



**VENTURA COUNTY
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ventura County Community College District
Ventura, California

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Vaurineh, Tine, Day & Co., LLP

Rancho Cucamonga, California
November 25, 2008



Ventura County Community College District

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DR. JAMES MEZNEK
CHANCELLOR

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Ventura County Community College District (the District) as of June 30, 2008. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Systems Office has recommended that all State community colleges follow the Business Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2007-2008 fiscal year, the reported FTES were 26,381 as compared to 24,813 in the 2006-2007 fiscal year. The fully funded cap for fiscal year 2007-2008 is 26,381 as compared to 24,813 for 2006-2007.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$22.1 million in the 2007-2008 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

- Costs for employee salaries increased by 12.0 percent or \$10.8 million from the 2007-2008 fiscal year and costs associated with employee benefits increased by 11.5 percent or \$3.5 million. This increase in the benefit costs has been due to the increase in health and medical rates.
- During the 2007-2008 fiscal year, the District provided almost \$13.9 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

The District issued \$85 million in general obligation bonds on August 12, 2002, and an additional \$80 million on August 1, 2005, for construction and renovation projects and equipment throughout the District. These projects were approved by the voters within the District's boundaries and will be completed over the coming three to five years.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
ASSETS			
Current Assets			
Cash and investments	\$ 119,760	\$ 153,356	\$ 163,352
Accounts receivable (net)	17,910	14,286	14,708
Other current assets	2,475	2,287	2,101
Total Current Assets	<u>140,145</u>	<u>169,929</u>	<u>180,161</u>
Capital Assets (net)	<u>351,594</u>	<u>323,782</u>	<u>296,430</u>
Total Assets	<u><u>\$ 491,739</u></u>	<u><u>\$ 493,711</u></u>	<u><u>\$ 476,591</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 27,750	\$ 28,071	\$ 26,337
Amounts held in custody for others	5,694	5,025	4,105
Current portion of long-term obligations	2,597	13,323	13,986
Total Current Liabilities	<u>36,041</u>	<u>46,419</u>	<u>44,428</u>
Long-Term Obligations	<u>132,572</u>	<u>132,102</u>	<u>144,457</u>
Total Liabilities	<u>168,613</u>	<u>178,521</u>	<u>188,885</u>
NET ASSETS			
Invested in capital assets	224,563	184,793	140,632
Restricted	76,960	111,874	132,117
Unrestricted	21,603	18,523	14,957
Total Net Assets	<u>323,126</u>	<u>315,190</u>	<u>287,706</u>
Total Liabilities and Net Assets	<u><u>\$ 491,739</u></u>	<u><u>\$ 493,711</u></u>	<u><u>\$ 476,591</u></u>

Cash and investments consist primarily of funds held in the Ventura County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 14 and 15.

Much of the unrestricted net assets have been designated by the Board or by contracts for such purposes as our required general reserve for ongoing financial health, commitments on contracts, and bookstore and cafeteria reserves.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Assets on page 13.

Table 2

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues			
Tuition and fees	\$ 15,381	\$ 15,749	\$ 15,952
Grants and contracts	32,770	30,839	27,457
Auxiliary sales and charges/Other operating	13,247	12,375	11,685
Total Operating Revenues	<u>61,398</u>	<u>58,963</u>	<u>55,094</u>
Operating Expenses			
Salaries and benefits	134,880	120,528	115,579
Supplies and maintenance	48,569	46,524	38,080
Depreciation	6,372	4,516	4,829
Total Operating Expenses	<u>189,821</u>	<u>171,568</u>	<u>158,488</u>
Loss on Operations	<u>(128,423)</u>	<u>(112,605)</u>	<u>(103,394)</u>
Nonoperating Revenues			
State apportionments	70,613	63,774	57,818
Property taxes	54,989	59,167	56,039
State revenues	3,879	7,296	4,185
Net interest expense	(416)	315	(984)
Other nonoperating revenues	5,785	4,504	7,127
Total Nonoperating Revenue	<u>134,850</u>	<u>135,056</u>	<u>124,185</u>
Other Revenues			
State and local capital income	<u>1,510</u>	<u>5,032</u>	<u>6,984</u>
Net Increase in Net Assets	<u>\$ 7,937</u>	<u>\$ 27,483</u>	<u>\$ 27,775</u>

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. We noted a decrease in the property taxes levied and received from property within the county. However, these decreases were offset by a corresponding increase in State apportionment revenues.

Auxiliary revenue consists of bookstore and cafeteria net revenues. The three college campuses each maintain their own bookstores and cafeterias to provide services to the students and faculty of the college. The operations are self-supporting and contribute to the student programs on each campus.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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

Interest income of \$6.1 million was offset by interest expense of \$6.5 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately \$1.1 million over the 2006-2007 fiscal year due to lower interest rates and a decrease in the balance of cash held at the County Treasury. Interest expense has decreased approximately \$400 thousand due to less interest due, associated with our general obligation bonds.

Expenses are reported by their functional categories as follows:

Table 3

(Amounts in thousands)

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies and Materials</u>	<u>Equipment and Repairs</u>	<u>Depreciation</u>	<u>Total</u>
Academic support	\$ 10,788	\$ 3,826	\$ 483	\$ 8	\$ -	\$ 15,105
Administrative support	13,637	5,739	9,103	80	-	28,559
Ancillary and auxiliary	3,294	1,418	10,530	14	-	15,256
Community services	964	310	1,080	2	-	2,356
Instructional	55,384	16,246	1,871	144	-	73,645
Instructional support	2,224	855	601	22	-	3,702
Plant operations	4,416	2,473	5,250	75	-	12,214
Student aid	-	-	13,918	-	-	13,918
Student services	9,679	3,592	1,666	19	-	14,956
Depreciation	-	-	-	-	6,372	6,372
Physical property	32	3	592	3,111	-	3,738
Total	<u>\$ 100,418</u>	<u>\$ 34,462</u>	<u>\$ 45,094</u>	<u>\$ 3,475</u>	<u>\$ 6,372</u>	<u>\$ 189,821</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Changes in Cash Position

Table 4

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash Provided by (Used in)			
Operating activities	\$ (120,122)	\$ (106,289)	\$ (90,258)
Noncapital financing activities	121,927	122,561	124,823
Capital financing activities	(41,848)	(32,589)	38,485
Investing activities	<u>9,575</u>	<u>8,073</u>	<u>5,190</u>
Net Increase (Decrease) in Cash	(30,468)	(8,244)	78,240
Cash, Beginning of Year	<u>150,228</u>	<u>158,472</u>	<u>80,232</u>
Cash, End of Year	<u><u>\$ 119,760</u></u>	<u><u>\$ 150,228</u></u>	<u><u>\$ 158,472</u></u>

The Statement of Cash Flows on pages 14 and 15 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services – our students. The District depends upon this funding to continue the current level of operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had \$351.6 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2007, our net capital assets were \$323.8 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2008-2009 fiscal year and beyond with primary funding through our general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Table 5

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 200.0	\$ 32.7	\$ (20.8)	\$ 211.9
Buildings and improvements	165.0	20.8	-	185.8
Equipment and vehicles	16.7	1.5	(1.3)	16.9
Subtotal	381.7	55.0	(22.1)	414.6
Accumulated depreciation	(57.9)	(6.4)	1.3	(63.0)
	<u>\$ 323.8</u>	<u>\$ 48.6</u>	<u>\$ (20.8)</u>	<u>\$ 351.6</u>

Obligations

At the end of the 2007-2008 fiscal year, the District had \$127.0 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Ventura County Community College District boundaries. Other obligations for the District include a Note Payable to fund energy retrofitting projects.

