

LONG BEACH COMMUNITY COLLEGE DISTRICT

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LONG BEACH COMMUNITY COLLEGE DISTRICT

INTRODUCTION

The basic objective of the audit of the District's financial statements is to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether management has complied with laws and regulations and established and maintained a system of internal control.

In planning and performing the audit, the auditors considered the District's internal control structure in order to determine the auditing procedures for the purpose of expressing their opinion on the financial statements and not to provide assurance on the internal control structure. The auditors also performed a review of compliance with certain specific rules and regulations as required by the audit guide prepared by the State Department of Finance. Federal compliance requirements under the Single Audit Act and Office of Management and Budget Circular A-133 Audits of State and Local Governments are also reviewed. The scope of those studies and the related findings are presented in the Schedule of Findings and Questioned Costs Section of this document.

Goodrich, Goodyear & Hinds

An Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Long Beach Community College District
Long Beach, California

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

We conducted our audit in accordance with 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Community College District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. The accompanying schedule of expenditures for federal, state and local awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



Long Beach, California
November 27, 2002

LONG BEACH COMMUNITY COLLEGE DISTRICT
ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED BALANCE SHEET

JUNE 30, 2002

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES		ACCOUNT GROUPS		MEMORANDUM ONLY		MEMORANDUM ONLY REPORTING ENTITY
	COMBINED GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TRUST AND AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY DISTRICT	UNIT ASSOCIATED STUDENT BODY		
ASSETS										
Cash in County Treasury	\$ 22,407,055	420,578	1,048,546	994,071	-	-	24,870,250	-	24,870,250	
Cash in banks	933,907	25,985	-	6,490	-	-	966,382	-	3,854,823	
Revolving Fund	70,034	-	-	-	-	-	70,034	-	101,352	
Receivables:										
Federal and State	3,996,792	-	-	759,718	-	-	4,756,510	-	4,756,510	
Other	2,628,701	13,548	789,662	43,554	-	-	3,475,465	103,040	3,578,505	
Due from other funds	7,293,419	294,832	4,194,572	2,685,462	-	-	14,468,285	-	14,468,285	
Prepaid expenses	12,909	-	-	-	-	-	12,909	8,064	20,973	
Inventory	-	-	-	-	-	-	-	1,096,458	1,096,458	
Fixed assets:										
Land, buildings and equipment	-	-	-	-	164,176,288	-	164,176,288	137,897	164,314,185	
Amount to be provided for	-	-	-	-	-	-	-	-	-	
accrued vacation	-	-	-	-	-	-	-	-	-	
Total assets	\$ 37,342,817	754,943	6,032,780	4,489,295	164,176,288	1,361,091	214,157,214	4,265,218	218,422,432	
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ 7,836,072	1,359	406,364	404,469	-	-	8,648,264	564,564	9,212,828	
Accrued expenses	778,016	-	-	600,110	-	-	1,378,126	-	1,378,126	
Accrued vacation	182,922	-	-	-	-	1,361,091	1,544,013	37,280	1,581,293	
Deferred revenue	2,157,692	-	-	725,908	-	-	2,883,600	124,978	3,008,578	
Due to other funds	7,474,477	725,304	3,670,213	2,598,291	-	-	14,468,285	-	14,468,285	
Due to related groups	-	-	-	-	-	-	-	238,552	238,552	
Total liabilities	18,429,179	726,663	4,076,577	4,328,778	-	1,361,091	28,922,288	965,374	29,887,662	
Fund balances:										
Investment in fixed assets	-	-	-	-	164,176,288	-	164,176,288	137,897	164,314,185	
Reserved	580,281	-	-	-	-	-	580,281	2,012,344	2,592,625	
Unreserved:										
Designated	7,362,057	28,280	1,956,203	160,517	-	-	9,507,057	-	9,507,057	
Undesignated	10,971,300	-	-	-	-	-	10,971,300	1,149,603	12,120,903	
Total fund balances	18,913,638	28,280	1,956,203	160,517	164,176,288	-	185,234,926	3,299,844	188,534,770	
Total liabilities and fund balances	\$ 37,342,817	754,943	6,032,780	4,489,295	164,176,288	1,361,091	214,157,214	4,265,218	218,422,432	

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2002

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTALS MEMORANDUM ONLY
	COMBINED GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	EXPENDABLE TRUST FUND	
Revenues:					
Federal sources	\$ 4,011,287	-	-	20,663,638	24,674,925
State sources	63,450,350	87,222	1,841,544	2,303,412	67,682,528
Local sources	<u>35,140,173</u>	<u>356,493</u>	<u>199,046</u>	<u>601</u>	<u>35,696,313</u>
Total revenues	<u>102,601,810</u>	<u>443,715</u>	<u>2,040,590</u>	<u>22,967,651</u>	<u>128,053,766</u>
Expenditures:					
Salaries and benefits:					
Academic salaries	41,787,982	21,986	-	-	41,809,968
Classified salaries	26,979,756	167,614	17,219	-	27,164,589
Employee benefits	15,605,705	39,727	24	-	15,645,456
Other expenditures:					
Supplies and materials	2,497,907	79,878	455,672	-	3,033,457
Other operating expenses	9,109,175	22,118	852,520	-	9,983,813
Capital outlay	<u>2,492,924</u>	<u>-</u>	<u>2,982,821</u>	<u>-</u>	<u>5,475,745</u>
Total expenditures	<u>98,473,449</u>	<u>331,323</u>	<u>4,308,256</u>	<u>-</u>	<u>103,113,028</u>
Excess of revenues over (under) expenditures	<u>4,128,361</u>	<u>112,392</u>	<u>(2,267,666)</u>	<u>22,967,651</u>	<u>24,940,738</u>
Other financing sources (uses):					
Operating transfers in	1,938,830	20,000	237,800	-	2,196,630
Operating transfers out	(2,043,752)	(152,878)	-	-	(2,196,630)
Student Financial Aid	<u>(474,526)</u>	<u>-</u>	<u>-</u>	<u>(22,957,914)</u>	<u>(23,432,440)</u>
Total other financing sources (uses)	<u>(579,448)</u>	<u>(132,878)</u>	<u>237,800</u>	<u>(22,957,914)</u>	<u>(23,432,440)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>3,548,913</u>	<u>(20,486)</u>	<u>(2,029,866)</u>	<u>9,737</u>	<u>1,508,298</u>
Fund balances:					
Fund balance, beginning balance as previously stated	14,577,035	9,154	3,986,069	150,780	18,723,038
Prior period adj.	<u>787,690</u>	<u>39,612</u>	<u>-</u>	<u>-</u>	<u>827,302</u>
Fund balance, beginning balance as restated	<u>15,364,725</u>	<u>48,766</u>	<u>3,986,069</u>	<u>150,780</u>	<u>19,550,340</u>
Fund balance, ending	<u>\$ 18,913,638</u>	<u>28,280</u>	<u>1,956,203</u>	<u>160,517</u>	<u>21,058,638</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
GENERAL AND SPECIAL REVENUE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

