



**CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS SITE AUTHORITY**

Basic Financial Statements and
Supplementary Information

June 30, 2003 and 2002

(With Independent Auditors' Report Thereon)



**CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS SITE AUTHORITY**

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Independent Auditors' Report

The Board of Directors
California State University, Channel Islands Site Authority:

We have audited the accompanying basic financial statements of the California State University, Channel Islands Site Authority (Site Authority), a component unit of the California State University, as of and for the years ended June 30, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Site Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Site Authority as of June 30, 2003 and 2002, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Site Authority has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of statements of net assets (deficit) by program and statements of revenues, expenses, and changes in net assets (deficit) by program on pages 15 and 16, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

KPMG LLP

November 26, 2003



**CALIFORNIA STATE UNIVERSITY,
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Statements of Net Assets

June 30, 2003 and 2002

	2003	2002
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,065,382	1,083,890
Accounts receivable	286,029	—
Interest receivable	60,113	—
Due from California State University, Channel Islands	50,938	237,979
Real estate inventory	264,038	—
Due from CSUCI Financing Authority – restricted	35,362,889	59,155,135
Total current assets	38,089,389	60,477,004
Noncurrent assets:		
Capital assets, net	63,692,964	46,531,385
Deferred debt issuance costs, net	2,874,489	2,977,193
Total assets	104,656,842	109,985,582
Liabilities and net assets:		
Current liabilities:		
Accounts payable	1,731,895	4,352,868
Interest payable to CSUCI Financing Authority	1,484,359	1,484,359
Interest payable to California State University	119,585	6,105
Construction loan	222,878	5,517,130
Loans payable – current portion	2,445,301	2,381,076
Total current liabilities	6,004,018	13,741,538
Noncurrent liabilities:		
Loans payable, net of current portion	94,758,102	94,701,898
Total liabilities	100,762,120	108,443,436
Net assets (deficit):		
Invested in capital assets, net of related debt	(32,343,187)	(54,575,885)
Restricted for:		
Capital Projects	35,423,002	59,155,135
Unrestricted	814,907	(3,037,104)
Total net assets	\$ 3,894,722	1,542,146

See accompanying notes to basic financial statements.

**CALIFORNIA STATE UNIVERSITY,
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenues:		
Home sales	\$ 13,602,392	—
Rental income	880,371	—
Parking	481,663	329,755
Total operating revenues	<u>14,964,426</u>	<u>329,755</u>
Operating expenses:		
Cost of home sales	12,076,808	—
Rental housing operations	201,716	—
Parking operations	471,878	288,602
Maintenance and repair	—	110,404
Depreciation	873,910	—
General, administrative, and other operating costs	811,567	18,385
Total operating expenses	<u>14,435,879</u>	<u>417,391</u>
Operating income (loss)	<u>528,547</u>	<u>(87,636)</u>
Nonoperating revenue (expense):		
Investment income	65,299	—
Interest expense	(10,623)	(33,584)
Total nonoperating revenue (expense)	<u>54,676</u>	<u>(33,584)</u>
Income (loss) before transfers (to) from other CSU funds	<u>583,223</u>	<u>(121,220)</u>
Payment from CSUCI Financing Authority – Interest income from cash held at fiscal agent	1,786,371	1,740,210
Transfer to other CSU funds	(17,018)	—
Net transfers from other CSU funds	<u>1,769,353</u>	<u>1,740,210</u>
Change in net assets	2,352,576	1,618,990
Net assets (deficit), beginning of year	<u>1,542,146</u>	<u>(76,844)</u>
Net assets, end of year	<u>\$ 3,894,722</u>	<u>1,542,146</u>

See accompanying notes to basic financial statements.