In addition to the above obligations, the District is obligated to employees of the District for vacation, load banking, and postemployment benefits and lease purchase agreements for equipment.

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 135.8	\$ -	\$ (8.8)	\$ 127.0
COPs and notes payable	5.7	-	(3.5)	2.2
	141.5	-	(12.3)	129.2
Other liabilities	3.9	2.2	(0.1)	6.0
Total Long-Term Obligations	<u>\$ 145.4</u>	<u>\$ 2.2</u>	<u>\$ (12.4)</u>	<u>\$ 135.2</u>
Amount due within one year				<u>\$ 2.6</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2007-2008 fiscal year on August 12, 2008.

Within the Unrestricted General Fund, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize postretirement benefits.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 95 percent of the total unrestricted sources of revenue received within the General Fund.

The District is projecting moderate growth for fiscal year 2009, but funding for that growth is constrained by the District's growth cap, as well as the amount of growth included in the State budget. The District is currently serving unfunded FTES, but doing so through improved productivity.

Minimal Cost of Living Adjustment (COLA) was received in fiscal year 2009 (.68 percent), full statutory COLA was 5.66 percent, and the State is unlikely to fund any COLA for fiscal year 2010. Current projection of statutory COLA for fiscal year 2010 is 5.60 percent.

The State Controller confirmed that the State revenues for the first quarter of this fiscal year were \$1.1 billion (-5.4 percent) below the revenue assumptions included in this year's State budget. There is widespread belief that the current budget is out of balance by at least \$5 billion making the threat of mid-year cuts more significant. The collapse of the housing market presents a continued threat of a property tax shortfall.

The District is continuing to emphasize an environment that ensures stability and sustainability of enrollment and revenue, and balance all needs to ensure that sustainability.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Ventura County Community College District, 255 West Stanley Avenue, Suite 150, Ventura, CA 93001.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 169,661	\$ 161,511
Investments	119,589,852	153,193,902
Accounts receivable, net	14,729,253	11,632,324
Student loans receivable, net	3,181,174	2,653,693
Prepaid expenses - current portion	220,877	168,153
Stores inventories	2,254,134	2,118,942
Total Current Assets	<u>140,144,951</u>	<u>169,928,525</u>
NONCURRENT ASSETS		
Nondepreciable capital assets	211,900,189	199,968,564
Capital assets, net of depreciation	139,694,080	123,813,452
Total Noncurrent Assets	<u>351,594,269</u>	<u>323,782,016</u>
TOTAL ASSETS	<u>491,739,220</u>	<u>493,710,541</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	14,276,600	13,366,257
Accrued interest payable	2,600,107	2,721,465
Deferred revenue	10,869,892	11,983,776
Other current liabilities	3,000	-
Amounts held in custody on behalf of others	5,694,064	5,024,515
Accrued compensated absences	823,040	730,168
Bonds and notes payable	1,582,503	12,359,884
Lease obligations	45,566	53,226
Other obligations	146,342	179,825
Total Current Liabilities	<u>36,041,114</u>	<u>46,419,116</u>
NONCURRENT LIABILITIES		
Accrued compensated absences payable	2,187,268	1,923,495
Bonds and notes payable	127,554,895	129,137,398
Lease obligations	5,321	40,570
Other long-term obligations	2,824,365	1,000,448
Total Noncurrent Liabilities	<u>132,571,849</u>	<u>132,101,911</u>
TOTAL LIABILITIES	<u>168,612,963</u>	<u>178,521,027</u>
NET ASSETS		
Invested in capital assets, net of related debt	224,563,382	184,793,220
Restricted for:		
Debt service	6,910,940	18,756,280
Capital projects	65,176,543	88,783,694
Educational programs	4,267,011	3,774,140
Other activities	605,621	559,402
Unrestricted	21,602,760	18,522,778
Total Net Assets	<u>\$ 323,126,257</u>	<u>\$ 315,189,514</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 20,122,418	\$ 20,776,816
Less: Scholarship discount and allowance	(4,741,640)	(5,027,644)
Net tuition and fees	<u>15,380,778</u>	<u>15,749,172</u>
Grants and Contracts, noncapital		
Federal	16,461,699	13,902,859
State	16,308,539	16,936,787
Auxiliary Enterprise Sales and Charges		
Bookstore	11,417,051	10,956,022
Cafeteria	1,710,083	1,361,724
Other Operating Revenues	119,298	56,900
TOTAL OPERATING REVENUES	<u>61,397,448</u>	<u>58,963,464</u>
OPERATING EXPENSES		
Salaries	100,417,853	89,619,058
Employee benefits	34,462,039	30,909,617
Supplies, materials, and other operating expenses and services	45,093,548	40,797,545
Equipment, maintenance, and repairs	3,474,999	5,726,125
Depreciation	6,372,419	4,515,897
TOTAL OPERATING EXPENSES	<u>189,820,858</u>	<u>171,568,242</u>
OPERATING LOSS	<u>(128,423,410)</u>	<u>(112,604,778)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	70,612,791	63,774,155
Local property taxes, levied for general purposes	48,914,559	46,045,855
Taxes levied for other specific purposes	6,074,562	13,120,899
State taxes and other revenues	3,879,360	7,296,496
Investment income	5,644,732	6,467,314
Interest expense on capital related debt	(6,481,910)	(6,868,100)
Investment income on capital asset-related debt, net	420,654	715,979
Loss on disposal of capital assets	-	(484,627)
Transfer from agency fund	62,500	29,061
Transfer to agency fund	(297,511)	(434,314)
Other nonoperating revenue	6,020,474	5,393,610
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>134,850,211</u>	<u>135,056,328</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>6,426,801</u>	<u>22,451,550</u>
State revenues, capital	1,333,769	4,691,895
Local revenues, capital	176,173	339,840
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>1,509,942</u>	<u>5,031,735</u>
CHANGE IN NET ASSETS	<u>7,936,743</u>	<u>27,483,285</u>
NET ASSETS, BEGINNING OF YEAR	<u>315,189,514</u>	<u>287,706,229</u>
NET ASSETS, END OF YEAR	<u><u>\$ 323,126,257</u></u>	<u><u>\$ 315,189,514</u></u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 16,010,343	\$ 15,023,911
Grants and contracts	31,002,594	32,419,471
Payments to vendors for supplies and services	(35,238,791)	(35,463,920)
Payments to or on behalf of employees	(132,416,469)	(120,068,813)
Payments for scholarships and grants	(13,110,291)	(11,132,085)
Auxiliary enterprise sales and charges	13,627,560	12,927,957
Loans issued to students	(61,073)	(64,026)
Collection of loans to students	64,026	68,941
Net Cash Flows from Operating Activities	(120,122,101)	(106,288,564)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	69,844,138	63,547,929
Property taxes - nondebt related	45,092,309	46,045,855
State taxes and other apportionments	3,455,229	7,989,455
Other nonoperating	3,535,449	4,977,242
Net Cash Flows From Noncapital Financing Activities	121,927,125	122,560,481
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(33,476,471)	(31,050,145)
State revenue, capital projects	3,651,605	3,459,871
Local revenue, capital projects	487,357	1,205,244
Property taxes - related to capital debt	6,074,562	13,120,899
Proceeds from capital debt	15,623	125,981
Principal paid on capital debt	(12,418,416)	(13,155,618)
Interest paid on capital debt	(6,603,268)	(7,010,817)
Interest received on capital asset-related debt	420,654	715,979
Net Cash Flows From Capital Financing Activities	(41,848,354)	(32,588,606)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	3,127,188	1,753,119
Interest received from investments	6,447,430	6,320,070
Net Cash Flows From Investing Activities	9,574,618	8,073,189
NET CHANGE IN CASH AND CASH EQUIVALENTS	(30,468,712)	(8,243,500)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	150,228,225	158,471,725
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 119,759,513	\$ 150,228,225