	COMBINED GENERAL FUND			SPECIAL REVENUE FUND			TOTALS (Memorandum Only)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:									
Federal sources	\$ 5,169,833	4,011,287	(1,158,546)	-	-	-	5,169,833	4,011,287	(1,158,546)
State sources	61,732,981	63,450,350	1,717,369	111,000	87,222	(23,778)	61,843,981	63,537,572	1,693,591
Local sources	34,507,996	35,140,173	532,177	426,342	356,493	(69,849)	35,034,338	35,496,666	462,328
Total revenues	<u>101,510,810</u>	<u>102,601,810</u>	<u>1,091,000</u>	<u>537,342</u>	<u>443,715</u>	<u>(93,627)</u>	<u>102,048,152</u>	<u>103,045,525</u>	<u>997,373</u>
Expenditures:									
Salaries and benefits:									
Academic salaries	42,153,825	41,787,982	365,843	18,275	21,986	(3,711)	42,172,100	41,809,968	362,132
Classified salaries	26,205,048	26,979,756	(774,708)	169,713	167,614	2,099	26,374,761	27,147,370	(772,609)
Employee benefits	16,281,886	15,605,705	676,181	46,564	39,727	6,837	16,328,450	15,645,432	683,018
Total salaries and benefits	<u>84,640,759</u>	<u>84,373,443</u>	<u>267,316</u>	<u>224,552</u>	<u>229,327</u>	<u>5,225</u>	<u>84,875,311</u>	<u>84,602,770</u>	<u>272,541</u>
Other expenditures:									
Supplies and materials	3,274,506	2,497,907	776,599	112,924	79,878	33,046	3,387,430	2,577,785	809,645
Other operating expenses	12,071,485	9,109,175	2,962,310	2,805	22,118	(19,313)	12,074,290	9,131,293	2,942,997
Capital outlay	3,658,560	2,492,924	1,165,636	-	-	-	3,658,560	2,492,924	1,165,636
Total other expenditures	<u>19,004,551</u>	<u>14,100,006</u>	<u>4,904,545</u>	<u>115,729</u>	<u>101,996</u>	<u>13,733</u>	<u>19,120,280</u>	<u>14,202,002</u>	<u>4,918,278</u>
Total expenditures	<u>103,645,310</u>	<u>98,473,449</u>	<u>5,171,861</u>	<u>350,281</u>	<u>331,323</u>	<u>18,958</u>	<u>103,995,591</u>	<u>98,804,772</u>	<u>5,190,819</u>
Excess of revenues over (under) expenditures	<u>(2,134,500)</u>	<u>4,128,361</u>	<u>6,262,861</u>	<u>187,061</u>	<u>112,392</u>	<u>(74,669)</u>	<u>(1,947,439)</u>	<u>4,240,753</u>	<u>6,188,192</u>
Other financing sources (uses):									
Operating transfers in	600,000	1,338,830	738,830	-	20,000	20,000	600,000	1,358,830	758,830
Operating transfers out	(5,416,512)	(1,443,752)	3,972,760	(210,642)	(152,878)	57,764	(5,627,154)	(1,596,630)	4,030,524
Student Financial Aid	-	(474,526)	(474,526)	-	-	-	-	(474,526)	(474,526)
Total other financing sources (uses)	<u>(4,816,512)</u>	<u>(579,448)</u>	<u>4,237,064</u>	<u>(210,642)</u>	<u>(132,878)</u>	<u>77,764</u>	<u>(5,027,154)</u>	<u>(712,326)</u>	<u>4,314,828</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$ (6,951,012)</u>	<u>3,548,913</u>	<u>10,499,925</u>	<u>(23,581)</u>	<u>(20,486)</u>	<u>3,095</u>	<u>(6,974,593)</u>	<u>3,528,427</u>	<u>10,503,020</u>
Fund balance, beginning balance, as previously stated		14,577,035			9,154			14,586,189	
Prior period adjustments		787,690			39,612			827,302	
Fund balance, beginning balance, as restated		<u>15,364,725</u>			<u>48,766</u>			<u>15,413,491</u>	
Fund balance, ending	<u>\$ 18,913,638</u>	<u>\$ 18,913,638</u>		<u>\$ 28,280</u>	<u>\$ 28,280</u>		<u>\$ 18,941,918</u>	<u>\$ 18,941,918</u>	

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
State sources	\$ 2,319,100	1,841,544	(477,556)
Local sources	<u>95,000</u>	<u>199,046</u>	<u>104,046</u>
Total revenues	<u>2,414,100</u>	<u>2,040,590</u>	<u>(373,510)</u>
Expenditures:			
Salaries and benefits:			
Classified salaries	-	17,219	(17,219)
Employee benefits	<u>-</u>	<u>24</u>	<u>(24)</u>
Total salaries and benefits	<u>-</u>	<u>17,243</u>	<u>(17,243)</u>
Other expenditures:			
Supplies and materials	-	455,672	(455,672)
Other operating expenses	1,121,501	852,520	268,981
Capital outlay	<u>4,219,278</u>	<u>2,982,821</u>	<u>1,236,457</u>
Total other expenditures	<u>5,340,779</u>	<u>4,291,013</u>	<u>1,049,766</u>
Total expenditures	<u>5,340,779</u>	<u>4,308,256</u>	<u>1,032,523</u>
Excess of revenues over (under) expenditures	<u>(2,926,679)</u>	<u>(2,267,666)</u>	<u>659,013</u>
Other financing sources (uses):			
Operating transfers in	<u>1,892,904</u>	<u>237,800</u>	<u>(1,655,104)</u>
Total other financing sources (uses)	<u>1,892,904</u>	<u>237,800</u>	<u>(1,655,104)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$(1,033,775)</u>	<u>(2,029,866)</u>	<u>(996,091)</u>
Fund balance, beginning balance		<u>3,986,069</u>	
Fund balance, ending		\$ <u>1,956,203</u>	

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
COMPONENT UNIT
ASSOCIATED STUDENT BODY OF LONG BEACH CITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002

Support and Revenues:		
Support:		
ASB fees		\$ 723,009
Activities		<u>99,028</u>
Total support		822,037
Revenue:		
Sales	\$ 6,098,798	
Cost of sales	<u>(4,380,883)</u>	
Total revenue		1,717,915
Other income		<u>263,113</u>
Total support and revenues		2,803,065
Expenditures:		
Program	1,931,301	
Associated Student Body	<u>658,806</u>	
Total expenditures		<u>2,590,107</u>
Excess (deficit) of support and revenues over expenditures		212,958
Fund balance, beginning balance as previously stated	3,122,375	
Prior period adjustments	<u>(35,489)</u>	
Fund balance, beginning balance as restated		<u>3,086,886</u>
Fund balance, ending		\$ <u>3,299,844</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
 COMPONENT UNIT
 ASSOCIATED STUDENT BODY OF LONG BEACH CITY COLLEGE
 STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2002

Cash flows from operating activities:		
Excess (deficit) of support and revenues over expenditures		\$ 212,958
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	\$ 48,276	
Decrease in accounts receivable	4,031	
Increase in prepaid expenses	(4,468)	
Increase in inventory	(126,994)	
Increase in accounts payable	201,270	
Increase in accrued vacation	13,203	
Decrease in deferred revenue	(2,232)	
Increase in due to related groups	<u>13,080</u>	
Total adjustments		<u>146,166</u>
Net cash provided by operating activities		359,124
Cash flows from investing activities:		
Purchase of fixed assets	<u>(50,183)</u>	
Net cash used for investing activities		(50,183)
Cash flows from financing activities		<u>-</u>
Net increase in cash and cash equivalents		308,941
Cash and cash equivalents, beginning		<u>2,610,818</u>
Cash and cash equivalents, ending		\$ <u>2,919,759</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 1 - REPORTING ENTITY

The Long Beach Community College District (the District) is an institution of higher education in the County of Los Angeles, California, providing educational programs and related student services. The District has two college campuses, both located in Long Beach, California.

For financial reporting purposes, the District included all funds and account groups that are controlled by, or dependent on, the District's Board of Trustees. These financial statements present the District and its component unit for which the District is considered to be financially accountable. The component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the District.

Board members are elected by the public; have decision-making authority, the power to designate management, and the ability to significantly influence operations; and have primary accountability for fiscal matters.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Fund Accounting

The accounts of the District are organized and operated on the basis of funds and account groups, each of which is an independent fiscal and accounting entity with the self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account Groups report certain assets and liabilities of the governmental funds not recorded directly in those funds. The District's accounts are organized into three broad categories which, in aggregate, include four fund types, two account groups, and a component unit, as follows:

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental Fund Types:

- 1) General Fund - accounts for all financial transactions not accounted for in another fund. The Self-Insurance Fund, which was established for the purpose of covering the liability of the District, its officers, agents and employees, is combined in the General Fund.
- 2) Capital Projects Fund - accounts for the acquisition or construction of all major governmental general fixed assets.
- 3) Special Revenue Fund - accounts for specific revenues earmarked to finance particular programs or activities.

The governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Revenues not considered available are recorded as deferred revenue. Expenditures are recorded at the time liabilities are incurred, except for certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criterion is met.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within sixty days after year-end. Investment earnings are recorded as earned.

Fiduciary Fund Types:

- 1) Agency Fund - accounts for assets held by the District as an agent. The Agency Fund consists of the Payroll Clearing Account which is custodial in nature and does not involve measurement of results of operations.
- 2) Expendable Trust Fund - accounts for assets held by the District in a trustee capacity. The Student Financial Aid Fund is an expendable trust fund maintained on the modified accrual basis of accounting.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, Continued

Account Groups:

- 1) General Fixed Asset Account Group - This account group is established to account for all general fixed assets of the District.
- 2) General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the District.

Component Unit:

- 1) Associated Student Body of Long Beach City College (ASB) - accounts for funds of students' clubs and organizations.
- 2) Associated Student Body Enterprises (Enterprises) - accounts for the operations of the Bookstore, Cafeteria, Vending and Pressroom.

The Component Unit is maintained on the accrual basis of accounting and reported as a proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

B. Budgets and Budgetary Accounting

By State law, the District's Governing Board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Board satisfied these requirements.

These budgets are revised by the District's Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budgetary control by minor object codes and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated during the subsequent year.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash in County Treasury

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

D. Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided, services rendered, or support to other funds. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

E. Inventories

Inventories are stated at the lower of cost (computed on a first-in, first-out basis) or fair market value. Inventories consist mainly of texts and supplies held for retail sale from the campus bookstores.

F. Fixed Assets and Depreciation

General fixed assets used in governmental fund types of the District are capitalized at historical cost or estimated historical cost in the General Fixed Assets Account Group. Depreciation is not provided on general fixed assets.

G. Fund Balance

Reservation of the ending fund balance indicates the portion of fund balance not available for expenditure or amounts legally segregated for an identified future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period. Undesignated fund balance represents the portion available for appropriation in the next fiscal year.

H. Property Taxes

Property taxes are levied March 1 of each year at which time they become an enforceable lien on real property. Taxes for the first installment are due on November 1 and are payable through December 10 without penalty. The second installment of taxes is due February 1 and becomes delinquent on April 10. Property taxes are remitted to the District from the County of Los Angeles at various times throughout the year.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Deferred Revenue

Cash received from Federal and State special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on special projects and programs exceeds qualified expenditures.