**CALIFORNIA STATE UNIVERSITY,
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Statements of Cash Flows

Years ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Home sales	\$ 13,602,392	—
Rental income	594,342	—
Parking operations	668,704	(22,897)
Payments to vendors	(13,517,969)	(128,789)
Net cash provided by (used in) operating activities	<u>1,347,469</u>	<u>(151,686)</u>
Cash flows from noncapital financing activities:		
Payment from CSUCI Financing Authority – interest received on cash held with fiscal agent	1,735,590	1,649,650
Interest paid to CSU Trust Fund	(12,978)	(36,642)
Net cash provided by noncapital financing activities	<u>1,722,612</u>	<u>1,613,008</u>
Cash flows from capital and related financing activities:		
Interest paid	(4,220,371)	(1,815,635)
Proceeds of loan from Financing Authority	23,843,027	22,909,175
Proceeds from Construction Loan	7,339,748	5,517,130
Payments on Construction Loan	(12,634,000)	—
Proceeds of loan from CSU Headquarters	170,452	—
Payments on loan from CSU Headquarters	(106,227)	(15,435)
Capital expenditures	(16,486,404)	(30,321,190)
Net cash used in capital and related financing activities	<u>(2,093,775)</u>	<u>(3,725,955)</u>
Cash flows provided by investing activities:		
Investment income	<u>5,186</u>	—
Net change in cash and cash equivalents	981,492	(2,264,633)
Cash and cash equivalents at beginning of year	<u>1,083,890</u>	<u>3,348,523</u>
Cash and cash equivalents at end of year	<u>\$ 2,065,382</u>	<u>1,083,890</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 528,547	(87,636)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	873,910	—
Change in assets and liabilities:		
Accounts receivable	(286,029)	—
CSU, Channel Islands	187,041	(64,050)
Accounts payable	44,000	—
Net cash provided by (used in) operating activities	<u>\$ 1,347,469</u>	<u>(151,686)</u>

See accompanying notes to basic financial statements.

**CALIFORNIA STATE UNIVERSITY,
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Notes to Basic Financial Statements

June 30, 2003 and 2002

(1) Description of Reporting Entity

The California State University, Channel Islands Site Authority (the Site Authority) was formed on September 28, 1998 for the purpose of providing a specific reuse plan that will finance and support the transition of the property previously known as the Camarillo State Hospital (the Property) from its former use to the California State University campus and other compatible uses. The Site Authority is governed by a board of seven members comprised of four representatives of the Trustees of the California State University and three representatives from the County of Ventura.

The Property is comprised of two major sectors: the West Campus and East Campus. The West Campus consists of developed space on 42 acres of what was formerly the Camarillo State Hospital. This portion of the Campus is to be centered on academic uses, and will house the California State University, Channel Islands (the Campus). The East Campus is comprised of 162 acres of developable land which is expected to contain 900 residential units and approximately 50,000 square feet of retail commercial uses. The development of the East Campus began in October 2000 and is projected to be completed by August 2006. The infrastructure will be constructed in phases and is expected to be completed by September 2005.

The Site Authority is an integral part of the California State University and the financial transactions of the Site Authority are also included in the basic financial statements of the California State University as a blended component unit.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying basic financial statements for the Site Authority have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(b) Election of Applicable FASB Statements

The Site Authority has elected not to adopt the pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989.

(c) Accounting Changes

The Site Authority adopted GASB Statement Nos. 34, 35, 37, and 38 as of July 1, 2001. These Statements introduced significant changes in the way that public colleges and universities and related activities report financial position and changes in financial position in their external financial statements. Statements 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, became effective for the Site Authority as of July 1, 2001. Statement 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and 38, *Certain Financial Statement Note Disclosures*, were required to be implemented at the same time.

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The Site Authority is considered a special-purpose government under the provisions of GASB Statement 34. The Site Authority records revenue from parking fees collected from students and faculty, housing sales and apartment rentals, and accordingly has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Site Authority to be reported in a single column in each of the basic financial statements.

(d) Net Assets

The Site Authority's net assets are classified into the following net asset categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation, amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted: Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Site Authority or the passage of time.

Unrestricted: All other categories of net assets. In addition, unrestricted net assets may be designated for use by the Site Authority.

The Site Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

(e) Statements of Cash Flows

For the purposes of the statements of cash flows, the Site Authority considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The statements of cash flows is prepared using the direct method.

(f) Real Estate Inventory

Real estate inventory is stated at cost which is not in excess of estimated net realizable value. The Authority follows the accepted industry practice of capitalizing interest related to a project until development is substantially complete; such costs are charged to cost of home sales at the time residential units are sold.