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH USED BY OPERATING ACTUALS		
Operating Loss	\$ (128,423,410)	\$ (112,604,778)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	6,372,419	4,515,897
Changes in assets and liabilities:		
Receivables, net	1,961,935	60,413
Stores inventories	(135,192)	(226,165)
Prepaid expenses	(52,724)	39,481
Notes receivables, net	(2,953)	(4,915)
Accounts payable and accrued liabilities	913,343	697,624
Deferred revenue	(1,425,068)	313,839
Funds held for others	669,549	920,040
Total Adjustments	<u>8,301,309</u>	<u>6,316,214</u>
Net Cash Used By Operating Activities	<u>\$ (120,122,101)</u>	<u>\$ (106,288,564)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 169,661	\$ 161,511
Cash in county treasury	119,589,852	150,066,714
Total Cash and Cash Equivalents	<u>\$ 119,759,513</u>	<u>\$ 150,228,225</u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 2,408,410</u>	<u>\$ 2,170,822</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 1 - ORGANIZATION

The Ventura County Community College District (the District) was established in 1962 as a political subdivision of the State of California and provides educational services to residents of Ventura County. The District operates under a locally elected five-member Board of Trustees form of government which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within Ventura County. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because their purpose is to be used for the direct benefit of the District. The District is entitled to, or has the ability to, otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the District.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

The District, along with the Santa Paula Redevelopment Agency (the Agency) and the City of Santa Paula, formed the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority (the Authority). The Authority was formed under an agreement dated November 2, 1992, under The Joint Powers Act. The purpose of the Authority is to carry out the intent of the agreement to finance Public Capital Improvements which benefit the District. The Authority is governed by a five member commission. The commission is composed of three members appointed by the District and two members appointed by the Agency. The activity of the Authority is reported in the financial statements of the District using the blended presentation method and is included as part of the basic financial statements. Below is a breakout of the financial reporting activity of the Authority:

	<u>2008</u>
Revenues	
Distribution from Santa Paula Redevelopment Agency	\$ 57,991
Interest	8,618
Total Revenues	<u>66,609</u>
Expenses	
Santa Paula Center Leasehold Improvements	50,000
Santa Paula Center Building Lease Payments	24,535
Total Expenses	<u>74,535</u>
Net Change	(7,926)
Beginning Balance	<u>243,625</u>
Ending Balance	<u><u>\$ 235,699</u></u>

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with two joint powers agencies (JPAs): the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority, as noted above, and the Statewide Association of Community Colleges. The Statewide Association of Community Colleges does not meet the criteria for inclusion as a component unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

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

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Investments

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,262,984 and \$1,069,060 for the years ended June 30, 2008 and 2007, respectively.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2008.

Stores Inventories

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

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-process as the projects are constructed.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 20 years; and equipment and vehicles, 2 to 15 years.

Accrued Liabilities and Long-Term Obligations

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as deferred revenue.

Net Assets

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

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

Restricted - Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs. None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$76,960,115 of restricted net assets.

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement Systems (CalPERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$2,408,410 and \$0 for CalSTRS and CalPERS, respectively, for the June 30, 2008, fiscal year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes

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

The voters of the District passed a General Obligation Bond in March 2002 for the acquisition, construction, and rehabilitation of facilities on the three community college campuses and the Camarillo site of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected. The property tax collected for the repayment of debt for the years ended June 30, 2008 and 2007, was \$6,074,562 and \$13,120,899, respectively.

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or waived by the Board of Governor's Grant (BOGG) on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2008 and 2007, the District distributed \$4,003,515 and \$3,161,401, respectively, in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Interfund Activity

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

Changes in Accounting Principles

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

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2008. The District had an annual required contribution of \$7,902,601 for the year June 30, 2008, and made a contribution of \$6,131,273 in an OPEB obligation of \$1,771,328.

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

New Accounting Pronouncements

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

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

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Comparative Financial Information

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

NOTE 3 - CASH AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

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

Cash on hand and in banks	\$ 169,661
Investments	<u>119,589,852</u>
Total Deposits and Investments	<u><u>\$ 119,759,513</u></u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County investment pools.

Specific Identification

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
County Pool	<u>\$ 120,639,117</u>	248*

* Weighted average days to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2008</u>
County Pool	<u>\$ 120,639,117</u>	N/A	AAAf

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2008, the District's bank balance of \$222,247 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 4 - ACCOUNTS RECEIVABLES

Accounts receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

	<u>2008</u>	<u>2007</u>
Federal Government		
Categorical aid	\$ 1,548,517	\$ 1,713,900
State Government		
Apportionment	4,275,010	3,955,278
Categorical aid	642,551	435,956
Lottery	1,360,399	1,851,226
Other State sources	860,931	1,327,541
Local Sources		
Interest	1,062,684	1,865,382
Other local sources	4,979,161	483,041
Total	<u>\$ 14,729,253</u>	<u>\$ 11,632,324</u>
Student loan receivables	\$ 4,444,158	\$ 3,722,753
Less reserve	<u>(1,262,984)</u>	<u>(1,069,060)</u>
Student loan receivables, net	<u>\$ 3,181,174</u>	<u>\$ 2,653,693</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 5 - CAPITAL ASSETS

