



**VENTURA COUNTY
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2009

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 Ventura County Community College District (the District) as of and for the years ended June 30, 2009 and 2008, 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 opinions.

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 Ventura County Community College District as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding allocations of Ventura County Community College District.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Veronica, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2009



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, 2009. The report consists of three basic financial statements: the Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements 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, 2009. 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 2008-2009 fiscal year, the reported FTES were 29,348 as compared to 26,381 in the 2007-2008 fiscal year. The fully funded cap for fiscal year 2008-2009 is 26,847 as compared to 26,381 for 2007-2008.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$42.1 million in the 2008-2009 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, 2009

- Costs for employee salaries increased by 5.4 percent or \$5.4 million in the 2008-2009 fiscal year and costs associated with employee benefits increased by 10.7 percent or \$3.7 million. This increase in the benefit costs has been due to the increase in health and medical rates.
- During the 2008-2009 fiscal year, the District provided almost \$17.2 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 System's Office, and local funding.

The District issued \$85 million in general obligation bonds on August 12, 2002, with an additional \$80 million on October 26, 2005, and \$191.3 million on October 28, 2008, which represents the last issuance of the \$356.3 million approved by the voters in the March 2002 local election 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, 2009

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
ASSETS			
Current Assets			
Cash and investments	\$ 279,198	\$ 119,760	\$ 153,356
Accounts receivable (net)	30,777	17,910	14,286
Other current assets	2,604	2,475	2,287
Total Current Assets	<u>312,579</u>	<u>140,145</u>	<u>169,929</u>
Capital Assets (net)	<u>401,214</u>	<u>351,594</u>	<u>323,782</u>
Total Assets	<u><u>\$ 713,793</u></u>	<u><u>\$ 491,739</u></u>	<u><u>\$ 493,711</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 31,824	\$ 27,750	\$ 28,071
Amounts held in custody for others	6,909	5,694	5,025
Current portion of long-term obligations	2,666	2,597	13,323
Total Current Liabilities	<u>41,399</u>	<u>36,041</u>	<u>46,419</u>
Long-Term Obligations	<u>326,208</u>	<u>132,572</u>	<u>132,102</u>
Total Liabilities	<u><u>367,607</u></u>	<u><u>168,613</u></u>	<u><u>178,521</u></u>
NET ASSETS			
Invested in capital assets	83,478	224,563	184,793
Restricted	232,812	76,960	111,874
Unrestricted	29,896	21,603	18,523
Total Net Assets	<u>346,186</u>	<u>323,126</u>	<u>315,190</u>
Total Liabilities and Net Assets	<u><u>\$ 713,793</u></u>	<u><u>\$ 491,739</u></u>	<u><u>\$ 493,711</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, 2009

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)

	2009	2008	2007
Operating Revenues			
Tuition and fees	\$ 16,069	\$ 15,381	\$ 15,749
Auxiliary sales and charges/Other operating	12,989	13,246	12,375
Total Operating Revenues	<u>29,058</u>	<u>28,627</u>	<u>28,124</u>
Operating Expenses			
Salaries and benefits	143,971	134,880	120,528
Supplies and maintenance	31,960	35,459	35,292
Student financial aid	17,201	13,110	11,232
Depreciation	7,404	6,372	4,516
Total Operating Expenses	<u>200,536</u>	<u>189,821</u>	<u>171,568</u>
Loss on Operations	<u>(171,478)</u>	<u>(161,194)</u>	<u>(143,444)</u>
Nonoperating Revenues (Expenses)			
State apportionments	75,439	70,613	63,774
Property taxes	65,613	55,040	59,289
Grants and contracts	37,474	32,770	30,839
State revenues	4,177	3,828	7,174
Net interest expense	(5,908)	(416)	315
Other nonoperating revenues	6,746	5,786	4,504
Total Nonoperating Revenue	<u>183,541</u>	<u>167,621</u>	<u>165,895</u>
Other Revenues			
State and local capital income	<u>10,997</u>	<u>1,510</u>	<u>5,032</u>
Net Increase in Net Assets	<u>\$ 23,060</u>	<u>\$ 7,937</u>	<u>\$ 27,483</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 an increase in the property taxes levied and received from property within the county. We also noted an increase in State apportionment.

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, 2009

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 \$6.4 million was offset by interest expense of \$12.3 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is up approximately \$.3 million over the 2007-2008 fiscal year due to an increase in the balance of cash held at the County Treasury as a result of the \$191.3 million bond issuance on October 28, 2008. Interest expense has increased approximately \$5.8 million due to more 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>Student Financial Aid</u>	<u>Equipment and Repairs</u>	<u>Depreciation</u>	<u>Total</u>
Academic support	\$ 11,876	\$ 3,677	\$ 483	\$ -	\$ -	\$ -	\$ 16,036
Administrative support	15,575	8,103	7,763	-	-	-	31,441
Ancillary and auxiliary	3,733	1,320	11,067	-	-	-	16,120
Community services	1,057	281	1,182	-	-	-	2,520
Instructional	55,815	16,310	1,713	-	-	-	73,838
Instructional support	2,575	724	538	-	-	-	3,837
Plant operations	4,978	2,036	5,359	-	-	-	12,373
Student aid	-	-	623	17,201	-	-	17,824
Student services	10,224	2,338	1,510	-	-	-	14,072
Postemployment benefits	-	3,342	-	-	-	-	3,342
Depreciation	-	-	-	-	-	7,404	7,404
Physical property	5	1	1,609	-	114	-	1,729
Total	<u>\$105,838</u>	<u>\$38,132</u>	<u>\$ 31,847</u>	<u>\$ 17,201</u>	<u>\$ 114</u>	<u>\$ 7,404</u>	<u>\$200,536</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Changes in Cash Position

Table 4

(Amounts in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash Provided by (Used in)			
Operating activities	\$ (156,824)	\$ (152,789)	\$ (138,708)
Noncapital financing activities	161,020	156,700	154,980
Capital financing activities	149,753	(43,954)	(32,589)
Investing activities	5,489	9,575	8,073
Net Increase (Decrease) in Cash	<u>159,438</u>	<u>(30,468)</u>	<u>(8,244)</u>
Cash, Beginning of Year	<u>119,760</u>	<u>150,228</u>	<u>158,472</u>
Cash, End of Year	<u><u>\$ 279,198</u></u>	<u><u>\$ 119,760</u></u>	<u><u>\$ 150,228</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, 2009, the District had \$401.2 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2008, our net capital assets were \$351.6 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 2009-2010 fiscal year and beyond with primary funding through our general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Table 5