(g) Due from CSUCI Financing Authority

This amount represents money due from the CSUCI Financing Authority (Financing Authority) for the development of the property. Pursuant to a Trust Agreement between the Financing Authority and U.S. Trust Company, and a Reimbursement Agreement by and between the Financing Authority, the Site Authority and Citibank, cash is released to the Site Authority as costs are incurred for the development of the Property.

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(h) Revenue Recognition

Pursuant to an agreement between the Site Authority and the Campus, the Site Authority receives all revenues for Campus parking operations. These revenues are recognized when collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, the sales price is fixed or determinable and generally coincide with the academic calendar.

Revenues from home sales are recognized as homes are sold, title passes, and escrow closes. Rental housing revenues are recognized as amounts are earned and coincide with the rental agreement.

(i) Cost of Homes Sold

The cost of residential units sold is computed using the relative sales value method.

(j) Classification of Revenues and Expenses

The Site Authority considers operating revenues and expenses in the statement of revenues, expenses, and changes in net assets to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Site Authority's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 34. These nonoperating activities primarily include the Site Authority's investment income, interest expense, and transfers from the CSUCI Financing Authority.

(k) Cash and Cash Equivalents

Cash in excess of immediate needs for debt service is invested in the California State Treasurer's Surplus Money Investment Fund. These funds are invested in instruments allowed under California State law. Such investment vehicles include U.S. Government Securities, commercial paper, time certificates of deposit, and bankers' acceptances.

(l) Capital Assets, Net

Capital assets are stated at cost, and depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets.

(m) Deferred Debt Issuance Costs

Deferred debt issuance costs are stated at cost, and amortization is calculated using the straight-line method over the life of the loan and is capitalized into the cost of the related capital assets.

(n) Income Taxes

The Site Authority is a component unit of the California State University System (the System). The System was established under the State of California Education Code as an agency of the State of California. As a component unit of the System, the Site Authority is generally not subject to federal or state income taxes. However, the Site Authority remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the

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purpose for which it was granted an exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

The Site Authority has not undergone any recent Internal Revenue Service or other state income tax audits and no taxes have been provided for any assessments that may result from such audits. In the opinion of management, any such possible assessments would not be material to the financial statements taken as a whole.

(o) Use of Estimates

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

(p) Reclassifications

Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 presentation. Such reclassifications had no effect on the previously reported change in net assets.

(2) Loans Payable

In June 2001, the Site Authority obtained financing of \$49,460,000 through the CSUCI Financing Authority (the Loans) to fund certain infrastructure projects. The Loan bears interest at rates ranging from 3.85% to 5.25%. The principal payments are paid on September 1 of each year, beginning in 2008, with the final payment due September 1, 2031.

In December 2001, the Site Authority obtained financing of \$46,815,000 through the CSUCI Financing Authority (the Loans) to fund the construction of 260 rental housing units. The Loan bears interest at rates ranging from 3.375% to 4.08%. The principal payments are paid on August 1 of each year, beginning in 2006, with the final payment due August 1, 2031.

Additionally, the Loans are subject to special mandatory redemption prior to their respective maturity dates, in whole or in part, at a redemption price equal to the principal amount, accrued interest to date, plus a premium as specified in the Agreements. The Loans contain certain restrictive covenants and as of June 30, 2003 and 2002, management believes the Site Authority is in compliance with all such covenants.

In connection with the issuance of these loans, the Site Authority incurred debt issue costs of \$3,081,093 which is being amortized on a straight-line basis over the life of the loan. At June 30, 2003 and 2002, \$206,604 and \$103,900, respectively, has been amortized.

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The Site Authority also received a loan of \$501,505 from the California State University to fund cash overdraft positions. This loan shall be repaid upon receipt of certain receivables. The interest rate to be paid is the stated Surplus Money Investment Fund rate (1.859% and 2.853% at June 30, 2003 and 2002). This loan is expected to be repaid during 2004, and therefore, is included in the current portion of loans payable on the balance sheet at June 30, 2003. The loan is unsecured.

Additionally, the Site Authority received a loan of \$2 million from the California State University Lottery Fund. This loan is to be used for the exclusive construction of for-sale and rental housing. The loan will be repaid through future bond proceeds or surplus funds of the Site Authority. The interest rate to be paid on this loan is the stated Surplus Money Investment Fund rate (1.859% at June 30, 2003). This loan is expected to be repaid during 2004, and therefore, is included in the current portion of loans payable on the balance sheet at June 30, 2003. The loan is unsecured.