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$120,475,827	\$ -	\$ -	\$120,475,827
Construction in progress	79,492,737	32,683,759	20,752,134	91,424,362
Total Capital Assets Not Being Depreciated	<u>199,968,564</u>	<u>32,683,759</u>	<u>20,752,134</u>	<u>211,900,189</u>
Capital Assets Being Depreciated				
Buildings and improvements	154,783,226	10,595,501	-	165,378,727
Site improvements	10,222,551	10,140,874	-	20,363,425
Furniture and equipment	14,051,638	1,330,446	497,515	14,884,569
Vehicles	2,672,361	186,226	804,535	2,054,052
Total Capital Assets Being Depreciated	<u>181,729,776</u>	<u>22,253,047</u>	<u>1,302,050</u>	<u>202,680,773</u>
Total Capital Assets	<u>381,698,340</u>	<u>54,936,806</u>	<u>22,054,184</u>	<u>414,580,962</u>
Less Accumulated Depreciation				
Buildings and improvements	39,344,120	3,702,022	-	43,046,142
Site improvements	5,483,862	1,421,551	-	6,905,413
Furniture and equipment	10,765,454	1,126,551	497,515	11,394,490
Vehicles	2,322,888	122,295	804,535	1,640,648
Total Accumulated Depreciation	<u>57,916,324</u>	<u>6,372,419</u>	<u>1,302,050</u>	<u>62,986,693</u>
Net Capital Assets	<u>\$323,782,016</u>	<u>\$48,564,387</u>	<u>\$20,752,134</u>	<u>\$351,594,269</u>

Depreciation expense for the year was \$6,372,419.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$120,475,827	\$ -	\$ -	\$120,475,827
Construction in progress	68,941,974	30,732,026	20,181,263	79,492,737
Total Capital Assets Not Being Depreciated	<u>189,417,801</u>	<u>30,732,026</u>	<u>20,181,263</u>	<u>199,968,564</u>
Capital Assets Being Depreciated				
Buildings and improvements	136,303,857	18,994,355	514,986	154,783,226
Site improvements	8,520,657	1,701,894	-	10,222,551
Furniture and equipment	13,460,620	867,616	276,598	14,051,638
Vehicles	2,556,270	237,367	121,276	2,672,361
Total Capital Assets Being Depreciated	<u>160,841,404</u>	<u>21,801,232</u>	<u>912,860</u>	<u>181,729,776</u>
Total Capital Assets	<u>350,259,205</u>	<u>52,533,258</u>	<u>21,094,123</u>	<u>381,698,340</u>
Less Accumulated Depreciation				
Buildings and improvements	36,178,633	3,198,487	33,000	39,344,120
Site improvements	5,105,377	378,485	-	5,483,862
Furniture and equipment	10,242,762	797,942	275,250	10,765,454
Vehicles	2,301,888	140,983	119,983	2,322,888
Total Accumulated Depreciation	<u>53,828,660</u>	<u>4,515,897</u>	<u>428,233</u>	<u>57,916,324</u>
Net Capital Assets	<u>\$296,430,545</u>	<u>\$48,017,361</u>	<u>\$20,665,890</u>	<u>\$323,782,016</u>

Depreciation expense for the year was \$4,515,897.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2008	2007
Accrued payroll and benefits	\$ 3,947,421	\$ 3,631,077
Construction	5,833,746	4,758,257
Student liability	1,077,323	917,193
Other	3,418,110	4,059,730
Total	<u>\$ 14,276,600</u>	<u>\$ 13,366,257</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	<u>2008</u>	<u>2007</u>
Federal financial assistance	\$ 38,663	\$ 63,550
State categorical aid	2,185,202	2,697,221
Apportionment	215,678	664,599
Schedule maintenance	2,061,870	1,750,686
Lottery	396,678	672,223
Other State	258,613	900,908
Enrollment fees	5,183,083	4,553,518
Other local	530,105	681,071
Total	<u>\$ 10,869,892</u>	<u>\$ 11,983,776</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivables and payables consist of amounts due for cost allocation. The balances result from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivable and payable balances at June 30, 2008, have been eliminated in the consolidation process for financial statement presentation.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	\$ 64,500,000	\$ -	\$ 1,000,000	\$ 63,500,000	\$ 1,000,000
General obligation bonds, 2002 Series B	71,280,000	-	7,800,000	63,480,000	115,000
Certificates of participation	3,115,000	-	3,115,000	-	-
Notes payable	2,602,282	-	444,884	2,157,398	467,503
Total Bonds and Notes Payable	141,497,282	-	12,359,884	129,137,398	1,582,503
Other Liabilities					
Compensated absences	2,653,663	356,645	-	3,010,308	823,040
Load banking	1,180,273	19,106	-	1,199,379	146,342
Capital leases	93,796	15,623	58,532	50,887	45,566
Net OPEB obligation	-	1,771,328	-	1,771,328	-
Total Other Liabilities	3,927,732	2,162,702	58,532	6,031,902	1,014,948
Total Long-Term Obligations	\$145,425,014	\$2,162,702	\$12,418,416	\$135,169,300	\$ 2,597,451

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	\$ 66,700,000	\$ -	\$ 2,200,000	\$ 64,500,000	\$ 1,000,000
General obligation bonds, 2002 Series B	80,000,000	-	8,720,000	71,280,000	7,800,000
Certificates of participation	4,840,000	-	1,725,000	3,115,000	3,115,000
Notes payable	3,025,642	-	423,360	2,602,282	444,884
Total Bonds and Notes Payable	154,565,642	-	13,068,360	141,497,282	12,359,884
Other Liabilities					
Compensated absences	2,644,671	8,992	-	2,653,663	730,168
Load banking	1,177,768	2,505	-	1,180,273	179,825
Capital leases	55,073	125,981	87,258	93,796	53,226
Total Other Liabilities	3,877,512	137,478	87,258	3,927,732	963,219
Total Long-Term Obligations	\$ 158,443,154	\$ 137,478	\$ 13,155,618	\$ 145,425,014	\$ 13,323,103

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local tax collections. Payments for the certificates of participation (COPs) are made by the Other Debt Service Fund. The notes payable obligation payments are made by the General Unrestricted Fund. The compensated absences, load banking, and net OPEB obligation will be paid by the fund for which the employee worked. Capital lease payments are made out of the General Unrestricted Fund and the Enterprise Fund.

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$356,347,814. At June 30, 2008, \$165,000,000 had been issued and \$126,980,000 was outstanding. Interest rates on the bonds range from three percent to five percent.

The COPs were issued in 1998 in the amount of \$16,290,000 to fund various capital improvement projects throughout the District. At June 30, 2008, the certificates had been paid in full.