J. Employee Retirement Plans

Qualified employees are covered under defined benefit retirement plans (State Teachers' Retirement System or Public Employees' Retirement System) maintained by agencies of the State of California. District contributions to these plans are paid or accrued currently based upon a percentage of qualified employees' salaries.

K. Earned Vacation and Sick Leave

District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for all earned vacation. District policy does not permit employees to be compensated for accrued sick leave although unused sick leave is added to the creditable service for the valuation of retirement benefits for eligible employees. This applies to District employees employed prior to July 1980. Employees hired after July 1980 do not qualify.

The District records liabilities for compensated absences using the availability approach.

L. "Totals - Memorandum Only"

Total columns on the combined financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in fund balance in conformity with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 3 - CASH AND POOLED FUNDS

As provided for by the Education Code, Section 41001, a significant portion of the District's cash balances of most funds are deposited with the County Treasury for the purpose of increasing interest earnings through county investment activities. Each respective fund's share of the total pooled cash is included in the accompanying combined balance sheet under the caption "Cash in County Treasury." Interest earned on such pooled cash balances is distributed to the participating funds based upon each fund's average cash balance during the distribution period.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledge securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

Following is a summary of changes in general fixed assets by class for the year ended June 30, 2002:

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions</u>	<u>Retirements</u> <u>& Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
District:				
Sites	\$ 4,773,082	-	-	4,773,082
Site improvements	9,923,930	309,712	-	10,233,642
Structure and improvements	108,332,665	2,535,955	-	110,868,620
Furniture and equipment	25,060,992	1,789,931	-	26,850,923
Library books	<u>10,111,431</u>	<u>1,338,590</u>	-	<u>11,450,021</u>
Total	\$ <u>158,202,100</u>	<u>5,974,188</u>	-	<u>164,176,288</u>
ASB Enterprises:				
Site improvements	\$ 327,309	-	-	327,309
Furniture and equipment	<u>481,554</u>	<u>50,183</u>	-	<u>531,737</u>
Total	\$ <u>808,863</u>	<u>50,183</u>	-	<u>859,046</u>
Less accumulated depreciation				<u>721,149</u>
Net book value				\$ <u>137,897</u>

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS and to the State Teachers Retirement System (STRS) which is also the cost-sharing multiple-employer retirement plan. These plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended. 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, CA 95814. STRS also issues a comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS' annual financial report may be obtained by writing to Public Affairs, 7667 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

A. CalPERS

Active plan members are required to contribute 7% of their salary 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.

There were no District contributions to CalPERS for the fiscal year ended June 30, 2002.

B. STRS

Active plan members are required to contribute 8% of their salary and the District is required to compute an actuarially determined ratio (currently 8.25%). Actuarial assumptions and methods used for determining the rates are those adopted by the State Teachers' Retirement Law which assigns the authority to establish and amend contribution requirements to the State Legislature.

The District's contributions to STRS for the fiscal year ended June 30, 2002, were \$2,462,774.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 6 - INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

Individual interfund receivables and payables arise from transactions between such funds during the normal course of business and consist of the following at June 30, 2002:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 7,293,419	\$ 7,174,909
Self-Insurance Fund	-	299,568
Special Revenue Fund - Child Development	294,832	725,304
Capital Projects Fund - Capital Outlay	4,194,572	3,670,213
Trust and Agency Funds - Student Financial Aid	2,665,585	2,577,340
Trust and Agency Funds - Payroll Clearing	<u>19,877</u>	<u>20,951</u>
	<u>\$ 14,468,285</u>	<u>\$ 14,468,285</u>

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2001/2002 fiscal year were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Revenue - Child Development	\$ 20,000	\$ 152,878
Capital Projects - Capital Outlay	237,800	-
General	1,338,830	2,043,752
Self-Insurance	<u>600,000</u>	<u>-</u>
	<u>\$ 2,196,630</u>	<u>\$ 2,196,630</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

A. Sick Leave

Sick leave is not accrued but is accumulated for each employee. Classified and Academic (full year) personnel are awarded 13 days per year. Academic (Teaching) personnel are awarded 10 days per year. The employees do not gain a vested right to accumulated sick leave and, therefore, are not paid for accumulated sick leave at termination of employment. The value of accumulated sick leave at June 30, 2002, was estimated at \$14,269,362.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 7 - COMMITMENTS AND CONTINGENCIES, Continued

B. Operating Leases

The District has entered into various operating leases for classroom/ office facilities and equipment. All leases contain termination clauses providing for cancellation after six months' written notice to the lessors. For the year ended June 30, 2002, the District expended \$362,202 for payments. The outstanding balance as of June 30, 2002, amounted to \$853,244.

C. Litigation

The District is a defendant in a lawsuit filed by the union which represents the classified employees for overtime pay with respect to the work weeks from June 4, 2001 to July 27, 2001. During that time, the District implemented a four-day, ten-hour workday. The District's counsel estimates that the exposure to the district in this matter is approximately \$800,000, plus interest, if it were determined that the District was not able to implement the four-day, ten-hour workday schedule. The District intends to vigorously defend its position.

The District is also a defendant in various lawsuits relating to workers' compensation cases. Their outcome is not presently determinable. No accrual has been made in the general purpose financial statements.

D. State and Federal Allowances, Awards and Grants

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

E. Other Post-Retirement Benefits

The District provides post-retirement health benefits for certain retirees and their dependents. The benefits vary depending upon the years of service of the retiree.

The District finances the plan on a pay-as-you-go basis. For the year ended June 30, 2002, the District incurred \$980,475 for post-retirement health benefits.

F. Construction Contracts

The District has outstanding construction commitments of approximately \$1,004,432 at June 30, 2002.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 8 - RISK MANAGEMENT/CONTINGENT LIABILITY

The District is exposed to various risks of loss related to property and general liability, workers' compensation, and health and welfare. The District utilizes the General Fund to account for these activities. The District is fully insured with commercial companies for its health and welfare programs.

The District participates in three joint powers authority agreements (JPA's): the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Long Beach School Districts' Workers' Compensation Agency (LBSDWCA), and the Schools' Excess Liability Fund (SELF). The relationship between the District and the JPA's is such that none of the JPA's are a component unit of the District for financial reporting purposes.

ASCIP provides property and general liability coverage for its members. Contribution rates are actuarially determined on a member basis. Member districts may be liable for claims exceeding available resources.

LBSDWCA was formed to develop and administer a program of workers' compensation insurance. Contribution policies are established in consultation with actuaries and the claims administrator.

SELF is a statewide Joint Powers Agency established as a program to pool excess liability and workers' compensation coverage for participating California public educational agencies. In the event that excess claims exceed available resources, member districts may be required to make additional contributions.

Total claim and premiums paid are recorded as expenditures in the General Fund when incurred. Total payments for the fiscal year are:

Property and general liability	\$	528,861
Workers' compensation		894,768
Health and welfare		<u>7,709,962</u>
Total	\$	<u>9,133,591</u>

With regard to the LBSDWCA, the District has been made aware that this JPA has had losses in recent years which has left the JPA potentially under-reserved for future claims. The District estimates that its share of the potential underfunding could be between \$850,000 to \$1,200,000. There has presently been no assessment by the JPA to its members for this potential underfunding. The District's policy is to accrue liabilities upon the actual assessment by the JPA for premiums. See Note 11 for discussion regarding the District's termination of its membership in this JPA.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2002

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

In the financial statements for the year ended June 30, 2001, certain errors were made in the recording of various assets and liabilities in the combined General Fund, Special Revenue Fund, and Associated Student Body. The errors have been corrected and had the following effect on the beginning fund balances:

	<u>General Fund</u>	<u>Self- Insurance Fund</u>	<u>Special Revenue Fund</u>	<u>Associated Student Body</u>
Beginning fund balance, as previously stated	\$ 13,966,551	\$ 610,484	\$ 9,154	\$ 3,122,375
Adjustments:				
Accrued expenses	1,181,865	5,825	39,612	-
Accounts payable Interfund	-	-	-	(35,489)
	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>
Beginning fund balance, as restated	\$ <u>15,148,416</u>	\$ <u>216,309</u>	\$ <u>48,766</u>	\$ <u>3,086,886</u>

NOTE 10 - CERTIFICATES OF PARTICIPATION

To finance certain capital expenditures, the District anticipates receiving proceeds from Certificates of Participation approximating \$2,985,000. However, the receipt of such proceeds did not occur in the fiscal year ended June 30, 2002, and, therefore, is not reflected in the accompanying financial statements.

NOTE 11 - SUBSEQUENT EVENT

The District received \$5,000,000 in tax and revenue anticipation notes (TRANS) to cover the District cash flow needs due to delays in the receipt of property taxes during 2001-2002. These notes will be repaid at the end of the 2002-2003 fiscal year.

The District has terminated its membership in the Long Beach School Districts' Workers' Compensation Agency as of July 1, 2002.