Long-term debt activity for the years ended June 30, 2003 and 2002 was as follows:

	2003				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Loan from CSUCI Financing Authority	\$ 96,275,000	—	—	96,275,000	—
Loan from California State University	2,437,280	170,452	(106,227)	2,501,505	2,501,505
Unamortized discount on bonds	(1,629,306)	—	56,204	(1,573,102)	(56,204)
Total long-term debt obligations	<u>\$ 97,082,974</u>	<u>170,452</u>	<u>(50,023)</u>	<u>97,203,403</u>	<u>2,445,301</u>
	2002				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Loan from CSUCI Financing Authority	\$ 49,460,000	46,815,000	—	96,275,000	—
Loan from California State University	2,452,715	—	(15,435)	2,437,280	2,437,280
Unamortized discount on bonds	(1,122,165)	(563,345)	56,204	(1,629,306)	(56,204)
Total long-term debt obligations	<u>\$ 50,790,550</u>	<u>46,251,655</u>	<u>40,769</u>	<u>97,082,974</u>	<u>2,381,076</u>

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The loans mature as follows:

	<u>Principal</u>	<u>Interest</u>
Fiscal years:		
2004	\$ 2,501,505	4,058,074
2005	—	4,223,096
2006	—	4,388,120
2007	220,000	4,383,631
2008	290,000	4,373,228
2009-2013	5,540,000	21,348,674
2014-2018	10,915,000	19,604,090
2019-2023	18,400,000	16,317,055
2024-2028	28,555,000	10,905,148
2029-2033	32,355,000	3,087,741
Total	<u>\$ 98,776,505</u>	<u>92,688,857</u>

(3) Construction Loans

On December 31, 2001, the Site Authority entered into an agreement with Citibank, FSB for a construction loan of up to \$12.3 million relating to the construction of the phase 1 for-sale housing on the Channel Islands Campus. The Construction Loan matured on June 1, 2003 and bears interest at a rate of LIBOR plus 2% (LIBOR was 1.1232% at June 30, 2003). The Site Authority exercised its option to extend the Construction Loan for an additional six months. On February 1, 2003, the Site Authority entered into a second agreement with Citibank, FSB for an additional construction loan of up to \$7.5 million to construct the second phase of for-sale housing. The Construction Loans are secured by a Leasehold Construction Deed of Trust and certain personal property, fixtures, equipment, and leases as described in the Agreement.

The Construction Loan activity for the years ended June 30, 2003 and 2002 was as follows:

		2003				
		<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Construction loan	\$	<u>5,517,130</u>	<u>7,339,748</u>	<u>(12,634,000)</u>	<u>222,878</u>	<u>222,878</u>
		2002				
		<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Construction loan	\$	<u>—</u>	<u>5,517,130</u>	<u>—</u>	<u>5,517,130</u>	<u>5,517,130</u>

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Notes to Basic Financial Statements

June 30, 2003 and 2002

(4) Capital Assets

Capital asset activity consisted of the following:

	2003				Ending balance
	Beginning balance	Additions	Reductions	Transfers	
Capital assets, not being depreciated:					
Construction work in progress	\$ 46,531,385	18,299,527	—	(58,375,087)	6,455,825
Total nondepreciable capital assets	<u>46,531,385</u>	<u>18,299,527</u>	<u>—</u>	<u>(58,375,087)</u>	<u>6,455,825</u>
Depreciable capital assets:					
Buildings and building improvements	—	—	—	26,134,220	26,134,220
Infrastructure	—	—	—	31,535,353	31,535,353
Personal property:					
Equipment	—	—	—	441,476	441,476
Total depreciable capital assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>58,111,049</u>	<u>58,111,049</u>
Total cost	<u>46,531,385</u>	<u>18,299,527</u>	<u>—</u>	<u>(264,038)</u>	<u>64,566,874</u>
Less accumulated depreciation:					
Buildings and building improvements	—	435,570	—	—	435,570
Infrastructure	—	394,192	—	—	394,192
Personal property:					
Equipment	—	44,148	—	—	44,148
Total accumulated depreciation	<u>—</u>	<u>873,910</u>	<u>—</u>	<u>—</u>	<u>873,910</u>
Net capital assets	<u>\$ 46,531,385</u>	<u>17,425,617</u>	<u>—</u>	<u>(264,038)</u>	<u>63,692,964</u>