The notes payable were issued in 2001 in the amount of \$4,248,885 to fund energy-retrofitting projects throughout the District. At June 30, 2008, \$2,157,398 was outstanding. The note matures through September 2012 with an interest rate of 4.9 percent.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
					Outstanding July 1, 2007	Issued	Redeemed	Outstanding June 30, 2008
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$85,000,000	\$ 64,500,000	\$ -	\$ 1,000,000	\$ 63,500,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	71,280,000	-	7,800,000	63,480,000
					<u>\$135,780,000</u>	<u>\$ -</u>	<u>\$ 8,800,000</u>	<u>\$126,980,000</u>

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Interest to		Total
	Principal	Maturity	
2009	\$ 1,000,000	\$ 3,158,500	\$ 4,158,500
2010	1,000,000	3,126,000	4,126,000
2011	1,000,000	3,092,250	4,092,250
2012	1,000,000	3,056,625	4,056,625
2013	1,000,000	3,013,500	4,013,500
2014-2018	14,700,000	13,190,000	27,890,000
2019-2023	19,400,000	8,891,250	28,291,250
2024-2028	24,400,000	3,196,000	27,596,000
Total	<u>\$ 63,500,000</u>	<u>\$ 40,724,125</u>	<u>\$ 104,224,125</u>

The general obligation bonds mature through 2031 as follows:

2002 Series B

Fiscal Year	Interest to		Total
	Principal	Maturity	
2009	\$ 115,000	\$ 3,063,781	\$ 3,178,781
2010	265,000	3,056,756	3,321,756
2011	425,000	3,044,816	3,469,816
2012	595,000	3,026,275	3,621,275
2013	780,000	3,000,725	3,780,725
2014-2018	7,160,000	14,314,375	21,474,375
2019-2023	14,510,000	11,892,263	26,402,263
2024-2028	23,375,000	7,042,875	30,417,875
2029-2031	16,255,000	1,286,625	17,541,625
Total	<u>\$ 63,480,000</u>	<u>\$ 49,728,491</u>	<u>\$ 113,208,491</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Notes Payable

The notes mature through 2013 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2009	\$ 467,503	\$ 98,996	\$ 566,499
2010	491,271	75,228	566,499
2011	516,248	50,251	566,499
2012	542,495	24,004	566,499
2013	139,881	1,744	141,625
Total	<u>\$ 2,157,398</u>	<u>\$ 250,223</u>	<u>\$ 2,407,621</u>

Capital Leases

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

Balance, July 1, 2007	\$ 104,710
Additions	17,097
Payments	65,134
Balance, June 30, 2008	<u>\$ 56,673</u>

The capital leases have minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2009	\$ 50,974
2010	5,699
Total	56,673
Less: Amount Representing Interest	5,786
Present Value of Minimum Lease Payments	<u>\$ 50,887</u>

Other Postemployment Benefit (OPEB) Obligation

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2008. The District's annual required contribution for the year ended June 30, 2008, was \$7,902,601, and contributions made by the District during the year were \$6,131,273, which resulted in a net OPEB obligation of \$1,771,328. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION

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

Plan Description

The Ventura County Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Ventura County Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 534 retirees and beneficiaries currently receiving benefits, four terminated plan members entitled to but not receiving benefits, and 931 active plan members.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal year 2007-2008, the District contributed \$6,131,273 to the Plan, all of which was used for current premiums. Contributions made by retirees range between \$17 and \$90 per month.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 7,902,601
Contributions made	<u>(6,131,273)</u>
Increase in net OPEB obligation	1,771,328
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 1,771,328</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 was as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2008	\$ 7,902,601	78%	\$ 1,771,328

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Funding Status and Funding Progress

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

Actuarial Methods and Assumptions

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

In the March 21, 2007, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return, based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Medical, Dental, and Vision Programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period is 30 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2008, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Workers' Compensation

For fiscal year 2008, the District participated in the Statewide Association of Community Colleges Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

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

Funding Policy

Active members are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$4,429,010, \$3,989,303, and \$3,916,944, respectively, and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the CalSTRS on behalf of all community colleges in the State.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

CalPERS

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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Funding Policy

Active plan members are required to contribute seven percent 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. The District's contribution rate to CalPERS for fiscal year 2007-2008 was 9.306 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$2,535,852, \$2,254,905, and \$2,203,280, respectively, and equaled 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, which amounted to \$2,408,410, \$2,170,822, and \$2,129,764, respectively, (4.517 percent) of salaries subject to CalSTRS. No contributions were made for CalPERS for the years ended June 30, 2008, 2007, and 2006. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. This amount has been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Construction Commitments

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

CAPITAL PROJECT	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Moorpark College PE Renovation	\$ 204,568	07/01/09
Moorpark College EATM Building	196,811	07/01/10
Moorpark College Academy Center	15,746,511	07/01/10
Moorpark College Health/Science Complex	733,486	07/01/10
Moorpark College Planning and Development (indirect costs)	595,681	07/01/10
Moorpark College CW Planning and Development (indirect costs)	11,195	07/01/10
Moorpark College Infrastructure	332,587	07/01/10
Moorpark College Data Switch Project	46,084	07/01/09
Moorpark College Piped Utility Systems	4,694	07/01/10
Moorpark College Master Plan	3,913	07/01/10
Oxnard College Auto Technology	588,980	07/01/10
Oxnard College Student Services Center	11,682,097	12/31/09
Oxnard College Learning Resources Center Renovation	667,348	07/01/11
Oxnard College Planning and Development Cost	517,690	07/01/11
Oxnard College CW Planning and Development Cost	123,966	07/01/11
Oxnard College PA/Classroom and Auditorium	259,617	07/01/10
Oxnard College Data Switch Project	43,587	07/01/09
Oxnard College Special Repairs	16,133	07/01/11
Oxnard College Master Plan	25,613	07/01/11
Oxnard College - INF Improvements Campus Site Finishes	8,038	07/01/11
Ventura College - Secondary and Tertiary	59,646	07/01/09
Ventura College Electrical Systems Upgrade	29,649	07/01/11
Ventura College Modernization	93,562	07/01/11
Ventura College Master Plan	17,934	07/01/11
Ventura College Renovate Athletic Facilities	860,853	07/01/11
Ventura College GP and High Tech Project	1,285,228	07/01/11
Ventura College Planning and Development Cost	744,323	07/01/11
Ventura College Piped Utility System	11,426	07/01/11
Ventura College Renovate Theater Building	481,593	07/01/11
Ventura College Telephone Data Switch	61,243	07/01/09
Fire/Sheriff Planning and Development Cost	161,753	07/01/10
Fire/Sheriff Data Switch Project	37,035	07/01/09
Fire/Sheriff Master Plan	56,727	07/01/10
Fire/Sheriff Academy	1,738,437	07/01/10
	<u>\$ 37,448,008</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

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

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

The District is also a member of the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority (the Authority), a component unit of the District. (See Note 1)

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 21, 2007	\$ -	\$150,053,533	\$150,053,533	0%	\$69,400,065	216%

SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2008

The Ventura County Community College District was established in 1962 and is comprised of an area of approximately 882 square miles located in Ventura County. There were no changes in the boundaries of the District during the current year. The District's three colleges are each accredited by the Western Association of Schools and Junior Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr. Larry O. Miller	Chair	2008
Mr. Robert O. Huber	Vice Chair	2008
Mr. Stephen P. Blum	Member	2010
Ms. Cheryl Heitmann	Member	2010
Mr. Arturo D. Hernández	Member	2010

ADMINISTRATION

Dr. James M. Meznik	Chancellor
Ms. Susan F. Johnson	Vice Chancellor, Business and Administrative Services
Dr. Richard Dawe	Vice Chancellor, Planning and Organizational Development
Ms. Patricia S. Parham	Associate Vice Chancellor, Human Resources
Mr. Dave Fuhrmann	Associate Vice Chancellor, Information Technology