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 211.9	\$ 55.5	\$ (42.1)	\$ 225.3
Buildings and improvements	185.8	42.1	-	227.9
Equipment and vehicles	16.9	1.5	-	18.4
Subtotal	414.6	99.1	(42.1)	471.6
Accumulated depreciation	(63.0)	(7.4)	-	(70.4)
	<u>\$ 351.6</u>	<u>\$ 91.7</u>	<u>\$ (42.1)</u>	<u>\$ 401.2</u>

Obligations

At the end of the 2008-2009 fiscal year, the District had \$317.7 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	\$ 127.0	\$ 191.8	\$ (1.1)	\$ 317.7
Notes payable	2.2	-	(0.5)	1.7
	129.2	191.8	(1.6)	319.4
Other liabilities	6.0	9.9	(6.4)	9.5
Total Long-Term Obligations	<u>\$ 135.2</u>	<u>\$ 201.7</u>	<u>\$ (8.0)</u>	<u>\$ 328.9</u>
Amount due within one year				<u>\$ 2.7</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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 2008-2009 fiscal year on September 8, 2009.

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 projects moderate growth for the upcoming fiscal year, but no funding for growth is included in the State Budget. The final State budget eliminated any projected growth funding for 2009-2010 and included instead a "negative growth" factor by reducing our base FTES. The total general revenue for 2009-2010 assumes that the colleges will collectively generate 25,849 funded FTES. This decrease of approximately 1,000 FTES reflects the adjustment to workload measures (FTES) intended by the Legislature, consistent with the projected reduced apportionment revenue. The elimination of State-funded growth in 2009-2010 will result in the lack of additional revenue in budget year 2010-2011.

There was no Cost of Living Adjustment (COLA) in fiscal year 2009-2010. The State is unlikely to fund any COLA for fiscal year 2010-2011.

The State Controller confirmed that the State revenues for the first quarter of this fiscal year were \$1.1 billion below the recently amended 2009-2010 Budget Act estimates. The State started the fiscal year with an \$11.9 billion cash deficit in the General Fund, which grew to \$16.2 billion by September 30.

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 140,745	\$ 143,910
Cash and cash equivalents - restricted	31,631	25,751
Investments - unrestricted	24,948,035	27,303,108
Investments - restricted	254,077,097	92,286,744
Accounts receivable, net	26,641,497	14,729,253
Student loans receivable, net	4,135,526	3,181,174
Prepaid expenses	577,383	220,877
Inventories	2,027,204	2,254,134
Total Current Assets	<u>312,579,118</u>	<u>140,144,951</u>
NONCURRENT ASSETS		
Nondepreciable capital assets	225,327,870	211,900,189
Capital assets, net of depreciation	175,886,132	139,694,080
Total Noncurrent Assets	<u>401,214,002</u>	<u>351,594,269</u>
TOTAL ASSETS	<u>713,793,120</u>	<u>491,739,220</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	14,228,863	14,276,600
Accrued interest payable	6,181,326	2,600,107
Deferred revenue	11,411,171	10,869,892
Other current liabilities	3,154	3,000
Amounts held in custody on behalf of others	6,908,618	5,694,064
Accrued compensated absences	903,999	823,040
Bonds and notes payable	1,756,271	1,582,503
Lease obligations	5,331	45,566
Other obligations	-	146,342
Total Current Liabilities	<u>41,398,733</u>	<u>36,041,114</u>
NONCURRENT LIABILITIES		
Accrued compensated absences payable	2,315,391	2,187,268
Bonds and notes payable	317,663,825	127,554,895
Lease obligations	-	5,321
Other long-term obligations	6,229,007	2,824,365
Total Noncurrent Liabilities	<u>326,208,223</u>	<u>132,571,849</u>
TOTAL LIABILITIES	<u>367,606,956</u>	<u>168,612,963</u>
NET ASSETS		
Invested in capital assets, net of related debt	83,478,470	224,563,382
Restricted for:		
Debt service	8,480,126	4,310,833
Capital projects	219,866,378	65,176,543
Educational programs	3,844,820	4,267,011
Other activities	620,593	605,621
Unrestricted	29,895,777	24,202,867
Total Net Assets	<u>\$ 346,186,164</u>	<u>\$ 323,126,257</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, 2009 AND 2008**

	2009	2008
OPERATING REVENUES		
Student Tuition and Fees	\$ 21,661,330	\$ 20,122,418
Less: Scholarship discount and allowance	(5,592,650)	(4,741,640)
Net tuition and fees	<u>16,068,680</u>	<u>15,380,778</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	11,076,667	11,417,051
Cafeteria	1,767,485	1,710,083
Other Operating Revenues	145,520	119,298
TOTAL OPERATING REVENUES	<u>29,058,352</u>	<u>28,627,210</u>
OPERATING EXPENSES		
Salaries	105,838,278	100,417,853
Employee benefits	38,132,474	34,462,039
Supplies, materials, and other operating expenses and services	31,846,844	31,983,257
Student financial aid	17,201,203	13,110,291
Equipment, maintenance, and repairs	113,583	3,474,999
Depreciation	7,404,005	6,372,419
TOTAL OPERATING EXPENSES	<u>200,536,387</u>	<u>189,820,858</u>
OPERATING LOSS	<u>(171,478,035)</u>	<u>(161,193,648)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	75,439,041	70,612,791
Local property taxes, levied for general purposes	49,172,305	48,914,559
Taxes levied for other specific purposes	16,440,924	6,125,260
Federal grants	21,436,075	16,461,699
State grants	16,038,013	16,308,539
State taxes and other revenues	4,176,907	3,828,662
Investment income	6,098,657	5,644,732
Interest expense on capital related debt	(12,258,964)	(6,481,910)
Investment income on capital asset-related debt, net	251,885	420,654
Transfer from agency fund	165,956	62,500
Transfer to agency fund	(1,191,255)	(297,511)
Other nonoperating revenue	7,771,469	6,020,474
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>183,541,013</u>	<u>167,620,449</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>12,062,978</u>	<u>6,426,801</u>
State revenues, capital	9,867,519	1,333,769
Local revenues, capital	1,129,410	176,173
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>10,996,929</u>	<u>1,509,942</u>
CHANGE IN NET ASSETS	<u>23,059,907</u>	<u>7,936,743</u>
NET ASSETS, BEGINNING OF YEAR	<u>323,126,257</u>	<u>315,189,514</u>
NET ASSETS, END OF YEAR	<u>\$ 346,186,164</u>	<u>\$ 323,126,257</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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 16,027,579	\$ 15,482,862
Payments to vendors for supplies and services	(26,488,624)	(35,992,019)
Payments to or on behalf of employees	(142,151,283)	(132,416,469)
Payments for scholarships and grants	(17,201,203)	(13,110,291)
Auxiliary enterprise sales and charges	12,989,672	13,246,432
Net Cash Flows from Operating Activities	<u>(156,823,859)</u>	<u>(152,789,485)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	67,484,407	69,237,482
Grants and contracts	36,341,796	32,784,655
Property taxes - nondebt related	49,172,305	48,914,559
State taxes and other apportionments	(2,491,601)	4,579,504
Other nonoperating	10,512,708	1,183,744
Net Cash Flows From Noncapital Financing Activities	<u>161,019,615</u>	<u>156,699,944</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(55,914,947)	(33,124,942)
State revenue, capital projects	10,996,929	1,509,942
Property taxes - related to capital debt	16,440,924	6,125,260
Proceeds from capital debt	191,865,201	15,623
Principal paid on capital debt	(1,628,059)	(12,418,416)
Interest paid on capital debt	(12,258,964)	(6,481,910)
Interest received on capital asset-related debt	251,885	420,654
Net Cash Flows From Capital Financing Activities	<u>149,752,969</u>	<u>(43,953,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	3,127,188
Interest received from investments	5,489,270	6,447,430
Net Cash Flows From Investing Activities	<u>5,489,270</u>	<u>9,574,618</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	159,437,995	(30,468,712)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>119,759,513</u>	<u>150,228,225</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 279,197,508</u>	<u>\$ 119,759,513</u>