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	2002				
	Beginning balance	Additions	Reductions	Transfers	Ending balance
Capital assets, not being depreciated:					
Construction work in progress	\$ 12,414,085	34,117,300	—	—	46,531,385

(5) Interest Cost

The Authority capitalizes interest cost as a component of the cost of construction in progress. The following is a summary of interest cost incurred during 2003 and 2002:

	2003	2002
Interest cost capitalized	\$ 4,452,041	3,312,204
Interest cost charged to income	10,623	33,584
Total interest cost incurred	\$ 4,462,664	3,345,788

(6) Due from CSUCI Financing Authority

The due from CSUCI Financing Authority balance at June 30, 2003 and 2002 consists of monies yet to be received from the Loans (see note 2). The balance of the due from CSUCI Financing Authority is held with the Trustee, and amounts are disbursed from the Financing Authority to the Site Authority as costs are incurred.

(7) Letter of Credit

The Site Authority, jointly with the Financing Authority, obtained a letter of credit from Citibank to provide security on the Loans. The letter of credit is equal to the principal amount of the Loans plus 183 days of interest. The letter of credit will expire on the earlier of the date which is seven years following the date of issuance of the Loans, or when released according to the terms of the Loan agreements. The Site Authority incurred \$1,229,223 and \$1,037,492 in 2003 and 2002, respectively, of expenses related to the origination and maintenance of the letter of credit, which is capitalized and included in capital assets, net.

(8) Property Management

Effective February 4, 2002, the Site Authority entered into an Agreement (the Agreement) with a third party to provide property management functions of its rental and for-sale housing and common areas (the Projects). The property management functions include the operation, direction, management, and supervision of the Projects. The term of the Agreement is for three years from the effective date, with an option by the Site Authority to extend for an additional three years. The Site Authority pays a management fee to the Property Manager of 3% of gross receipts or a minimum of \$4,500 per month for Phase I. Project

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management fees increase as additional phases are completed. As of June 30, 2003, Phase I has been completed. The amount paid to the property manager for 2003 was \$35,228 and is included in rental housing operations. The future minimum management fees are \$54,000 in 2004, 2005, and 2006.

In connection with the Agreement, the Site Authority receives the excess of revenues over expenses from the property manager. As of June 30, 2003, \$286,029 is included in accounts receivable from the property manager.

(9) Related Party

The Site Authority receives its financing from the Financing Authority and has entered into certain transactions with the Campus relating to parking operations and infrastructure development.

Effective April 22, 2002, the Site Authority entered into an Agreement (the Agreement) with University Glen Corporation (University Glen), an auxiliary of the California State University, Channel Islands. University Glen has been engaged to provide administrative and marketing services to the Site Authority over its rental and for-sale housing properties. The term of the Agreement is through June 30, 2007 and is subject to early termination as specified in the Agreement. Amounts paid to University Glen during 2003 for these services were \$497,888 and are included in general, administrative, and other operating costs. Amounts payable to University Glen were \$110,108 and are included in accounts payable as of June 30, 2003.

(10) Subsequent Event

On July 15, 2003, the Financing Authority obtained Bond Anticipation Notes (BANs) in the amount of \$10,240,000. The BANs were issued at a premium of \$23,240, bear interest at a rate of 1.5%, and mature on June 30, 2004. The BANs will be used by the Site Authority to develop certain Channel Islands West Campus facilities.

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Supplementary Statement of Net Assets (Deficit) by Program (Unaudited)