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION		
HIGHER EDUCATION ACT		
Title V Hispanic Servicing Institutions	84.031S	\$ 1,325,947
TRIO Talent Search	84.044	27,774
Child Care Access Means Parents in School (CCAMPIS)	84.335A	43,500
WestEd CPEI	84.181	4,250
Passed through from Allan Hancock CCD		
Title V Cooperative	84.031S	77,024
FINANCIAL AID CLUSTER		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	309,245
Federal Family Education Loans (FFEL)	84.032	4,003,515
Federal College Work Study (FWS)	84.033	330,314
Federal Pell Grant (PELL)	84.063	11,077,507
Student Financial Aid Administrative Costs	84.063	63,542
Academic Competitiveness Grant (ACG)	84.375	66,950
VOCATIONAL AND TECHNICAL EDUCATION ACT		
Passed through from California Community College Chancellor's Office		
Perkins IV, Title I, Part C	84.048	572,454
VTEA II-B Consortium Grant	84.051	163,123
Tech Prep	84.243	205,139
Pass through from Department of Rehabilitation		
Workability III	84.126A	254,645
Pass through from the Foundation For California Community Colleges (FCCC)		
CCF Independent Living Program	84.132	10,197
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>18,535,126</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through from California Community College Chancellor's Office		
Foster Kinship Care Education	93.658	205,737
Passed through from County of Ventura Human Services Agency		
Title IV - E Casa Pacifica	93.658	599,363
Title IV - E Special Projects Training	93.658	251,663
Passed through from California Community College Chancellor's Office		
Temporary Assistance for Needy Families (TANF)	93.558	237,624
Passed through from Yosemite Community College District		
Child Care and Development Grant	93.575	50,546
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>1,344,933</u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF COMMERCE		
Passed through from National Oceanic and Atmospheric Administration (NOAA)		
Educational Partnership Program - White Abalone Restoration	11.481	\$ 118,487
TOTAL U.S. DEPARTMENT OF COMMERCE		<u>118,487</u>
U.S. DEPARTMENT OF LABOR		
Governor's WIA ADN	17.258	182,768
Veterans	17.804	17,114
TOTAL U.S. DEPARTMENT OF LABOR		<u>199,882</u>
NATIONAL SCIENCE FOUNDATION		
Project CREATE	47.076	14,328
Sinclair CCD Collaborative	47.076	12,308
NSF Scholarship Grant	47.049	5,000
TOTAL NATIONAL SCIENCE FOUNDATION		<u>31,636</u>
U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION (SBA)		
Passed through from Long Beach City College District		
Small Business Development Center	59.037	234,925
TOTAL U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION		<u>234,925</u>
DEPARTMENT OF INTERIOR		
Fish and Wildlife	15.xxx	225
TOTAL DEPARTMENT OF INTERIOR		<u>225</u>
TOTAL FEDERAL PROGRAMS		<u>\$20,465,214</u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
AB1725 Staff Diversity 07/09	\$ 62,696	\$ -	\$ 62,696
ADN RN Capacity Building	339,584	72,904	412,488
ADN RN Capacity Building	104,157	-	104,157
Alternate Text Production Center	1,098,685	-	1,098,685
Applied Technologies HUB 06-07	150,000	-	150,000
Applied Technologies HUB 07-08	150,000	-	150,000
Articulation 06-07	610	14,390	15,000
Articulation 07-08	15,000	-	15,000
Basic Skills and Immigrant Ed (06-07)	344,813	-	344,813
Basic Skills and Immigrant Ed 1x	223,675	-	223,675
Biotechnology Center Leadership 07-08	172,500	-	172,500
Block Grant FY06	191,298	-	191,298
Business and Workforce Performance (COE) 06-07	27,026	177,974	205,000
Business and Workforce Performance (COE) 07-08	205,000	-	205,000
Cal Grant B	1,188,718	12,410	1,201,128
Cal Grant C	28,944	-	28,944
CalWorks 07-08	836,014	-	836,014
Central Coast Applied Biotech Center 07-08	205,000	-	205,000
CITD 06-07 carryover	53,214	151,786	205,000
CITD 07-08	255,000	-	255,000
CITD HUB 06-07	120,919	81	121,000
CITD HUB 07-08	121,000	-	121,000
Cooperative Agency Resource Education (CARE) 07-08	332,089	-	332,089
Credit Matriculation 07-08	1,747,903	-	1,747,903
CTE Equipment for Nursing and Allied Health	169,001	-	169,001
Disabled Students Programs and Services (DSPS) 07-08	2,881,193	-	2,881,193
Disabled Students Programs and Services (DSPS) addtl 05-06	64,785	-	64,785
EcDev Quick Start Partnership - Env Technology	246,236	194,391	440,627
Enrollment Growth III Associate's Degree in Nursing 06-07 Yr 1	40,082	72,410	112,492
Enrollment Growth III Associate's Degree in Nursing 06-07 Yr 1	49,171	146,646	195,817
Enrollment Growth III Associate's Degree in Nursing 06-07 Yr 2	232,524	-	232,524
Enrollment Growth III Associate's Degree in Nursing 06-07 Yr 2	284,295	-	284,295
ESL/Basic Skills 07/08	336,247	-	336,247
Extended Opportunity Prog and Svc (EOPS) 07-08	2,357,456	-	2,357,456
Foster Kinship Care Education	173,788	-	173,788
FSS Mesa 07-08	81,500	-	81,500
IELM FY07 1x	451,811	-	451,811
IELM FY07 ongoing	84,418	-	84,418
IELM FY08 1x	93,322	-	93,322
IELM FY08 ongoing	270,963	-	270,963
Library Automation FY06	544	-	544
Library Automation FY07	4,843	-	4,843
Library Automation FY08	109,089	-	109,089
Local Priorities 1x	457,761	-	457,761
Long Beach CCD/SBDC Small Business Development Center	25,000	-	25,000

See accompanying note to supplementary information.