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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTUALS		
Operating Loss	\$ (171,478,035)	\$ (161,193,648)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	7,404,005	6,372,419
Changes in assets and liabilities:		
Receivables, net	(954,352)	(527,481)
Inventories	226,930	(135,192)
Prepaid expenses	(356,506)	(52,724)
Accounts payable and accrued liabilities	(1,156,374)	(40,788)
Accrued interest payable	3,581,219	(121,358)
Deferred revenue	1,227,318	92,659
OPEB obligation	3,342,345	1,771,328
Compensated absences	125,037	375,751
Funds held for others	1,214,554	669,549
Total Adjustments	<u>14,654,176</u>	<u>8,404,163</u>
Net Cash Used By Operating Activities	<u>\$ (156,823,859)</u>	<u>\$ (152,789,485)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 172,376	\$ 169,661
Cash in county treasury	279,025,132	119,589,852
Total Cash and Cash Equivalents	<u>\$ 279,197,508</u>	<u>\$ 119,759,513</u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 2,480,683</u>	<u>\$ 2,408,410</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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 legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

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

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>2009</u>
Revenues	
Distribution from Santa Paula Redevelopment Agency	\$ 69,524
Interest	<u>7,959</u>
Total Revenues	<u>77,483</u>
Expenses	
Santa Paula Center Building Lease Payments	<u>57,600</u>
Net Change	19,883
Beginning Balance	<u>235,699</u>
Ending Balance	<u><u>\$ 255,582</u></u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are 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 are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges System's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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*.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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 unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

Investments held at June 30, 2009 and 2008, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

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 \$1,393,635 and \$1,262,984 for the years ended June 30, 2009 and 2008, respectively.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2009.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Inventories

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.

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. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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.

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to imposed 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.

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 \$232,811,917 of restricted net assets.

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. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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 revenue received for the repayment of the bonds for the years ended June 30, 2009 and 2008, was \$16,440,924 and \$6,125,260, 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 third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2009 and 2008, the District distributed \$5,843,891 and \$4,003,515, 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, 2009 AND 2008

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

In April 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements for State and local governmental entities that are presented in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

In April 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the AICPA's Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles: related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than auditing literature. GASB Statement No. 56 is effective immediately.

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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

NOTE 3 - DEPOSITS 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.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

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, 2009, consist of the following:

Cash on hand and in banks	\$ 172,376
Investments	279,025,132
Total Deposits and Investments	<u><u>\$ 279,197,508</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County 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><u>\$ 282,866,252</u></u>	346*

* 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, 2009</u>
County Pool	<u><u>\$ 282,866,252</u></u>	N/A	AAAF

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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, 2009, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - ACCOUNTS RECEIVABLES

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

	<u>2009</u>	<u>2008</u>
Federal Government		
Categorical aid	\$ 2,394,410	\$ 1,233,782
Other Federal aid	314,735	314,735
State Government		
Apportionment	11,515,269	4,275,010
Categorical aid	393,413	642,551
Lottery	2,012,836	1,360,399
State construction claims	7,068,393	48,868
Other State sources	57,747	812,063
Local Sources		
Interest	1,672,071	1,062,684
Other local sources	1,240,201	4,979,161
Reserve	(27,578)	-
Total	<u>\$ 26,641,497</u>	<u>\$ 14,729,253</u>
Student loan receivables	\$ 5,501,583	\$ 4,444,158
Less reserve	(1,366,057)	(1,262,984)
Student loan receivables, net	<u>\$ 4,135,526</u>	<u>\$ 3,181,174</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2009, 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	91,424,362	55,529,136	42,101,455	104,852,043
Total Capital Assets Not Being Depreciated	<u>211,900,189</u>	<u>55,529,136</u>	<u>42,101,455</u>	<u>225,327,870</u>
Capital Assets Being Depreciated				
Buildings and improvements	165,378,727	17,885,943	-	183,264,670
Site improvements	20,363,425	24,215,512	-	44,578,937
Furniture and equipment	14,884,569	1,389,783	-	16,274,352
Vehicles	2,054,052	104,819	-	2,158,871
Total Capital Assets Being Depreciated	<u>202,680,773</u>	<u>43,596,057</u>	<u>-</u>	<u>246,276,830</u>
Total Capital Assets	<u>414,580,962</u>	<u>99,125,193</u>	<u>42,101,455</u>	<u>471,604,700</u>
Less Accumulated Depreciation				
Buildings and improvements	43,046,142	4,337,370	-	47,383,512
Site improvements	6,905,413	1,642,620	-	8,548,033
Furniture and equipment	11,394,490	1,289,903	-	12,684,393
Vehicles	1,640,648	134,112	-	1,774,760
Total Accumulated Depreciation	<u>62,986,693</u>	<u>7,404,005</u>	<u>-</u>	<u>70,390,698</u>
Net Capital Assets	<u>\$ 351,594,269</u>	<u>\$91,721,188</u>	<u>\$42,101,455</u>	<u>\$ 401,214,002</u>

