procedures to ensure that the reassigned instructors are documented accurately and that this information is forwarded to the payroll/personnel departments so that the instructors' salary and benefits are charged appropriately.

# STATE CENTER COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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### **District Response**

The District concurs with the finding and will develop procedures to address reassigned instructors.

### **2008-2 *Concurrent Enrollment of K-12 Students in Community College Credit Courses***

#### **Criteria**

Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state. The governing board of a school district may authorize kindergarten through 12th grade (K-12) pupils who would benefit from advanced scholastic or vocational work, upon recommendation of the principal of the pupil's school of attendance, and with parental permission, to attend community college as special part-time or full-time students to undertake one or more courses of instruction at the community college level. One of the requirements in the law is that districts not receive State apportionment funding for special part-time and full-time students enrolled in physical education courses in excess of five percent of the district's total reported FTES enrollment of special part-time and full-time students. (Ed. Code Section 76002(a)(4)).

Another requirement of the law is that for physical education course sections, not more than ten percent of the enrollment claimed for apportionment for each course section consists of special part-time or full-time students. (Ed. Code Section 76002(a)(4)).

A third requirement of the law is that for summer session attendance, the district has procedures to require K-12 principal(s) certify that they have not recommended for community college attendance more than five percent of the total number of pupils who completed that grade immediately prior to the time of recommendation. (Ed. Code Section 48800 (d)(2)).

#### **Condition**

During our audit of the District's compliance with the Concurrent Enrollment of K-12 Students in Community College Credit Courses, we found that the District was unable to meet the three requirements provided above. It was found that 5.24 percent of the credits claimed for State apportionment funding in the spring of 2008 for the District are concurrent enrolled students in PE sections. It was also found that four sections claimed for State apportionment funding in the fall of 2007 and five sections claimed for State apportionment funding in the spring of 2008 for the District have more than ten percent enrolled concurrent students in PE sections. It was also found that with the exception of the North Centers, summer school principal certification forms were not available for the colleges in the District.

#### **Effect**

The FTES claimed in the above areas where the legal limit was exceeded can not be claimed for apportionment purposes. There is no fiscal impact to the District as the minimal reduction in claimed FTES related to this condition would not generate additional funded FTES.

## STATE CENTER COMMUNITY COLLEGE DISTRICT

### STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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#### **Cause**

The District has two main colleges with several PE sections taken for credit FTES. Also both schools have several feeder high school districts. Communication regarding responsibility for assuring that the above requirements are being met has not been made clear, and the monitoring of the above requirements has not been effective.

#### **Recommendation**

The District should implement procedures to ensure that overall enrollment of the special part-time and full-time students in physical education courses not exceed five percent of the district's total reported FTES enrollment of special part-time and full-time students claimed for State apportionment funding in any semester. The District should implement procedures to ensure that for physical education course sections, not more than ten percent of the enrollment claimed for State apportionment funding in each course section consists of special part-time or full-time students. And finally, the District should implement procedures to ensure that K-12 principal(s) certify that they have not recommended for community college attendance more than five percent of the total number of pupils who completed that grade immediately prior to the time of recommendation.

The District should amend their attendance reports to exclude the FTES related to concurrent students pertaining to the excesses noted above.

#### **District Response**

The District concurs with this finding and will develop procedures to be in compliance.

**STATE CENTER COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

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There were no audit findings reported in the prior year's schedules of Financial Statement Findings, Federal Award Findings and Questioned Costs, or State Award Findings and Questioned Costs.



STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 13, 2009

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SUBJECT: Consideration to Extend Agreement with  
Kitchell for Program Management Services,  
Capital Projects, Districtwide

ITEM NO. 09-02

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EXHIBIT: None

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Background:

The passage of Measure E in November 2002 provided \$161 million dollars for capital projects Districtwide. In addition, the District continuously applies for and receives State funding for a variety of other capital projects. This State funding is received as projects are approved and as the State Chancellor's Office receives the funds from State bonds. Both the Measure E and State-funded projects contain funding for program and construction management services. The intent of these funds is that they be used to contract with a management firm to assist with labor compliance and provide project and/or construction management services for District projects as needed. The current Measure E projects under construction include Willow International Center Phase 2, Reedley College Modernization, Reedley College Residence Hall and Madera Vocational Education Building.

In September 2006 the Board approved a contract extension with Kitchell to provide program/construction management services and labor compliance oversight for the District's Capital Projects Program. At that time the contract, which ended in December 2008, was estimated to cost approximately \$500,000 per year. Actual expenditures for these two years are as follows:

CONTRACT EXPENDITURES – CALENDAR YEARS 2007 AND 2008

2007 Expenditures	\$478,136
2008 Expenditures	<u>\$410,344</u>
Total Expenditures for 2007 and 2008	\$888,480

The Measure E construction projects currently underway will be nearing completion in fall 2009 with Willow International Phase 2 scheduled for completion in summer 2010. Since Kitchell has



proven to be a reliable and integral component in the delivery of capital construction projects for the District and changing providers at this time would disrupt continuity for the current construction projects, the administration is recommending an extension to the existing Kitchell Agreement for program and construction management services, as well as labor compliance oversight for Districtwide capital projects. The estimated cost for Kitchell to complete program management services for the current construction projects indicated above is \$500,000.00.

Fiscal Impact:

\$500,000.00 – Estimated expenditures through a combination of Measure E and State Funds

Kitchell will provide the services of one full-time project manager, one full-time project engineer and program support as necessary to create and update master budgets, schedules and other tasks. The District will be able to decrease services as project demand requires. Each individual project will bear the costs of the services provided.

Recommendation:

It is recommended that the Board of Trustees:

- a) authorize extending the Agreement with Kitchell through completion of the current Measure E construction projects, estimated as summer 2010, to provide program/construction management services and labor compliance administration for the District's Capital Projects Program; and
- b) authorize the Chancellor or Vice Chancellor, Finance and Administration, to sign the amended Agreement on behalf of the District.