Program Revenues					
Cash	Accounts	Accounts	Deferred	Total	Program
Received	Receivable	Payable	Revenue	Revenue	Expenditures
\$ 62,696	\$ -	\$ -	\$ 26,524	\$ 36,172	\$ 36,172
339,584	-	-	-	339,584	339,584
104,157	-	-	11,935	92,222	92,222
1,098,685	-	-	7,562	1,091,123	1,091,123
126,000	24,000	-	-	150,000	150,000
126,000	-	-	33,221	92,779	92,779
610	-	-	4	606	606
15,000	-	-	1,068	13,932	13,932
344,813	-	-	265,512	79,301	79,301
223,675	-	-	56,368	167,307	167,307
144,900	21,328	-	-	166,228	166,228
191,298	-	-	79,110	112,188	112,188
-	27,026	-	-	27,026	27,026
172,200	10,233	-	-	182,433	182,433
1,201,128	29,490	29,490	-	1,201,128	1,201,128
28,944	-	-	-	28,944	28,944
836,014	2,914	-	3,412	835,516	835,516
172,200	-	-	85,076	87,124	87,124
20,414	32,785	-	-	53,199	53,199
172,200	2,439	-	-	174,639	174,639
101,559	19,360	-	-	120,919	120,919
101,640	-	-	54,794	46,846	46,846
332,089	-	-	3,443	328,646	328,646
1,747,903	-	-	1,497	1,746,406	1,746,406
169,001	-	-	169,001	-	-
2,881,193	-	-	6,668	2,874,525	2,874,525
64,785	-	-	55,654	9,131	9,131
-	136,942	-	-	136,942	136,942
40,083	-	-	-	40,083	40,083
49,170	-	-	-	49,170	49,170
232,524	-	-	126,852	105,672	105,672
284,295	-	-	136,005	148,290	148,290
323,091	-	-	323,091	-	-
2,357,456	4,503	-	30,673	2,331,286	2,331,286
-	171,900	-	-	171,900	171,900
61,125	5,156	-	-	66,281	66,281
451,811	-	-	146,798	305,013	305,013
84,418	-	-	23,127	61,291	61,291
93,322	-	-	93,322	-	-
270,963	-	-	245,933	25,030	25,030
544	-	-	-	544	544
4,843	-	-	-	4,843	4,843
109,089	-	-	5,639	103,450	103,450
457,761	-	-	-	457,761	457,761
24,918	-	-	-	24,918	24,918

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Long Beach CCD/SBDC Small Business Development Center	\$ 85,083	\$ 21,917	\$ 107,000
Middle College High School (MCHS) 07-08	136,769	-	136,769
Non Credit Matriculation 07-08	63,718	-	63,718
Pasadena CCD SB70 Biotech Quick Start subgrant	16,926	7,074	24,000
Restricted Lottery	1,178,303	-	1,178,303
SB70 Faculty/Counselor Work Experience	50,000	-	50,000
SB70 Strengthening CTE	250,000	-	250,000
Staff Development FY07	109,295	-	109,295
State Instructional Equip 04/06	228,845	-	228,845
Student Financial Aid Administration Allowance 07-08	973,085	-	973,085
TTIP TCO (Cal Ren)	-	143,330	143,330
TTIP TCO (Cal Ren)	35,280	-	35,280
Workplace Resource Learning Center 07-08	205,000	-	205,000
Total	<u>\$ 19,720,178</u>	<u>\$ 1,015,313</u>	<u>\$ 20,735,491</u>

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 30,647	\$ -	\$ -	\$ -	\$ 30,647	\$ 30,647
54,708	82,048	-	-	136,756	136,756
63,718	-	-	401	63,317	63,317
2,506	14,421	-	-	16,927	16,927
1,163,673	-	-	396,678	766,995	766,995
25,000	-	-	15,517	9,483	9,483
125,000	25,453	-	-	150,453	150,453
109,295	-	-	54,273	55,022	55,022
228,846	-	-	12,099	216,747	216,747
973,085	-	-	21,553	951,532	951,532
143,330	-	-	59,497	83,833	83,833
35,280	-	-	35,280	-	-
172,200	32,553	-	-	204,753	204,753
<u>\$ 18,751,389</u>	<u>\$ 642,551</u>	<u>\$ 29,490</u>	<u>\$ 2,587,587</u>	<u>\$ 16,776,863</u>	<u>\$ 16,776,863</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

CATEGORIES	<u>Revised Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession			
1. Noncredit	14	-	14
2. Credit	1,370	-	1,370
B. Summer Intersession			
1. Noncredit	17	-	17
2. Credit	958	-	958
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,293	-	19,293
(b) Daily Census Contact Hours	1,701	-	1,701
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	508	-	508
(b) Credit	631	-	631
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,012	-	1,012
(b) Daily Census Contact Hours	877	-	877
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>26,381</u>	<u>-</u>	<u>26,381</u>
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	74	-	74
2. Credit	977	-	977
	<u>1,051</u>	<u>-</u>	<u>1,051</u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2008.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

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

Total Fund Balance:

General Fund	\$21,935,681	
Special Revenue Funds	605,621	
Capital Project Funds	65,176,543	
Debt Service Funds	6,910,940	
Enterprise Funds	5,084,623	
Internal Service Funds	7,654,271	
Fiduciary Funds	5,706,136	
Total Fund Balance - All District Funds		\$ 113,073,815

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

The cost of capital assets is	414,580,962	
Accumulated depreciation is	(62,986,693)	
Less fixed assets already recorded in the enterprise funds	<u>(100,775)</u>	351,493,494
Amounts held in trust on behalf of others (Trust and Agency Funds)		(5,694,064)

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.

(2,600,107)

Long-term obligations at year end consist of:

Bonds payable	126,980,000	
Notes payable	2,157,398	
Capital leases payable	50,887	
Net OPEB obligation	1,771,328	
Load banking	1,199,379	
Compensated absences	3,010,308	
Less load banking already recorded in funds	(1,199,379)	
Less compensated absences already recorded in funds	<u>(823,040)</u>	<u>(133,146,881)</u>
Total Net Assets		\$ 323,126,257

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Schedule of Expenditures of State Awards

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

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

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

Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the financial statements of the business-type activities of the Ventura County Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 25, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Ventura County Community College District in a separate letter dated November 25, 2008.

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

Vannich, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 25, 2008



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

Board of Trustees
Ventura County Community College District
Ventura, California

Compliance

We have audited the compliance of Ventura County Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Ventura County Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Ventura County Community College District's management. Our responsibility is to express an opinion on Ventura County Community College District's compliance based on our audit.

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

In our opinion, Ventura County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Ventura County Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Ventura County Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ventura County Community College District's internal control over compliance.

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

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

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

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

Vannik, Tume, Day & Co., LLP

Rancho Cucamonga, California
November 25, 2008



REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the financial statements of the Ventura County Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 25, 2008.

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

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

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

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

Section 432: Enrollment Fee

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

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds

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

Facilities

Section 434: Scheduled Maintenance Program

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

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

In our opinion, the Ventura County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

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

Kenneth, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 25, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033, 84.063, 84.375	Financial Aid Cluster
84.048	Perkins IV, Title I, Part C
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 613,956</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

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

Cafeteria Cash Collections (Ventura and Moorpark)

2007-1 Finding

It was noted at Ventura and Moorpark that numerous student workers and District cafeteria employees have access to the same register at the same time. Currently, procedures are not in place to ensure that employees log in and out of the register while performing the cashier's responsibilities, nor are separate drawers being assigned to employees. Several employees have access to the cash at all times without any one individual having responsibility for the cash within the cashier's drawer.

Recommendation

Controls should be placed to ensure that access to the cashier's drawer is limited to the person responsible for the drawer for that particular shift. At the end of each shift, cash should be counted in dual control and reconciled to the tape register totals to ensure that all cash that should have been received was deposited. Any differences should be reconciled in a timely manner.

Current Status

Implemented.