Depreciation expense for the year was \$7,404,005.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

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	199,968,564	32,683,759	20,752,134	211,900,189
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	181,729,776	22,253,047	1,302,050	202,680,773
Total Capital Assets	381,698,340	54,936,806	22,054,184	414,580,962
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	57,916,324	6,372,419	1,302,050	62,986,693
Net Capital Assets	\$ 323,782,016	\$48,564,387	\$20,752,134	\$ 351,594,269

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

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2009	2008
Accrued payroll and benefits	\$ 2,299,508	\$ 3,947,421
Construction	6,942,537	5,833,746
Student liability	1,213,853	1,077,323
Federal categorical aid	442,994	143,115
Other	3,329,971	3,274,995
Total	\$ 14,228,863	\$ 14,276,600

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	<u>2009</u>	<u>2008</u>
Federal categorical aid	\$ 42,515	\$ 38,663
State categorical aid	2,495,417	2,185,202
Lottery	368,330	396,678
Apportionment	187,647	215,678
Schedule maintenance	1,613,428	2,061,870
Other State	49,059	258,613
Enrollment fees/student fees	6,096,334	5,183,083
Other local	558,441	530,105
Total	<u>\$ 11,411,171</u>	<u>\$ 10,869,892</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Balances owing between funds at year-end were \$7,254,257 and \$1,486,662 for the years ended June 30, 2009 and 2008, respectively. 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 balances at June 30, 2009 and 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, 2009 AND 2008**

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2009 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	\$ 63,500,000	\$ -	\$1,000,000	\$ 62,500,000	\$1,000,000
General obligation bonds, 2002 Series B	63,480,000	-	115,000	63,365,000	265,000
General obligation bonds, 2002 Series C	-	191,865,201	-	191,865,201	-
Notes payable	2,157,398	-	467,503	1,689,895	491,271
Total Bonds and Notes Payable	<u>129,137,398</u>	<u>191,865,201</u>	<u>1,582,503</u>	<u>319,420,096</u>	<u>1,756,271</u>
Other Liabilities					
Compensated absences	3,010,308	209,082	-	3,219,390	903,999
Load banking	1,199,379	-	84,045	1,115,334	-
Capital leases	50,887	-	45,556	5,331	5,331
Net OPEB obligation	1,771,328	9,616,272	6,273,927	5,113,673	-
Total Other Liabilities	<u>6,031,902</u>	<u>9,825,354</u>	<u>6,403,528</u>	<u>9,453,728</u>	<u>909,330</u>
Total Long-Term Obligations	<u><u>\$135,169,300</u></u>	<u><u>\$201,690,555</u></u>	<u><u>\$7,986,031</u></u>	<u><u>\$ 328,873,824</u></u>	<u><u>\$2,665,601</u></u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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	<u>141,497,282</u>	<u>-</u>	<u>12,359,884</u>	<u>129,137,398</u>	<u>1,582,503</u>
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	<u>3,927,732</u>	<u>2,162,702</u>	<u>58,532</u>	<u>6,031,902</u>	<u>1,014,948</u>
Total Long-Term Obligations	<u>\$ 145,425,014</u>	<u>\$ 2,162,702</u>	<u>\$ 12,418,416</u>	<u>\$ 135,169,300</u>	<u>\$ 2,597,451</u>

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local tax collections. 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.

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, 2009, \$356,347,814 had been issued and \$317,730,201 was outstanding. Interest rates on the bonds range from 3.0 percent to 7.5 percent.

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, 2009, \$1,689,895 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 land, buildings, and equipment. The current lease purchase agreements will be paid through August 2009.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds
					Outstanding July 1, 2008	Issued	Addition	Redeemed	Outstanding June 30, 2009
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$ 85,000,000	\$ 63,500,000	\$ -	\$ -	\$ 1,000,000	\$ 62,500,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	63,480,000	-	-	115,000	63,365,000
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	-	191,347,814	517,387	-	191,865,201
					<u>\$ 126,980,000</u>	<u>\$ 191,347,814</u>	<u>\$ 517,387</u>	<u>\$ 1,115,000</u>	<u>\$ 317,730,201</u>

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
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	2,600,000	2,923,500	5,523,500
2015-2019	15,600,000	12,432,500	28,032,500
2020-2024	20,300,000	7,846,250	28,146,250
2025-2028	20,000,000	2,075,000	22,075,000
Total	<u>\$ 62,500,000</u>	<u>\$ 37,565,625</u>	<u>\$ 100,065,625</u>

The general obligation bonds mature through 2031 as follows:

2002 Series B

Fiscal Year	Principal	Interest to Maturity	Total
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	975,000	2,967,575	3,942,575
2015-2019	8,390,000	13,992,350	22,382,350
2020-2024	16,385,000	11,126,213	27,511,213
2025-2029	24,045,000	5,857,375	29,902,375
2030-2031	11,505,000	592,625	12,097,625
Total	<u>\$ 63,365,000</u>	<u>\$ 46,664,710</u>	<u>\$ 110,029,710</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

The general obligation bonds mature through 2034 as follows:

2002 Series C	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
<u>Fiscal Year</u>				
2010	\$ -	\$ -	\$ 8,630,875	\$ 8,630,875
2011	-	-	8,630,875	8,630,875
2012	291,472	28,528	8,630,875	8,950,875
2013	433,190	66,810	8,630,875	9,130,875
2014	575,995	124,005	8,630,875	9,330,875
2015-2019	5,776,062	3,073,938	43,154,375	52,004,375
2020-2024	10,925,068	17,034,932	43,154,375	71,114,375
2025-2029	16,938,414	46,191,586	43,154,375	106,284,375
2030-2034	156,925,000	-	24,376,138	181,301,138
Total	<u>\$ 191,865,201</u>	<u>\$ 66,519,799</u>	<u>\$ 196,993,638</u>	<u>\$ 455,378,638</u>