**COMBINING AND INDIVIDUAL FUND
AND ACCOUNT GROUP FINANCIAL STATEMENTS**

LONG BEACH COMMUNITY COLLEGE DISTRICT
GENERAL FUND
COMBINED BALANCE SHEET

JUNE 30, 2002

	COMPONENTS		TOTALS
ASSETS	GENERAL	SELF INSURANCE	(MEMORANDUM ONLY)
Cash in County Treasury	\$ 22,176,904	230,151	22,407,055
Cash in banks	933,907	-	933,907
Revolving fund	70,034	-	70,034
Receivables:			
Federal and State	3,996,792	-	3,996,792
Other	2,292,779	335,922	2,628,701
Due from other funds	7,293,419	-	7,293,419
Prepaid expenses	12,909	-	12,909
Total assets	\$ 36,776,744	566,073	37,342,817
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 7,836,072	-	7,836,072
Accrued expenses	778,016	-	778,016
Accrued vacation	182,922	-	182,922
Deferred revenue	2,157,692	-	2,157,692
Due to other funds	7,174,909	299,568	7,474,477
Total liabilities	18,129,611	299,568	18,429,179
Fund balances:			
Reserved	580,281	-	580,281
Unreserved:			
Designated	7,095,552	266,505	7,362,057
Undesignated	10,971,300	-	10,971,300
Total fund balances	18,647,133	266,505	18,913,638
Total liabilities and fund balances	\$ 36,776,744	566,073	37,342,817

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
GENERAL FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2002

	<u>COMPONENTS</u>		TOTALS (MEMORANDUM ONLY)
	<u>GENERAL</u>	<u>SELF INSURANCE</u>	
Revenues:			
Federal sources	\$ 4,011,287	-	4,011,287
State sources	63,450,350	-	63,450,350
Local sources	<u>35,076,808</u>	<u>63,365</u>	<u>35,140,173</u>
Total revenues	<u>102,538,445</u>	<u>63,365</u>	<u>102,601,810</u>
Expenditures:			
Salaries and benefits:			
Academic salaries	41,787,982	-	41,787,982
Classified salaries	26,968,808	10,948	26,979,756
Employee benefits	15,599,881	5,824	15,605,705
Other expenditures:			
Supplies and materials	2,496,735	1,172	2,497,907
Other operating expenses	8,549,073	560,102	9,109,175
Capital outlay	<u>2,457,801</u>	<u>35,123</u>	<u>2,492,924</u>
Total expenditures	<u>97,860,280</u>	<u>613,169</u>	<u>98,473,449</u>
Excess of revenues over (under) expenditures	<u>4,678,165</u>	<u>(549,804)</u>	<u>4,128,361</u>
Other financing sources (uses):			
Operating transfers in	1,338,830	600,000	1,938,830
Operating transfers out	(2,043,752)	-	(2,043,752)
Student Financial Aid	<u>(474,526)</u>	<u>-</u>	<u>(474,526)</u>
Total other financing sources (uses)	<u>(1,179,448)</u>	<u>600,000</u>	<u>(579,448)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>3,498,717</u>	<u>50,196</u>	<u>3,548,913</u>
Fund balance, beginning balance, as previously stated	13,966,551	610,484	14,577,035
Prior period adjustments	<u>1,181,865</u>	<u>(394,175)</u>	<u>787,690</u>
Fund balance, beginning balance, as restated	<u>15,148,416</u>	<u>216,309</u>	<u>15,364,725</u>
Fund balance, ending	\$ <u>18,647,133</u>	<u>266,505</u>	<u>18,913,638</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

	GENERAL FUND			SELF-INSURANCE FUND			TOTALS (Memorandum Only)		
	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
Revenues:									
Federal sources	\$ 5,169,833	4,011,287	(1,158,546)	-	-	-	5,169,833	4,011,287	(1,158,546)
State sources	61,732,981	63,450,350	1,717,369	-	-	-	61,732,981	63,450,350	1,717,369
Local sources	34,579,996	35,076,808	496,812	28,000	63,365	35,365	34,607,996	35,140,173	532,177
Total revenues	<u>101,482,810</u>	<u>102,538,445</u>	<u>1,055,635</u>	<u>28,000</u>	<u>63,365</u>	<u>35,365</u>	<u>101,510,810</u>	<u>102,601,810</u>	<u>1,091,000</u>
Expenditures:									
Salaries and benefits:									
Academic salaries	42,153,825	41,787,982	365,843	-	-	-	42,153,825	41,787,982	365,843
Classified salaries	26,188,408	26,968,808	(780,400)	16,640	10,948	5,692	26,205,048	26,979,756	(774,708)
Employee benefits	16,275,230	15,599,881	675,349	6,656	5,824	832	16,281,886	15,605,705	676,181
Total salaries and benefits	<u>84,617,463</u>	<u>84,356,671</u>	<u>260,792</u>	<u>23,296</u>	<u>16,772</u>	<u>6,524</u>	<u>84,640,759</u>	<u>84,373,443</u>	<u>267,316</u>
Other expenditures:									
Supplies and materials	3,272,755	2,496,735	776,020	1,751	1,172	579	3,274,506	2,497,907	776,599
Other operating expenses	11,510,405	8,549,073	2,961,332	561,080	560,102	978	12,071,485	9,109,175	2,962,310
Capital outlay	3,658,560	2,457,801	1,200,759	-	35,123	(35,123)	3,658,560	2,492,924	1,165,636
Total other expenditures	<u>18,441,720</u>	<u>13,503,609</u>	<u>4,938,111</u>	<u>562,831</u>	<u>596,397</u>	<u>(33,566)</u>	<u>19,004,551</u>	<u>14,100,006</u>	<u>4,904,545</u>
Total expenditures	<u>103,059,183</u>	<u>97,860,280</u>	<u>5,198,903</u>	<u>586,127</u>	<u>613,169</u>	<u>(27,042)</u>	<u>103,645,310</u>	<u>98,473,449</u>	<u>5,171,861</u>
Excess of revenues over (under) expenditures	<u>(1,576,373)</u>	<u>4,678,165</u>	<u>6,254,538</u>	<u>(558,127)</u>	<u>(549,804)</u>	<u>8,323</u>	<u>(2,134,500)</u>	<u>4,128,361</u>	<u>6,262,861</u>
Other financing sources (uses):									
Operating transfers in	-	1,338,830	1,338,830	600,000	600,000	-	600,000	1,938,830	1,338,830
Operating transfers out	(5,416,512)	(2,043,752)	3,372,760	-	-	-	(5,416,512)	(2,043,752)	3,372,760
Student Financial Aid	-	(474,526)	(474,526)	-	-	-	-	(474,526)	(474,526)
Total other financing sources (uses)	<u>(5,416,512)</u>	<u>(1,179,448)</u>	<u>4,237,064</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>(4,816,512)</u>	<u>(579,448)</u>	<u>4,237,064</u>
Excess (deficiency) of revenues over expenditures and other sources (uses) \$	<u>(6,992,885)</u>	<u>3,498,717</u>	<u>10,491,602</u>	<u>41,873</u>	<u>50,196</u>	<u>8,323</u>	<u>(6,951,012)</u>	<u>3,548,913</u>	<u>10,499,925</u>
Fund balance, beginning balance as previously stated		13,966,551			610,484			14,577,035	
Prior period adjustments		<u>1,181,865</u>			<u>(394,175)</u>			<u>787,690</u>	
Fund balance, beginning balance, as restated		<u>15,148,416</u>			<u>216,309</u>			<u>15,364,725</u>	
Fund balance, ending		<u>\$ 18,647,133</u>			<u>\$ 266,505</u>			<u>\$ 18,913,638</u>	

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND TYPES - TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2002

	<u>TRUST</u> <u>STUDENT</u> <u>FINANCIAL</u> <u>AID FUND</u>	<u>AGENCY</u> <u>PAYROLL</u> <u>CLEARING</u> <u>FUND</u>	<u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
<u>ASSETS</u>			
Cash in County Treasury	\$ 411,236	582,835	994,071
Cash in banks	6,490	-	6,490
Receivables:			
Federal and State	759,718	-	759,718
Other	43,554	-	43,554
Due from other funds	<u>2,665,585</u>	<u>19,877</u>	<u>2,685,462</u>
Total assets	\$ <u>3,886,583</u>	<u>602,712</u>	<u>4,489,295</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 404,469	-	404,469
Accrued expenses	18,349	581,761	600,110
Deferred income	725,908	-	725,908
Due to other funds	<u>2,577,340</u>	<u>20,951</u>	<u>2,598,291</u>
Total liabilities	3,726,066	602,712	4,328,778
Fund balance	<u>160,517</u>	<u>-</u>	<u>160,517</u>
Total liabilities and fund balance	\$ <u>3,886,583</u>	<u>602,712</u>	<u>4,489,295</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2002