Cafeteria (Ventura)

2007-2 Finding

The same individual who is responsible for completing the cash register reconciliation to the daily sales also prepares the deposits.

Recommendation

Procedures should be put into place to provide for an appropriate segregation of duties. The person who reconciles the daily sales to the cash register should be independent to the person who prepares the deposit. These controls should be performed by separate individuals and reviewed by independent personnel to prevent any type of misappropriation of District assets.

Current Status

Implemented.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Cafeteria (All Campuses)

2007-3 Finding

The three College cafeterias operate at less than break-even. Transfers in from other funds were necessary in two of the three Colleges to ensure the retained earnings remained in a positive position at year end.

Recommendation

The District will need to monitor the expenditures with the various campus cafeterias to ensure they do not continue to operate in a negative.

Current Status

Not implemented. See the management letter.

FEDERAL

Cash Management

Federal Programs Affected - Student Financial Aid Cluster – U.S. Department of Education (DOE), Federal Supplemental Education Opportunity Grant (FSEOG) (CFDA# 84.007), Federal Pell Grant Program (CFDA #84.063), Federal Work Study Program (CFDA #84.033), Federal Family Educational Loans (CFDA #84.032), and Academic Competitiveness Grant (ACG) (CFDA #84.375)

2007-4 Finding

The investment account, which the District maintains its SFA funds in, is not an interest bearing account as required by the Department of Education.

Impact

The District is at risk on noncompliance with the Cash Management criteria.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Criteria

Maintaining and accounting for funds: Code of Federal Regulations (CFR) 34 CFR 668.163.

All entities receiving Federal financial aid funds must maintain a bank account into which the Department of Education transfers, or the school deposits, FSA program funds. As outlined below, the following two criteria need to be met:

- The requirements are that a school must maintain a bank account that is federally insured or secured by collateral of value reasonably equivalent to the amount of FSA program funds in the account. Also, for each account that contains FSA program funds, a school must identify that FSA program funds are maintained in the account by including the phrase Federal funds in the name of the account or notify the bank that the account contains FSA program funds. Absent a separate bank account for the federal funds, the school must ensure that its accounting records clearly reflect that it segregates Federal FSA funds from all other funds.
- The investment account which the school maintains these funds must be maintained in an interest bearing account, and all interest earned over \$250 per year must be returned to the Department of Education.

Questioned Costs

None.

Recommendation

The bank account which handles the GAPS deposits is not an interest bearing account. The District will need to make sure the student financial aid bank account becomes an interest bearing account to comply with Federal regulations.

Current Status

Implemented.

STATE

Health Fees (Oxnard)

2007-5 Finding

Education Code Section 73655 permits community colleges to charge a mandatory health fee as long as the college exempts certain students from the fee. The College has adopted policies regarding the exemptions. However, Oxnard College did not have a clear and defined process for claiming the exemption when a student registers. It is important that the College has a clear process to ensure that eligible students are able to claim the exemption.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Recommendation

It is recommended that the College implement a process for students to claim the exemption.

Current Status

Implemented.

Standards of Scholarship (Ventura and Oxnard)

2007-6 Finding

As a minimum condition to receive State aid, districts are required to meet certain minimum conditions. The following areas of concern were noted:

- **Ventura College:** A college may claim apportionment for a student repeating a course for three semesters or five quarters if the course content changes each time according to California Code of Regulations (CCR), Title 5, Section 58161. At Ventura College, one student selected for testing had repeated an Art V90 four times. Therefore, this course should not have been claimed for apportionment.
- **Oxnard College:** A college must maintain a true and complete academic history showing all course repetitions according to CCR, Title 5, Section 55763 (d). At Oxnard College, one student that was tested had repeated an Economic 101 course at both Ventura and Oxnard College; however, Oxnard College did not realize the student had already repeated the course at Ventura College. This caused the student to receive additional apportionment credit for the same course at Oxnard College.

California Code of Regulations, Title 5, Sections 55763 and 58161 (b) allows one repetition of a course where substandard work has previously been recorded based on certain criteria. The college/district can claim apportionment for the repetition of the course (based on certain criteria) and the provision would also allow the previous grade to be disregarded and the new one counted in the calculation of the student's grade point average. A student can repeat a course as many times as they are approved for. What is prohibited is claiming FTES for subsequent course repetitions beyond the first repetition.

Recommendation

We recommend that the District follow the provisions stated which prohibits claiming State apportionment for repetitions beyond the first repeat.

Current Status

No follow up audit procedures were done on Standards of Scholarship as this program was excluded from the California Community College's Contracted District Manual (CDAM) due to the fact that Title V requirements are being updated. This finding will be re-evaluated next fiscal year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Standards of Scholarship (Moorpark)

2007-7 Finding

CCR, Title 5, Section 55756.5 requires community colleges to place a limit on the amount of remedial coursework a student may receive credit for and requires the district to communicate this policy to the students. The District has adopted such a policy, but Moorpark College has not communicated the policy to its students in the course catalog.

Recommendation

It is recommended that the College publish the District's policy regarding remedial course limitations in their school catalog.

Current Status

No follow up audit procedures were done on Standards of Scholarship as this program was excluded from the California Community College's Contracted District Manual (CDAM) due to the fact that Title V requirements are being updated.

California Work Opportunity and Responsibility to Kids (CalWORKs) State Funds and CalWORKs Federal Temporary Assistance for Needy Families Funds (Moorpark and Oxnard)

2007-8 Finding

In our sample of 25 CalWORKs recipients for eligibility requirements tested at each college of the Ventura County Community College District, we noted the following issues of noncompliance:

- **Moorpark College:** We noted seven CalWORKs recipients who were receiving CalWORKs services did not have the *proper* eligibility documented through the County Welfare Department for each academic term the recipient was served. We also were unable to determine if eligibility was verified at the beginning of each term for those students who were verified using the County Data Match. The CalWORKs Department at Moorpark College does not have a consistent tracking mechanism for tracking student eligibility.
- **Oxnard College:** We noted two CalWORKs recipients who were receiving CalWORKs services did have the proper eligibility documented through the County Data Match for each academic term the recipient was served; however, we were unable to determine if the eligibility was verified at the beginning of each term as required in the 2006-2007 CalWORKs Handbook Guidelines.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Recommendation

The California Community Colleges Chancellor's Office CalWORKs Program Handbook Guidelines Section V subsection Eligibility Documentation states, "Eligibility for services must be coordinated through the local county welfare department. Once the initial eligibility determination is made by the county welfare department, on-going communication with the County is essential to ensure that a student remains in good standing. Eligibility determinations must be conducted at the beginning of each term to ensure students are eligible for services prior to receiving them."

We recommend that the District and Colleges continue to strengthen their procedures for student eligibility for all CalWORKs and TANF-funded services to ensure continued eligibility is verified at the beginning of each academic term. Services provided through other college departments, like the Child Care Center, should be coordinated with the CalWORKs program office to also verify a student's ongoing eligibility for services, academic progress, and to monitor programs expenses that are directly attributable to support for the identified CalWORKs eligible recipients.

Current Status

Implemented.