Notes Payable

The notes mature through 2013 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
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>\$ 1,689,895</u>	<u>\$ 151,227</u>	<u>\$ 1,841,122</u>

Capital Leases

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

Balance, July 1, 2008	\$ 56,673
Payments	50,974
Balance, June 30, 2009	<u>\$ 5,699</u>

The capital leases have minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2010	\$ 5,699
Less: Amount Representing Interest	368
Present Value of Minimum Lease Payments	<u>\$ 5,331</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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, 2009, was \$9,616,272, and contributions made by the District during the year were \$6,273,927, which resulted in an increase to the net OPEB obligation of \$3,342,345. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefit plan.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT 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 532 retirees and beneficiaries currently receiving benefits, four terminated plan members entitled to but not receiving benefits, and 797 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 2008-2009, the District contributed \$6,273,927 to the Plan, all of which was used for current premiums.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

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	\$ 9,616,272
Contributions made	<u>(6,273,927)</u>
Increase in net OPEB obligation	3,342,345
Net OPEB obligation, beginning of year	<u>1,771,328</u>
Net OPEB obligation, end of year	<u><u>\$ 5,113,673</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
<u>2009</u>	<u>\$ 9,616,272</u>	<u>65%</u>	<u>\$ 5,113,673</u>

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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

In the April 9, 2009, 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

Insurance Coverages

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. The District purchases commercial insurance for property with coverages of \$250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to \$25,000,000 per occurrence, all subject to various deductibles. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2009, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority (JPA) 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.

Workers' Compensation

For fiscal year 2009, the District participated in the 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 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).

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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, annual cost-of-living adjustments, 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 8.0 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 2008-2009 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, 2009, 2008, and 2007, were \$4,570,546, \$4,429,010, and \$3,989,303, 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.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the 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 survivor 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 7.0 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 2008-2009 was 9.428 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2009, 2008, and 2007, were \$2,954,351, \$2,535,852, and \$2,254,905, respectively, and equaled 100 percent of the required contributions for each year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2009, 2008, and 2007, which amounted to \$2,480,683, \$2,408,410, and \$2,170,822, respectively, (4.517 percent) of salaries subject to CalSTRS. 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.

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, 2009.

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, 2009.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Construction Commitments

As of June 30, 2009, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Moorpark College PE Renovation	\$ 40,036	12/31/09
Moorpark College EATM Building	742,850	12/31/10
Moorpark College Academy Center	7,965,042	07/01/10
Moorpark College Health/Science Complex	11,965,848	12/31/10
Moorpark College Planning and Development (indirect costs)	488,942	12/31/11
Moorpark College CW Planning and Development (indirect costs)	1,397	12/31/10
Moorpark College Infrastructure	3,325,322	12/31/10
Moorpark College Data Switch Project	99,698	07/01/10
Moorpark College Piped Utility Systems	4,694	12/31/10
Moorpark College Master Plan	3,913	12/31/10
Oxnard College Auto Technology	389,352	07/01/10
Oxnard College Student Services Center	1,022,240	12/31/09
Oxnard College Learning Resources Center Renovation	628,291	12/31/11
Oxnard College Planning and Development Cost	321,607	12/31/11
Oxnard College CW Planning and Development Cost	849	12/31/11
Oxnard College PA/Classroom and Auditorium	12,995,010	12/31/10
Oxnard College Data Switch Project	100,038	07/01/10
Oxnard College Special Repairs	16,174	12/31/11
Oxnard College Master Plan	25,613	12/31/11
Oxnard College INF Improvements Campus Site Finishes	7,446	12/31/11
Oxnard College Track and Field	98,929	12/31/09
Oxnard College Dental Hygiene Expansion and Renovation	1,500	12/31/11
Oxnard College Fire and Sheriff Academy	1,000,000	07/01/11
Ventura College Secondary and Tertiary	4,589	07/01/09
Ventura College Electrical Systems Upgrade	18,623	07/01/11
Ventura College Modernization	92,489	12/31/11
Ventura College Master Plan	17,934	12/31/11
Ventura College Renovate Athletic Facilities	435,887	07/01/11
Ventura College GP and High Tech Project	24,601,324	07/01/11
Ventura College Planning and Development Cost	722,056	12/31/11
Ventura College CW Planning and Development Cost	2,409	12/31/11
Ventura College Piped Utility System	11,426	07/01/11
Ventura College Renovate Theater Building	313,210	07/01/11
Ventura College Telephone Data Switch	119,618	07/01/10
Ventura College Maintenance Projects	61,709	07/01/11
Ventura College Fire and Sheriff Academy	4,000,000	07/01/11
Fire/Sheriff Planning and Development Cost	106,993	07/01/11
Fire/Sheriff Data Switch Project	30,182	07/01/10
Fire/Sheriff Master Plan	56,727	07/01/11
Fire/Sheriff Academy	11,504,911	07/01/11
	<u>\$ 83,344,878</u>	

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Deferral of State Apportionments

Due to the inability of the California State legislature to enact a budget by June 30, 2009, certain apportionments owed to the District for funding of FTES and construction reimbursements which are attributable to the 2008-2009 fiscal year have been deferred to the 2009-2010 fiscal year. The total amount of funding deferred into the 2009-2010 fiscal year was \$18,580,476. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years. As of the audit report date, the District had received all of the deferrals owed to them by the State.

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
FOR THE YEAR ENDED JUNE 30, 2009**

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	\$ -	\$ 69,400,065	216%
April 9, 2009	-	173,733,730	173,733,730	-	59,630,560	291%

SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2009

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 Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Robert O. Huber	Chair	2012
Mr. Stephen P. Blum	Vice Chair	2010
Ms. Cheryl Heitmann	Member	2010
Mr. Arturo D. Hernández	Member	2010
Dr. Larry O. Miller	Member	2012