	<u>BALANCE</u> <u>JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2002</u>
Payroll Clearing Fund:				
Assets:				
Cash in County				
Treasury	\$ 118,671	464,164	-	582,835
Receivables	-	-	-	-
Due from other funds	<u>6,426</u>	<u>13,451</u>	<u>-</u>	<u>19,877</u>
Total assets	\$ <u>125,097</u>	<u>477,615</u>	<u>-</u>	<u>602,712</u>
Liabilities:				
Accrued expenses	\$ 112,687	469,074	-	581,761
Due to other funds	<u>12,410</u>	<u>8,541</u>	<u>-</u>	<u>20,951</u>
Total liabilities	\$ <u>125,097</u>	<u>477,615</u>	<u>-</u>	<u>602,712</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
 COMPONENT UNIT
 ASSOCIATED STUDENT BODY OF LONG BEACH CITY COLLEGE
 BALANCE SHEET

JUNE 30, 2002

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTALS</u>
<u>ASSETS</u>	<u>ASB</u>	<u>ASB</u>	<u>(MEMORANDUM</u>
		<u>ENTERPRISES</u>	<u>ONLY)</u>
Cash in banks	\$ 1,514,778	1,373,663	2,888,441
Revolving Fund	2,500	28,818	31,318
Receivables	1,023	102,017	103,040
Prepaid expenses	-	8,064	8,064
Inventories	-	1,096,458	1,096,458
Fixed assets	-	137,897	137,897
Total assets	\$ <u>1,518,301</u>	<u>2,746,917</u>	<u>4,265,218</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 5,168	559,396	564,564
Accrued vacation	-	37,280	37,280
Deferred revenue	124,978	-	124,978
Due to related groups	238,552	-	238,552
Total liabilities	368,698	596,676	965,374
Fund balance:			
Investment in fixed assets	-	137,897	137,897
Restricted	-	2,012,344	2,012,344
Unrestricted	1,149,603	-	1,149,603
Total fund balance	1,149,603	2,150,241	3,299,844
Total liabilities and fund balance	\$ <u>1,518,301</u>	<u>2,746,917</u>	<u>4,265,218</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
 COMPONENT UNIT
 ASSOCIATED STUDENT BODY OF LONG BEACH CITY COLLEGE
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2002

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTALS</u>
	<u>ASB</u>	<u>ASB</u>	<u>(MEMORANDUM</u>
		<u>ENTERPRISES</u>	<u>ONLY)</u>
<u>Support and Revenues:</u>			
Support:			
ASB fees	\$ 723,009	-	723,009
Activities	<u>99,028</u>	<u>-</u>	<u>99,028</u>
Total support	<u>822,037</u>	<u>-</u>	<u>822,037</u>
Revenues:			
Sales	-	6,098,798	6,098,798
Cost of sales	<u>-</u>	<u>(4,380,883)</u>	<u>(4,380,883)</u>
Gross profit	<u>-</u>	<u>1,717,915</u>	<u>1,171,915</u>
Other income	<u>42,352</u>	<u>220,761</u>	<u>263,113</u>
Total support and revenues	<u>864,389</u>	<u>1,938,676</u>	<u>2,803,065</u>
<u>Expenditures:</u>			
Program	473,772	1,457,529	1,931,301
Associated Student Body	<u>293,126</u>	<u>365,680</u>	<u>658,806</u>
Total expenditures	<u>766,898</u>	<u>1,823,209</u>	<u>2,590,107</u>
Excess (deficit) of support and revenues over expenditures	<u>97,491</u>	<u>115,467</u>	<u>212,958</u>
Fund balance, beginning balance as previously stated	1,111,943	2,010,432	3,122,375
Prior period adjustments	<u>(59,831)</u>	<u>24,342</u>	<u>(35,489)</u>
Fund balance, beginning balance as restated	<u>1,052,112</u>	<u>2,034,774</u>	<u>3,086,886</u>
Fund balance, ending	\$ <u>1,149,603</u>	<u>2,150,241</u>	<u>3,299,844</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
 COMPONENT UNIT
 ASSOCIATED STUDENT BODY OF LONG BEACH CITY COLLEGE
 STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2002

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTALS</u>
	<u>ASB</u>	<u>ASB</u>	<u>(MEMORANDUM</u>
		<u>ENTERPRISES</u>	<u>ONLY)</u>
Cash flows from operating activities:			
Excess (deficit) of support and revenues over expenditures	\$ 97,491	115,467	212,958
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation expense	-	48,276	48,276
(Increase) decrease in accounts receivable	(1,023)	5,054	4,031
(Increase) decrease in prepaid expenses	-	(4,468)	(4,468)
(Increase) decrease in inventory	-	(126,994)	(126,994)
Increase (decrease) in accounts payable	(71,646)	272,916	201,270
Increase (decrease) in Accrued vacation	-	13,203	13,203
Increase (decrease) in deferred revenue	(2,232)	-	(2,232)
Increase (decrease) in due to related groups	<u>13,080</u>	<u>-</u>	<u>13,080</u>
Net cash provided by (used by) operating activities	<u>35,670</u>	<u>323,454</u>	<u>359,124</u>
Cash flows from investing activities:			
Purchase of fixed assets	<u>-</u>	<u>(50,183)</u>	<u>(50,183)</u>
Net cash used for investing activities	<u>-</u>	<u>(50,183)</u>	<u>(50,183)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	35,670	273,271	308,941
Cash and cash equivalents, beginning	<u>1,481,608</u>	<u>1,129,210</u>	<u>2,610,818</u>
Cash and cash equivalents, ending	\$ <u>1,517,278</u>	<u>1,402,481</u>	<u>2,919,759</u>

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

Goodrich, Goodyear & Hinds

An Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

The Board of Trustees
Long Beach Community College District
Long Beach, California

We have audited the general purpose financial statements of Long Beach Community College District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 27, 2002. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and the standards identified by the California Community Colleges Contracted District Audit Manual issued by the Chancellor's office. These 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Long Beach Community College District taken as a whole. The accompanying financial information, identified as supplementary information, including the Schedule of Expenditures of Federal, State and Local Awards, is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements and includes the following reports and claims:

Organization

Schedule of Workload Measures for Program-based Funding
Reconciliation of Annual Financial and Budget Report
(CCFS-311) with Audited Financial Statements

The information in this supplementary information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Long Beach, California
November 27, 2002

SUPPLEMENTAL INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT
ORGANIZATION

YEAR ENDED JUNE 30, 2002

The Long Beach Community College District was established in 1927 and is comprised of an area of approximately 128.6 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The college credit program is housed primarily at the Liberal Arts Campus. The District also provides comprehensive college and continuing education programs at the Pacific Coast Campus.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Roberto Uranga	President	April 30, 2004
Ms. Dianne Theil McNinch	Vice President	April 30, 2006
Mr. Thomas J. Clark	Member	April 30, 2006
Ms. Trudy Polsky	Member	April 30, 2004
Mr. Jeffrey A. Kellogg	Member	April 30, 2006

Administration

Dr. E. Jan Kehoe	Superintendent-President Secretary, Board of Trustees
Mr. Victor R. Collins	Executive Vice President, Human Resources
Dr. Mary Callahan	Vice President/Assistant Superintendent, Academic Affairs
Mr. Eloy Oakley	Vice President/Assistant Superintendent, Administrative Services
Ms. Lou Anne Bynum	Vice President/Assistant Superintendent, Economic and Resource Development
Dr. Arthur Byrd	Vice President/Assistant Superintendent, Student Services, Planning and Research
Dr. Pauline Merry	Provost/Assistant Superintendent, Pacific Coast Campus

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES FOR FEDERAL, STATE AND LOCAL AWARDS

YEAR ENDED JUNE 30, 2002

Program Name	Federal Catalog Number	Program Entitlement	Program Revenues				Total Program Expenditures
			Cash Received	Accounts Receivable (Payable)	Deferred Revenue	Total	
Federal Categorical Aid Programs							
Department of Education Direct Programs:							
Student Financial Aid:							
Federal Direct Loan	84.268	\$ 3,078,000	2,742,983	1,298	-	2,744,281	2,785,127
Federal Perkins Loan	84.038	134,490	197,824	-	-	197,824	179,344
Federal Pell Grant	84.063	16,863,498	16,816,914	20,927	-	16,837,841	16,810,036
Federal Pell Administrative Allowance	84.063	-	-	40,965	-	40,965	-
Federal Supplemental Educational Opportunity Grants	84.007	782,081	777,561	-	-	777,561	763,510
Federal Work Study	84.033	1,117,060	715,765	89,808	-	805,573	1,378,006
Title IV Upward Bound	84.047	682,403	414,086	323,541	-	737,627	470,445
Title IV Project Launch	84.042	289,680	238,244	15,229	-	253,473	251,716
Title V Hispanic Serving Institutions	84.031	599,413	110,543	421,843	-	532,386	532,386
Access After School Child Care	84.335	169,758	36,808	85,991	-	122,799	122,799
Passed through State Department of Education:							
Vocational & Applied Technology Education Act (VATEA):							
IIC Basic Grant	84.048	853,059	716,570	136,489	-	853,059	853,060
Technical Preparation	84.048	71,000	62,054	8,946	-	71,000	68,269
Total Department of Education		24,640,442	22,829,352	1,145,037	-	23,974,389	24,214,698
Corporation for National and Community Service:							
AmeriCorps	94.006	362,030	213,812	(111,875)	-	101,937	97,559
Total Corporation for National and Community Service		362,030	213,812	(111,875)	-	101,937	97,559
U. S. Air Force:							
Research	17	60,202	60,202	(326)	-	59,876	59,876
Total U. S. Air Force		60,202	60,202	(326)	-	59,876	59,876
Department of Health & Human Services:							
Temporary Assistance to Needy Families	93.558	223,952	223,953	-	-	223,953	223,952
Scholarships for District Nursing	93.925	78,296	78,361	-	-	78,361	79,096
Refugee Immigrant Training and Employment Program	93.566	110,175	80,050	34,053	-	114,103	105,649
Total Department of Health & Human Services		412,423	382,364	34,053	-	416,417	408,697