June 30, 2003

	<u>Operating program</u>	<u>Infrastructure program</u>	<u>Rental housing program</u>	<u>For sale housing program</u>	<u>Totals</u>
Assets:					
Cash and cash equivalents	\$ —	24,070	540,431	1,500,881	2,065,382
Accounts receivable	—	—	286,029	—	286,029
Interest receivable	—	—	26,295	33,818	60,113
Due from CSU, Channel Islands	50,938	—	—	—	50,938
Real estate inventory	—	—	—	264,038	264,038
Due from CSUCI Financing Authority	—	17,470,703	17,892,186	—	35,362,889
Due from other programs	—	192,300	695,224	—	887,524
Capital assets, net	—	31,644,535	29,995,800	2,052,629	63,692,964
Deferred debt issuance costs	—	2,486,542	387,947	—	2,874,489
Total assets	<u>\$ 50,938</u>	<u>51,818,150</u>	<u>49,823,912</u>	<u>3,851,366</u>	<u>105,544,366</u>
Liabilities:					
Accounts payable	\$ 44,000	247,629	996,904	443,362	1,731,895
Interest payable to CSUCI Financing Authority	—	826,023	658,336	—	1,484,359
Interest payable to California State University	3,750	400	55,865	59,570	119,585
Due to other programs	20,000	93,619	172,300	601,605	887,524
Construction loan	—	—	—	222,878	222,878
Loan from CSU, Headquarters	445,259	56,246	1,000,000	1,000,000	2,501,505
Loan from CSUCI Financing Authority, net	—	48,412,687	46,289,211	—	94,701,898
Total liabilities	<u>513,009</u>	<u>49,636,604</u>	<u>49,172,616</u>	<u>2,327,415</u>	<u>101,649,644</u>
Net assets (deficit)	<u>(462,071)</u>	<u>2,181,546</u>	<u>651,296</u>	<u>1,523,951</u>	<u>3,894,722</u>
Total liabilities and net assets (deficit)	<u>\$ 50,938</u>	<u>51,818,150</u>	<u>49,823,912</u>	<u>3,851,366</u>	<u>105,544,366</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS SITE AUTHORITY**

Supplementary Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) by Program (Unaudited)

Year Ended June 30, 2003

	<u>Operating Program</u>	<u>Infrastructure Program</u>	<u>Rental Housing Program</u>	<u>For Sale Housing Program</u>	<u>Totals</u>
Operating revenues:					
Home sales	\$ —	—	—	13,602,392	13,602,392
Rental income	—	—	880,371	—	880,371
Parking	481,663	—	—	—	481,663
Total operating revenues	<u>481,663</u>	<u>—</u>	<u>880,371</u>	<u>13,602,392</u>	<u>14,964,426</u>
Operating expenses:					
Cost of home sales	—	—	—	12,076,808	12,076,808
Rental housing operations	—	—	201,716	—	201,716
Parking operations	471,878	—	—	—	471,878
Depreciation	—	394,192	479,718	—	873,910
Miscellaneous	255,827	—	515,103	40,637	811,567
Total operating expenses	<u>727,705</u>	<u>394,192</u>	<u>1,196,537</u>	<u>12,117,445</u>	<u>14,435,879</u>
Operating income (loss)	<u>(246,042)</u>	<u>(394,192)</u>	<u>(316,166)</u>	<u>1,484,947</u>	<u>528,547</u>
Nonoperating expense:					
Investment income	—	—	26,295	39,004	65,299
Interest expense	(10,623)	—	—	—	(10,623)
Total nonoperating revenue (expense)	<u>(10,623)</u>	<u>—</u>	<u>26,295</u>	<u>39,004</u>	<u>54,676</u>
Income (loss) before transfers (to) from other CSU funds	<u>(256,665)</u>	<u>(394,192)</u>	<u>(289,871)</u>	<u>1,523,951</u>	<u>583,223</u>
Payment from CSUCI Financing Authority – interest income on cash held with fiscal agent	—	987,896	798,475	—	1,786,371
Transfer (to) from other CSU funds	—	155,282	(172,300)	—	(17,018)
Net transfers from other CSU funds	<u>—</u>	<u>1,143,178</u>	<u>626,175</u>	<u>—</u>	<u>1,769,353</u>
Change in net assets	<u>(256,665)</u>	<u>748,986</u>	<u>336,304</u>	<u>1,523,951</u>	<u>2,352,576</u>
Net assets (deficit), beginning of year	<u>(205,406)</u>	<u>1,432,560</u>	<u>314,992</u>	<u>—</u>	<u>1,542,146</u>
Net assets (deficit), end of year	<u>\$ (462,071)</u>	<u>2,181,546</u>	<u>651,296</u>	<u>1,523,951</u>	<u>3,894,722</u>

See accompanying independent auditors' report.