ADMINISTRATION

Dr. James M. Meznik	Chancellor
Ms. Susan F. Johnson	Vice Chancellor, Business and Administrative Services
Ms. Patricia S. Parham	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, 2009**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION		
HIGHER EDUCATION ACT		
Title V Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	\$ 1,047,336
Title V Hispanic Serving Institutions	84.031S	1,295,368
Child Care Access Means Parents in School (CCAMPIS)	84.335A	45,459
Total Higher Education Act		<u>2,388,163</u>
STUDENT FINANCIAL AID CLUSTER		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	497,567
Federal Family Education Loans (FFEL)	84.032	5,843,891
Federal College Work Study (FWS)	84.033	438,303
Federal Pell Grant (PELL)	84.063	14,868,743
Student Financial Aid Administrative Costs	84.063	62,350
Academic Competitiveness Grant (ACG)	84.375	140,225
Total Student Financial Aid		<u>21,851,079</u>
CAREER AND TECHNICAL EDUCATION ACT		
Passed through from California Community College System's Office		
Title I, Part C	84.048	667,285
Title IB Consortium Grant	84.048	164,744
Tech Prep	84.243	148,986
Pass through from Department of Rehabilitation		
Workability III	84.126A	190,034
Total Vocational and Technical Education Act		<u>1,171,049</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		
		<u>25,410,291</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through from California Community College System's Office		
Foster Kinship Care Education	93.658	190,809
Passed through from County of Ventura Human Services Agency		
Title IV - E Casa Pacifica	93.658	570,156
Title IV - E Special Projects Training	93.658	274,106
Passed through from California Community College System's Office		
Temporary Assistance for Needy Families (TANF)	93.558	104,298
Passed through from the Foundation for California Community Colleges (FCCC)		
TANF - CDC Program	93.558	144,453
Passed through from Yosemite Community College District		
Child Care and Development Grant	93.575	44,777
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
		<u>1,328,599</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, 2009**

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	\$ 79,033
TOTAL U.S. DEPARTMENT OF COMMERCE		<u>79,033</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through from Oxnard Housing Authority		
Teen Parent Program	14.870	9,929
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>9,929</u>
U.S. DEPARTMENT OF LABOR		
Passed through from Santa Barbara City College		
Governor's WIA ADN	17.258	174,553
TOTAL U.S. DEPARTMENT OF LABOR		<u>174,553</u>
NATIONAL SCIENCE FOUNDATION		
Passed through from Santa Clarita College District		
Project CREATE	47.076	4,428
NSF Scholarship Grant	47.049	2,000
TOTAL NATIONAL SCIENCE FOUNDATION		<u>6,428</u>
U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION (SBA)		
Passed through from Long Beach City College District		
Small Business Development Center	59.037	240,823
TOTAL U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION		<u>240,823</u>
TOTAL FEDERAL PROGRAMS		<u><u>\$ 27,249,656</u></u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
AB1725 Staff Diversity 07/09	\$ 24,817	\$ 26,524	\$ 51,341
ADN RN Capacity Building	-	11,935	11,935
ADN RN Capacity Building	283,305	-	283,305
Alternate Text Production Center	1,091,123	7,562	1,098,685
Applied Technologies HUB 08-09	150,000	-	150,000
Applied Technologies HUB 07-08	24,000	33,221	57,221
Articulation 08-09	12,000	-	12,000
Articulation 07-08	-	1,068	1,068
Basic Skills and Immigrant Ed (06-07)	-	265,512	265,512
Basic Skills and Immigrant Ed (08-09)	308,391	-	308,391
Basic Skills and Immigrant Ed 1x	-	56,368	56,368
Block Grant FY06	-	79,110	79,110
Business and Workforce Performance (COE) 08-09	205,000	-	205,000
Business and Workforce Performance (COE) 07-08	22,566	-	22,566
Cal Grant B	1,334,814	-	1,334,814
Cal Grant C	22,824	-	22,824
CalWorks 08-09	789,012	3,412	792,424
CalWorks Region 6 Support	10,000	-	10,000
CCCCO/SBDC Small Business Dev Center 7/07-12/31/08	54,436	-	54,436
Central Coast Applied Biotech Center 07-08	32,800	85,076	117,876
Central Coast Applied Biotech Center 08-09	205,000	-	205,000
CITD 07-08 Carryover	80,361	-	80,361
CITD 08-09	205,000	-	205,000
CITD HUB 08-09	8,526	-	8,526
CITD HUB 07-08	19,360	54,794	74,154
Cooperative Agency Resource Education (CARE) 08-09	356,584	3,443	360,027
Credit Matriculation 08-09	1,784,779	1,497	1,786,276
CTE Equipment for Nursing and Allied Health	-	169,001	169,001
Disabled Students Programs and Services (DSPS) 08-09	2,860,723	-	2,860,723
Disabled Students Programs and Services (DSPS) Prior Year	54,504	62,322	116,826
Disabled Students Programs and Services (DSPS) Prior Year	-	-	-
EcDev Quick Start Partnership - Env Technology	149,294	-	149,294
Enrollment Growth III Associate's Degree in Nursing 06-08 Yr 2	-	126,852	126,852
Enrollment Growth III Associate's Degree in Nursing 06-08 Yr 2	-	136,005	136,005
Enrollment Growth IV Associate's Degree in Nursing 08-10 Yr 1	171,506	-	171,506
Enrollment Growth IV Associate's Degree in Nursing 08-10 Yr 1	315,568	-	315,568
ESL/Basic Skills 07/08	80	317,384	317,464
Extended Opportunity Prog and Svc (EOPS) 08-09	2,298,460	30,673	2,329,133
Foster Kinship Care Education	190,884	-	190,884
FSS Mesa 07-08	15,219	-	15,219
FSS Mesa 08-09	73,033	-	73,033
IELM FY07 1x	-	146,798	146,798
IELM FY07 Ongoing	-	23,127	23,127
IELM FY08 1x	-	93,322	93,322
IELM FY08 Ongoing	-	245,933	245,933