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES FOR FEDERAL, STATE AND LOCAL AWARDS, CONTINUED
YEAR ENDED JUNE 30, 2002

Program Name	Federal Catalog Number	Program Entitlement	Program Revenues			Total Program Expenditures
			Cash Received	Accounts Receivable (Payable)	Deferred Revenue	
Federal Categorical Aid Programs, continued						
Department of Justice:						
Community Oriented Policing Services	16.710	69,440	21,818	2,545	-	24,363
Total Department of Justice		69,440	21,818	2,545	-	24,363
Total Federal Programs		25,544,537	23,507,548	1,069,434	-	24,576,982
State and Local Programs:						
TRDP-Americorps		50,346	-	7,928	-	7,928
Partnership for Excellence		9,533,137	-	5,509,623	-	4,102,323
Extended Opportunity Programs and Services (EOP&S)		1,686,392	1,697,287	-	(78,255)	1,608,137
Cooperative Agencies Resources Education (CARE)		281,831	227,053	-	(14,942)	212,111
California Work Opportunities and Responsibility to Kids (CALWORKS)		1,820,912	1,820,912	-	(223,085)	1,597,827
D.P.S.S. Careers and Child Care		144,556	76,014	53,893	-	129,907
Disabled Students Programs and Services (DSP&S)		815,974	815,974	-	-	815,974
Temporary Assistance for Needy Families		223,951	223,952	-	-	223,952
Board Financial Assistance Program Allowance		211,075	211,075	-	-	211,075
AB1725 Funding Staff Development		121,342	121,343	-	(31,268)	90,075
Matriculation (Credit)		1,030,882	1,030,882	-	(54,406)	976,476
Matriculation (Non-Credit)		110,201	110,201	-	(2,655)	107,546
Faculty and Staff Diversity		23,376	23,480	-	(4,638)	18,842
R.I.T.E. Program		800,161	554,646	133,458	-	688,104
Assessment Institute Grant		25,641	26,667	-	-	25,641
Assessment Institute Conference		69,972	25,194	15,112	-	40,306
Block Grant		754,102	552,623	-	(188,926)	363,697
Advanced Transportation Technology Center Transfer and Articulation		206,207	177,588	-	(612)	176,976
California Articulation Numbers System		17,129	-	5,905	-	5,905
Child Development Multimedia		5,000	-	-	-	5,000
In Search of Freedom		20,000	15,000	4,219	-	19,219
W.O.R.D.S. Project		20,000	15,000	600	-	15,600
Increasing Student Transfer		73,000	54,750	-	(9,486)	45,264
Foster Care Education Program		60,000	45,000	-	(7,621)	37,379
S.A.L.T.		156,742	37,436	118,789	-	156,225
Allied Health Grant		39,423	30,750	10,250	-	41,000
S.A.I.L.		38,666	30,160	10,053	-	38,666
SUCCESS		187,421	77,421	87,275	-	164,696
		40,269	34,012	2,960	-	36,972
		23,077	18,000	-	(18,000)	35,550

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES FOR FEDERAL, STATE AND LOCAL AWARDS, CONTINUED

YEAR ENDED JUNE 30, 2002

Program Name	Federal Catalog Number	Program Entitlement	Program Revenues			Total Program Expenditures
			Cash Received	Account Receivable (Payable)	Deferred Revenue	
State and Local Programs, Continued						
Meeting Individual Needs Through Technology		264,423	4,476	-	-	264,423
Teaching and Reading Development Program		78,500	206,250	68,750	-	64,631
Service Learning Income		160,403	48,984	18,233	-	139,920
Job Opportunity in Broadcasting		288,462	134,436	-	(9,622)	233,055
E-Commerce Technologies		288,462	251,999	-	-	288,462
Job Development Transportation		374,118	252,000	48,000	-	269,819
Health Care Industry - Nursing		33,258	313,261	-	(60,470)	31,978
Fashion Workplace Equipment Grant		47,245	33,257	-	-	33,318
Underwater Assessments		178,875	47,245	-	(11,262)	158,618
Center for International Trade Development		116,000	150,256	14,707	-	89,854
California/Mexico Trade Center		79,560	97,440	-	(3,992)	45,024
M.A.P.P.		28,280	6,606	46,825	-	25,636
I.L.P.		162,836	12,500	14,162	-	11,631
E.S.T.E.P.		35,468	459	11,172	-	66,176
Nutrition Grant		162,836	-	66,176	-	31,225
Nutrition Network Incentive		135,302	35,468	-	-	129,252
Nutrition Network Teaching Internship Program		505,138	129,252	-	-	984
State Work Study/Teaching Internship Program		10,000	304,052	-	(229,277)	74,775
Early Childhood Mentor Program		4,000	10,000	-	-	9,615
State Lottery		10,000	3,000	897	-	3,897
Non-Trade Employment for Women		10,000	10,000	-	-	9,596
Solano Community College		327,413	194,913	97,667	-	278,648
LOWDL Gender Equity		67,260	43,642	19,226	-	17,801
Good Beginnings That Never End		100,000	24,923	25,620	-	46,799
LBUSD Headstart Program		4,629	-	4,683	-	4,505
Metropolitan Transit Authority		144,000	191,525	-	-	24,359
City of Long Beach Caltrans Project		176,000	-	120,331	-	134,601
City of Long Beach Caltrans Assessment Grant		5,000	12,543	-	-	4,835
Liberty Hill Foundation		77,778	84,000	-	(7,366)	70,958
Knight Foundation		164,865	16,736	47,013	-	58,415
Caregiver Training Initiative		425,000	338,668	26,070	-	338,174
Career Transition Center		38,300	11,426	-	(895)	9,750
Snug Top		151,140	59,892	-	-	59,892
Johns Hopkins University Political Institute		78,647	-	68,020	-	62,981
L.B.E.S.T.P. Curriculum Reform		508,068	206,920	57,204	-	244,559
Dale Carnegie/Boeing		182,720	13,340	93,789	-	107,129
SELACO HIB		15,000	9,788	-	-	8,902
City of Long Beach Community Challenge						
Total State and Local Programs		23,873,766	11,285,010	6,835,550	(956,778)	17,163,782
Total Federal, State and Local Programs		\$ 49,418,303	34,752,558	7,904,984	(956,778)	41,740,764

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR PROGRAM-BASED FUNDING

YEAR ENDED JUNE 30, 2002

<u>Full-time Equivalent Students</u>	<u>Report Annual FTES</u>
A. Credit Full-time Equivalent Students (FTES):	
1. Weekly census	11,770.00
2. Daily census	2,740.96
3. Actual hours of attendance	1,626.70
4. Independent Study/Work Experience	
a. Weekly	274.90
b. Daily	88.04
5. Summer inter-session	<u>2,338.53</u>
Total	<u>18,839.13</u>
B. Noncredit FTES:	
1. Actual hours of attendance	784.95
2. Summer inter-session	<u>134.57</u>
Total	<u>919.52</u>
Total FTES	<u>19,758.65</u>
C. Gross Square Footage:	
1. Existing facilities	983,466
2. New facilities	<u>-</u>
Total square footage	<u>983,466</u>
D. FTES in less than 100% leased space	<u>1,054.68</u>

We have examined the controls and procedures and tested supporting records of FTES' reports and supporting documents of attendance submitted as a basis for statement apportionments and allowances, to the extent considered necessary, and have assured ourselves that the reports fairly presented the information contained therein.

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORTS (CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2002

	<u>General Fund</u>	<u>Capital Outlay Projects Fund</u>	<u>Self- Insurance Fund</u>	<u>Child Development Fund</u>	<u>Student Financial Aid Fund</u>
June 30, 2002, annual financial and budget report (Form CCFS- 311) fund balance	\$ 18,225,516	4,781,843	255,097	30,000	184,213
Adjustments and reclassifications increasing (decreasing) the fund balance:					
Investments	14,691	-	-	-	-
Accounts receivable	-	159,280	-	-	-
Prepaid expenses	(273,080)	-	-	-	-
Interfund	26,880	80	-	-	-
Accounts payable	-	-	-	(1,720)	-
Deferred income	701,472	-	-	-	(23,696)
Accrued expenses	(48,346)	-	11,408	-	-
Certificates of participation	-	(2,985,000)	-	-	-
June 30, 2002, audited financial statements fund balance	\$ <u>18,647,133</u>	<u>1,956,203</u>	<u>266,505</u>	<u>28,280</u>	<u>160,517</u>

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTAL INFORMATION

JUNE 30, 2002

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures for Federal, State and Local Awards

The audit of the District for the year ended June 30, 2002, was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all Federally funded programs. To comply with A-133 and State requirements, the Schedule of Expenditures for Federal, State and Local Awards was prepared for the District.