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 51,341	\$ -	\$ -	\$ 6,560	\$ 44,781	\$ 44,781
11,935	-	-	-	11,935	11,935
237,976	8,701	-	-	246,677	246,677
1,098,685	-	-	741	1,097,944	1,097,944
126,000	14,379	-	-	140,379	140,379
33,221	23,824	-	-	57,045	57,045
12,000	-	-	4,395	7,605	7,605
1,038	-	-	-	1,038	1,038
265,512	-	-	52,741	212,771	212,771
308,391	-	-	297,117	11,274	11,274
56,368	-	-	-	56,368	56,368
79,110	-	-	-	79,110	79,110
172,200	7,957	-	-	180,157	180,157
-	22,566	-	-	22,566	22,566
1,331,132	11,826	8,144	-	1,334,814	1,334,814
22,770	54	-	-	22,824	22,824
792,424	-	-	8,493	783,931	783,931
10,000	-	-	2,353	7,647	7,647
54,436	-	-	15,406	39,030	39,030
85,075	32,800	-	-	117,875	117,875
172,200	23,830	-	-	196,030	196,030
80,361	-	-	10,958	69,403	69,403
172,200	11,735	-	-	183,935	183,935
7,162	1,364	-	-	8,526	8,526
54,794	7,041	-	-	61,835	61,835
360,027	-	-	38,539	321,488	321,488
1,786,276	-	-	79,714	1,706,562	1,706,562
169,001	-	-	77,415	91,586	91,586
2,860,723	-	-	15,032	2,845,691	2,845,691
116,826	-	-	80,296	36,530	36,530
247	-	-	-	247	247
78,794	51,632	-	-	130,426	130,426
126,852	-	-	-	126,852	126,852
136,005	-	-	-	136,005	136,005
144,065	-	-	33,275	110,790	110,790
265,077	-	-	12,413	252,664	252,664
317,384	-	-	195,759	121,625	121,625
2,329,133	-	-	104,319	2,224,814	2,224,814
144,948	45,861	-	-	190,809	190,809
-	10,783	-	-	10,783	10,783
54,775	17,736	-	-	72,511	72,511
146,798	-	-	29,065	117,733	117,733
23,127	-	-	-	23,127	23,127
93,322	-	-	85,834	7,488	7,488
245,933	-	-	245,154	779	779

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
IELM FY09 Ongoing	\$ 279,118	\$ -	\$ 279,118
IDRC/VESL 08-09	299,965	-	299,965
Library Automation FY09	108,108	-	108,108
Library Automation FY08	-	5,639	5,639
Long Beach CCD/SBDC Small Bus Dev Ctr EWD 7/08-6/30/09	50,000	-	50,000
Long Beach CCD/SBDC Small Bus Dev Ctr YEP 12/08-11/30/09	50,000	-	50,000
Middle College High School (MCHS) 08-09	121,846	-	121,846
Non Credit Matriculation 08-09	38,707	401	39,108
Regional Consortium Partnership Collaborative	90,890	-	90,890
Restricted Lottery	429,184	396,678	825,862
SB70 CTE Community Collaborative Yr 1	369,700	-	369,700
SB70 CTE Community Collaborative Yr 2	400,000	-	400,000
SB70 Faculty/Counselor Work Experience	25,000	15,517	40,517
SB70 Strengthening CTE	99,547	-	99,547
Staff Development FY07	-	54,273	54,273
State Instructional Equip 04/06	177,293	12,099	189,392
Student Financial Aid Administration Allowance 07-08	-	21,553	21,553
Student Financial Aid Administration Allowance 08-09	980,589	-	980,589
TTIP TCO (Cal Ren)	-	94,777	94,777
Workplace Resource Learning Center 08-09	205,000	-	205,000
Total	<u>\$ 16,878,916</u>	<u>\$ 2,581,876</u>	<u>\$ 19,460,792</u>

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 279,118	\$ -	\$ -	\$ 272,685	\$ 6,433	\$ 6,433
251,971	-	-	47,263	204,708	204,708
108,108	-	-	8,539	99,569	99,569
5,639	-	-	-	5,639	5,639
42,000	6,679	-	-	48,679	48,679
50,000	-	-	22,880	27,120	27,120
48,738	73,094	-	-	121,832	121,832
39,108	-	-	3,214	35,894	35,894
76,348	-	-	40,319	36,029	36,029
780,503	-	-	368,330	412,173	412,173
369,700	-	-	121,043	248,657	248,657
400,000	-	-	400,000	-	-
40,517	-	-	362	40,155	40,155
99,547	-	-	10,867	88,680	88,680
54,273	-	-	-	54,273	54,273
189,392	-	-	76,610	112,782	112,782
21,526	-	-	-	21,526	21,526
980,589	-	-	50,406	930,183	930,183
94,776	-	-	45,650	49,126	49,126
172,200	21,551	-	-	193,751	193,751
<u>\$ 18,739,697</u>	<u>\$ 393,413</u>	<u>\$ 8,144</u>	<u>\$ 2,863,747</u>	<u>\$ 16,261,219</u>	<u>\$ 16,261,219</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT - ANNUAL (ACTUAL) ATTENDANCE
 AS OF JUNE 30, 2009**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession			
1. Noncredit	17	-	17
2. Credit	2,577	-	2,577
B. Summer Intersession			
1. Noncredit	-	-	-
2. Credit	658	-	658
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	20,712	-	20,712
(b) Daily Census Contact Hours	1,850	-	1,850
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	493	-	493
(b) Credit	615	-	615
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,311	-	1,311
(b) Daily Census Contact Hours	1,115	-	1,115
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>29,348</u>	<u>-</u>	<u>29,348</u>
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	51	-	51
2. Credit	1,129	-	1,129
	<u>1,180</u>	<u>-</u>	<u>1,180</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, 2009**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2009.

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, 2009**

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

Total Fund Balance:

General Fund	\$27,668,398	
Special Revenue Funds	620,593	
Capital Project Funds	219,866,378	
Debt Service Funds	14,661,452	
Enterprise Funds	5,573,933	
Internal Service Funds	9,672,272	
Fiduciary Funds	6,916,115	
Total Fund Balance - All District Funds		\$ 284,979,141

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	471,604,700	
Accumulated depreciation is	(70,390,698)	
Less fixed assets already recorded in the enterprise funds	<u>(62,544)</u>	401,151,458
Amounts held in trust on behalf of others (Trust and Agency Funds)		(6,908,618)

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

(6,181,326)

Long-term obligations at year-end consist of:

Bonds payable	317,730,201	
Notes payable	1,689,895	
Capital leases payable	5,331	
Net OPEB obligation	5,113,673	
Load banking	1,115,334	
Compensated absences	3,219,390	
Less load banking already recorded in funds	(1,115,334)	
Less compensated absences already recorded in funds	<u>(903,999)</u>	<u>(326,854,491)</u>
Total Net Assets		\$ 346,186,164

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

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.

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Title V Hispanic Serving Institutions		
California State University - Channel Islands	84.031S	\$ 27,979
Title V Hispanic Serving Institutions - CCRAA STEM Pathways		
University of California - Santa Barbara	84.031S	43,915
		<u>\$ 71,894</u>

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. The information in this schedule is presented to comply with reporting requirements of the California State System's Office.