General

The accompanying Schedule of Expenditures for Federal, State and Local Awards presents the activity of all Federal, State and Local financial assistance programs of the District. The District reporting entity is defined in Note 1 to the District's financial statements. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures for Federal, State and Local Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the District's financial statements.

Schedule of Workload Measures for Program-Based Funding

The Schedule of Workload Measures for Program-Based Funding represents the basis of the base revenue calculation of the Long Beach Community College District's annual source of funding.

Reconciliation of Annual Financial and Budget Report (CCFS-311)
with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the Form CCFS-311 (budgetary basis) to the audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

Goodrich, Goodyear & Hinds

An Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE REQUIREMENTS

The Board of Trustees
Long Beach Community College District
Long Beach, California

We have audited the financial statements of the Long Beach Community College District for the year ended June 30, 2002, and have issued our report thereon dated November 27, 2002.

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

In connection with our 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):

<u>Program Area Tested</u>	<u>Compliance Requirement</u>
Required Data Elements	Each district shall have the ability to support timely, accurate and complete information for the following workload measures used in the calculation of State General Apportionment: Credit Full-time Equivalent Student (FTES) in weekly census, daily census, actual hours of attendance and apprenticeship courses, Non-credit FTES in actual hour of attendance courses and distance education courses, Credit Student Headcount Data, and Gross Square Footage and FTES in less than 100% leased space.
Enrollment Fee	Each district is required to report the total amount the students should have paid for enrollment fees for purposes of determining each district's share of apportionments annually.
Students Actively Enrolled	Each district shall claim, for apportionment purposes only, the attendance of students actively enrolled in a course section as of the census date.

<u>Program Area Tested</u>	<u>Compliance Requirement</u>
Salaries of Classroom Instructors	Each district's salaries of classroom instructors shall equal or exceed 50% of the district's current expense of education (CEE) in accordance with Section 84362 of the Education Code.
Uses of Matriculation Funds	<p>Districts are required to use local funds to support at least 75 percent of the matriculation activities with the remaining expenditures claimable against the State matriculation allocation. All expenditures related to the allocation, both State and local funded portions, must be consistent with the district's State-approved matriculation plan and identifiable within the ten activities claimable against State matriculation funds. This 25% State Funds/75% Local Funds ratio applies district-wide, not per college or within individual activity groups.</p> <p>District must use the annual State matriculation allocation to expand levels of services that were in place in 1986/87, or to add entirely new services. The State allocation may not be used to supplant district-funded services, including personnel costs that existed in 1986/87 or before.</p>
Apportionment for Instructional Service Agreements/ Contracts	The District can claim FTES and, consequently, State funding for classes given through instructional service agreements/ contracts provided certain requirements are met. These requirements include a written agreement, instruction of approved programs, publishing of courses, qualification of instructors and control, supervision and responsibility over the educational programs.
Allocation of Costs (DSP&S and EOP&S)	Salaries of instructors teaching FTES-generating classes, school counselors providing advisement, Student Services at the Dean-level or above, and financial aid officers conducting need analysis are not considered supportable charges against either Extended Opportunity Programs and Services (EOP&S) or Disabled Student Programs and Services (DSP&S) accounts unless their activities require time to perform additional functions for the EOP&S or DSP&S programs which are beyond the scope of services

<u>Program Area Tested</u>	<u>Compliance Requirement</u>
	provided to all students in the normal performance of the regular duty assignments. These activities may be supported only to the extent of the supplementary services provided for EOP&S or DSP&S.
EOP&S Administrator/ Director Requirements	Districts accepting EOP&S funds are required to contribute from non-EOP&S sources for the salary of the EOP&S director/administrator at the rate of 100% of salary and benefits for formal program activities associated with the implementation and operation of EOP&S specific activities over and above general supervision of EOP&S activities.
Gann Limit Calculation	Each district shall calculate and adopt an appropriation limit annually in a public meeting. The calculation and adoption shall be verified by certified public accountants as part of annual financial audits.
Economic Development Program (EDP)	In addition to complying with standard grant conditions, each District must comply with all state laws and regulations concerning each of the following: procedures for subcontracts or grant agreements, including appropriate authorization by the Chancellor's Office, procurement procedures, travel authorization, hiring procedures, and appropriate use of fiscal agents.
Scheduled Maintenance Program	Funds provided by the State must be to supplement, not supplant, district deferred maintenance funds. This is defined as the amount spent in fiscal year 1995-96 for Operation and Maintenance of Plant increased by an amount equal to the State's contribution and the District's match for the Scheduled Maintenance Program for the year being audited.
Open Enrollment	Each district shall comply with the title V provisions of the California Code of Regulations related to open enrollment by the general public for all the courses being submitted for state apportionment funding.
Extended Opportunity Programs and Services (EOP&S)	Districts accepting EOP&S Funds shall operate within the program requirements as identified in Sections 69640-69657 of the California Education Code and Sections 56200-56298 of

Program Area Tested

Compliance Requirement

Disabled Student Programs
and Services (DSP&S)

Title 5 of the California Code of Regulations and within the general requirements as identified in Sections 66010-66022, 69500, 69503-69509.5, 69514 of the California Education Code and Sections 58600-58630 of Title 5 of the California Code of Regulations.

District accepting DSP&S funds shall operate within the program requirements as identified in Sections 14020, 14021, 67142, 67143, 67310-67314, 71020, 78600, 78600.5, 84320-84333, 84850, 84850.5 of the California Education Code and Sections 56000-56088 of Title 5 of the California Code of Regulations.

Cooperative Agencies
Resources for Education
(CARE)

Districts accepting CARE funds shall operate within the program requirements as identified in Sections 56200-56298 of Title 5 of the California Code of Regulations, Sections 79150-79155 of the California Education Code, CARE Program Guidelines and Requests for Waivers, and California Community Colleges Management Information Systems Data Element Dictionary.

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

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

In our opinion, the Long Beach Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2002.

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



Long Beach, California
November 27, 2002

Goodrich, Goodyear & Hinds

An Accountancy Corporation

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

The Board of Trustees
Long Beach Community College District
Long Beach, California

We have audited the general purpose financial statements of Long Beach Community College District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, District management, and the Federal and State awarding and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Noodin, Gooden & Hinds

Long Beach, California
November 27, 2002

Goodrich, Goodyear & Hinds

An Accountancy Corporation

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

The Board of Trustees
Long Beach Community College District
Long Beach, California

Compliance

We have audited the compliance of Long Beach 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, 2002. The 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the 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, 2002. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of Long Beach Community College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and

grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Board of Trustees, District management and Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Hoodrich, Hoodyear & Vindas

Long Beach, California
November 27, 2002

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2002

Part I - Summary of Auditors' Results

Financial Statements

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. There were no reportable conditions in internal control over financial reporting.
3. No instances of noncompliance considered material to the financial statements was disclosed by the audit.

Federal Awards

1. No reportable conditions in internal control over compliance with requirements were applicable to major programs.
2. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
3. An audit finding that is required to be reported in accordance with Circular A-133, Section 510(a), is disclosed.
4. The District's major programs were:

<u>Name of Federal Program or Cluster (1)</u>	<u>CFDA Number</u>
Student Financial Aid (1):	
Federal Direct Loan	84.268
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Supplemental Educational Opportunity Grants	84.007
Federal Work Study Program	84.033
Title IV Project Launch	84.042
Title IV Upward Bound	84.047
Title V Hispanic Serving Institutions	84.031
Vocational and Applied Technology Act 11C Basic Grant	84.048
Vocational and Applied Technology Education Act Technical Preparation	84.048

5. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
6. The District qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED JUNE 30, 2002

State Awards

1. No reportable conditions in internal control over compliance requirements were applicable to State programs.
2. The independent auditors' report on State compliance requirements expressed an unqualified opinion.

Part II - Financial Statement Findings for the Year Ended
June 30, 2002

None noted.

Part III - Federal Award Findings and Questioned Costs for the
Year Ended June 30, 2002

1. 2002-1 Finding: Procurement requisitions are not identifying Federal source of funds.

Standard: Educational Department General Administrative
Regulations (EDGAR) Procurement Standards.

Discussions: Procurement requisitions and purchase orders do not clearly identify Federal source of funds. This has resulted in some Federal-funded procurements being processed under non-Federal practices. Although the dollar effect of these practices is immaterial, Federal procurements guidelines must be followed for all Federal-funded procurements.

Recommendations: We recommend that a process, such as a special stamp with red ink, be developed that clearly identifies when a procurement is Federally funded.

District Response: Management concurs and will make changes to the way that purchase requisitions, using Federal funds, are processed. The District uses two different kinds of purchase requisitions: paper requisitions and paperless PeopleSoft requisitions that are processed electronically. For the paper requisitions, we will follow the auditors' recommendation to stamp "Federally Funded" on the face of the requisition. For paperless requisitions, we will work with our computer programmers to develop an "electronically generated stamp," which would be triggered by the part of the account code string indicating a Federal-funding source.

Part IV - State Award Findings and Questioned Costs for the Year
Ended June 30, 2002

None noted.

Goodrich, Goodyear & Hinds

An Accountancy Corporation

MANAGEMENT LETTER

The Board of Trustees
Long Beach Community College District
Long Beach, California

In planning and performing our audit of the general purpose financial statements of Long Beach Community College District ("District") for the year ended June 30, 2002, we considered the District's internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, during our audit, we became aware of some matters that are opportunities for strengthening the District's internal controls and operating efficiency. This letter does not affect our report dated November 27, 2002, on the general purpose financial statements of Long Beach Community College District. The comments below summarize our concerns regarding these matters.

Record Management Program Should Be Prepared.

Finding: Federal record retention requirements are not consistently followed.

Discussion: The responsibility for Federal grant administrative activities is distributed among various offices throughout the campus. In our discussions with staff from several of these offices, there was varying knowledge and, therefore, application of Federal record-retention requirements.

Recommendation: We recommend that a record-retention policy and program be developed, written and implemented.

Property Management System Needs Improvement.

Finding: The property management system does not capture several required elements and is not current; and a physical inventory is overdue.

Discussion: The District is in the process of designing and converting over to a PeopleSoft property management system. The property management system currently being used does not capture for equipment acquired with Federal funds, five of the eight required reporting elements. Although the source input records have been collected, the automated property register has not been updated through the current year. Moreover, a physical inventory has not been performed within the required two-year period.

Recommendation: We recommend that: (1) the new PeopleSoft property management system be configured to capture all the required Federal reporting elements; (2) the current system be brought current; and, 3) an inventory be conducted with the results reconciled with property records.

Indirect Cost Plan Should Be Certified.

Finding: A current indirect cost plan has not been prepared or certified.

Discussion: The 1998/1999 indirect cost calculation was the most recent available for our review.

Recommendation: We recommend that a current indirect cost plan be prepared and certified.

Form DS-2 Describing Cost Principles.

Finding: This year LBCCD received \$24.6 million in Federal grants. When the campus receives more than \$25 million in Federal funds, certain requirements apply for indirect cost plan proposals.

Discussion: OMB Circular A-21, Cost Principles for Educational Institutions, requires institutions of higher education that receive more than \$25 million in Federal funds in a fiscal year to prepare and submit a DS-2 that describes the institution's cost accounting practices. These institutions are required to submit DS-2 within six months after the end of the institution's fiscal year that begins after May 8, 1996, unless the institution is required to submit a DS-2 earlier due to a receipt of a cost accounting standard-covered contract in accordance with 48 CFR Section 9903.202-1.

These institutions are responsible for maintaining an accurate DS-2 and complying with disclosed cost accounting practices. They are also responsible for filing amendments to the DS-2 when disclosed practices are changed or modified.

Recommendation: We recommend that these regulations be followed once Federal grant revenues exceed \$25 million annually.

Grant File Management Practices Should Be Improved.

Finding: Written guidelines for grant file management practices do not exist.

Discussion: The administrative responsibilities for Federal grants are disbursed among various offices throughout the campus. In our review of the selected Federal grants, we found that no one position or office was responsible for maintaining a central file for each grant that contained critical application, award, budget, drawdown, correspondence, and close-out records. Moreover, no written procedures exist for guiding program directors and support staff on acceptable grant file management practices.

Recommendation: We recommend that a written policy be prepared that clearly establishes grant file management responsibilities and practices.

Grant Files Should Include Additional Supporting Documentation.

Finding: Grant files did not consistently include support for award balances, budget amounts, cash drawdowns, and accounts receivable figures.

Discussion: The Federal grants reviewed had: (1) periods of performance that spanned two or more LBCCD fiscal years; (2) multiple year cycles; (3) more than one program activity; and/or, (4) allowed unused award balances to be carried over to subsequent years. Given these factors, effective control over calculating, and supporting, critical balances - such as award, budget, drawdown and accounts receivable amounts - requires a structured approach. Award balances help determine budget and account receivable amounts. Cash drawdowns support good cash management practices. Nevertheless, no written procedures or forms exist to guide staff in consistently calculating and supporting these amounts.

Recommendation: We recommend that: (1) written procedures and forms for calculating critical balances are prepared; and, (2) completed forms, along with supporting reports, are maintained in a single, easily assessable, file by grant.

Analysis of Various Accounts Should Be Performed.

Finding: Analysis of various accounts, i.e., accounts receivable, accounts payable, accrued expenses, and deferred income has not been performed.

Discussion: Because of the relative significance of the various accounts (listed above) and the relative transactions to the overall financial statements, it is imperative that analysis of these accounts be performed.

Recommendation: We recommend that timely analysis and review of various accounts, particularly accounts receivable, accounts payable, accrued expenses, and deferred income, be performed.

Increase in Capitalization Policy Should Be Documented.

Finding: The increase in capitalization policy to \$5,000 was not documented.

Discussion: Because of GASB 35, the District increased its capitalization policy to \$5,000. However, during our review of the Board Minutes, we did not find: (1) any discussion and approval for the increase in the capitalization policy; or, (2) any memorandum notifying appropriate personnel.

Recommendation: We recommend that a change in accounting policy be memorialized in the Board Minutes.

Trial Balances Should Be Provided Timely.

Finding: We did not receive the trial balances until October 4, 2002. Consequently, our fieldwork was not completed until November 27, 2002.

Discussion: Because of the nature and scope of the audit, it is of utmost importance that we receive the trial balances timely, particularly for next year's audit when GASB 35 will be in effect.

Recommendation: We recommend that trial balances be provided timely.

We have already discussed the above findings and recommendations with various District personnel, and we will be pleased to discuss these in further detail to assist you in implementing the recommendations.

Woodrich, Woodgear & Linds

Long Beach, California
November 27, 2002

Goodrich, Goodyear & Hinds

An Accountancy Corporation

MANAGEMENT LETTER

The Board of Trustees and

The Associated Student Body Enterprises Board
Long Beach Community College District
Long Beach, California

In planning and performing our audit of the general purpose financial statements of Long Beach Community College District ("District") for the year ended June 30, 2002, we considered the District's internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, during our audit, we became aware of a certain matter that is an opportunity for strengthening the District's Associated Student Body Enterprises' (ASBE) internal controls and operating efficiency. This letter does not affect our report dated November 27, 2002, on the general purpose financial statements of Long Beach Community College District. Our comment is summarized below:

Finding: A copy of the ASBE Board minutes relating to the approval of capital expenditures exceeding \$1,500 was not provided to Accounts Payable.

Discussion: All equipment purchases exceeding \$1,500 must be approved by the ASBE Board. During our audit, we noted that there was a total of three capital expenditures. Each capital expenditure exceeded \$1,500. A copy of the ASBE Board minutes relating to the approval of these capital expenditures was not provided to Accounts Payable. Consequently, unnecessary time was spent by the Accounts Payable clerk to determine if such expenditures were approved by the ASBE Board. We reviewed the minutes and determined that these capital expenditures were approved by the ASBE Board prior to purchase.

Recommendation: To eliminate the time spent by Accounts Payable in determining if capital expenditures exceeding \$1,500 were approved by the ASBE Board prior to approval, we recommend that a copy of the ASBE Board minutes relating to the approval of the capital expenditures be provided to Accounts Payable.

We have already discussed the above finding and recommendation with various ASBE personnel, and we will be pleased to discuss this in further detail to assist you in implementing the recommendation.



Long Beach, California
November 27, 2002

LONG BEACH COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2002

State Compliance - Economic Development Program

Condition

During our testing of the procurement procedures, we noted that one piece of equipment related to the Advanced Transportation Technology was not properly tagged and identified as property purchased with Economic Development funds. Further inquiry indicated that there was other equipment that was not property tagged and identified.

Generally, equipment is shipped to the District's warehouse whose responsibility is to physically identify all inventoried new equipment purchased, to receive the equipment at the District, and to notify Fiscal Operations of the equipment quantity for all acquired equipment, inventory tag number, and location of the equipment.

However, there are instances wherein equipment is directly shipped to the project site as in the case described above. Consequently, a breakdown in communication occurs between the project site director and Purchasing/Receiving and, therefore, equipment is not properly tagged and identified.

Criteria

In addition to complying with standard grant conditions, each District must comply with all state laws and regulations concerning each of the following: procedures for subcontracts or grant agreements, including appropriate authorization by the Chancellor's Office; procurement procedures; travel authorization; hiring procedures; and appropriate use of fiscal agents.

Under procurement procedures, each District must properly tag and identify personal property, i.e., equipment and furniture purchased with Economic Development Funds.

Effect

The District failed to comply with tagging and identifying equipment purchased with Economic Development Funds.

Recommendation

To ensure that equipment is properly tagged and identified, we recommend that all equipment deliveries be centralized at the District's warehouse.

Status

Implemented.