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, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

Reconciliation of Annual Financial and Budget Report (CCFS-311) 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 internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

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 Ventura County Community College District (the District) for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 4, 2009. 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 December 4, 2009.

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.

Varrin, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2009



**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, 2009. 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.

As described in the accompanying schedule of findings and questioned costs as items 2009-1 through 2009-5, the District did not comply with requirements regarding eligibility, activities allowed or unallowed, and special tests that are applicable to its Student Financial Assistance Cluster Program. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2009.

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 Ventura County Community College District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-1 through 2009-5 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Ventura County Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Ventura County Community College District's responses and, accordingly, we express no opinion.

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.

Kamnik, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2009



REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the compliance of Ventura County Community College District (the District) with the types of compliance requirements described in Section 400 of the California State System's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have 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.

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

Apportionments

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 426: Students Actively Enrolled

Fiscal Operations

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

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

In our opinion, Ventura County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported and are described in the accompanying schedule of findings and questioned costs as items 2009-6 through 2009-9.

Ventura County Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Ventura County Community College District's responses and, accordingly, we express no opinion.

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.

Vernon, Tine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2009**

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>Yes</u>
Unqualified for all major programs except for the following program which was qualified:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007; 84.032; 84.033; 84.063; 84.375</u>	<u>Student Financial Aid Cluster</u>

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007; 84.032; 84.033; 84.063; 84.375</u>	<u>Student Financial Aid Cluster</u>
<u>84.031C</u>	<u>Title V Hispanic Serving Institutions -</u>
<u>84.031S</u>	<u>CCRAA STEM Pathways</u>
<u>93.658</u>	<u>Title V Hispanic Serving Institutions</u>
	<u>Title IV E: Foster Kinship Care Education</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 817,490</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

The following findings represent significant deficiencies and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

Student Financial Aid Program - Ventura College

2009-1 Finding

Program Affected

84.007: Federal Supplemental Educational Opportunity Grant (FSEOG)

Compliance Requirement

Eligibility.

Criteria

Title IV programs are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34 CFR parts 600 and 668-691. The FSEOG program is administered at the institutional level and known as a campus-based program. The institution determines the amount of the grants to be distributed annually. The college administration has the discretion to award amounts to students, subject to certain limitations. However, this amount is determined on an annual basis with a maximum amount determined by the campuses. The three college campuses within the Ventura County Community College District have determined the maximum amount of awards to be given out during the fiscal year ending June 30, 2009, to be \$600. Also, as outlined in the policy manual, first priority is given to students with EFCs (expected family contribution) of zero, students who have "exceptional need", and students who are Pell eligible.

Condition

During the testing of the student financial aid FSEOG program at the Ventura College campus, it was noted that the campus's policies stated the maximum awards given out to students should be \$600. However, during the testing at this college, it revealed this policy is not necessarily being followed. One student was awarded \$800, which is \$200 more than the maximum amount to be awarded per their college policy.

Questioned Costs

Because this is a campus-based program and the amounts distributed can be determined by the college administrators, there is no questioned cost noted.

Context

The condition was identified as a direct result of reviewing the site's total FSEOG awards given out to students.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Effect

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site to ensure compliance over this area including review of completed award packages by the program administrator. It appears the review process currently performed is insufficient.

Recommendation

It is recommended that the college administrators should review and monitor packaging of awards to make sure the maximum amounts are not exceeded and that the current policies developed within the student financial aid office are being followed.

District Response

The District concurs with the findings and recommendations. In order to ensure compliance with the campus's policies regarding maximum awards and awarding criteria of FSEOG, the Ventura College financial aid supervisor will review and monitor packaging of awards and review summary reports of disbursements within the student financial aid cluster to make sure the maximum amounts are not exceeded and that the appropriate criteria is being followed for students awarded FSEOG.

Student Financial Aid Program - Ventura College and Oxnard College

2009-2 Finding

Program Affected

84.033: Federal Work Study Program (FWS)

Compliance Requirement

Eligibility.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Criteria

Title IV programs are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34 CFR parts 600 and 668-691. The FWS program is administered at the institutional level and known as a campus-based program. The institution determines the amount of the grants to be distributed annually. The college administration has the discretion to award amounts to students, subject to certain limitations. However, this amount is determined on an annual basis with a maximum amount determined by the campuses. The three college campuses within the Ventura County Community College District have determined the maximum amount of awards to be given out during the fiscal year ending June 30, 2009, to be \$3,000. Students with higher need will be given priority.

Condition

During the testing of the student financial aid Federal Work Study Program, it was noted that the campuses' policies stated the maximum amount awarded to students is \$3,000. The policies also state that Federal Work Study Awards are given priority to students with a high need who have indicated a preference for student employment on the Free Application for Federal Student Aid (FAFSA). However, a review of the awards for each campus revealed this policy was not being followed. Many awards were over the \$3,000 maximum amount. The following areas of concern were noted below:

Ventura College: A total of 21 students were paid over the college's stated maximum award amount of \$3,000. Awards ranged from \$3,503 to \$8,863. Three of the students given these higher awards were related to an employee within the financial aid office. One student at the Ventura campus that was related to an employee within the student financial aid office was given \$8,863 worth of FWS awards when they had an expected family contribution amount of \$6,771, which would not qualify them as "most needy" according to their policy which is a criteria to receive FWS awards. Another student that was also related to an employee within the financial aid office received \$6,000 of FWS awards and had an expected family contribution of \$9,210, which also would disqualify them as "most needy".

Oxnard College: Awards over the \$3,000 maximum ranged for various amounts to the maximum amount of \$5,500 with eight students receiving this amount, one of which was related to an employee within the student financial aid office.

Questioned Costs

Because this is a campus-based program and the amounts distributed can be determined by the administrator, there is no questioned cost associated.

Context

The condition was identified as a direct result of reviewing the sites total Federal Work Study Awards given out to students.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Effect

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site to ensure compliance over this area including review of completed award packages by the program administrator. It appears the review process currently performed is insufficient.

Recommendation

It is recommended that the college administrators review their policies and make the necessary adjustments to correct the issues noted above. The officers within the student financial aid office should review and monitor packaging of awards and reviewing summary reports of disbursements within the student financial aid cluster to make sure the maximum amounts are not exceeded and that the FSEOG awards are provided to students who are truly the "most needy" as outlined in the college's procedure manual. Care and attention must also be given in packaging awards to any student that is related to an employee within the student financial aid office.

District Response

The District concurs with the findings and recommendations. In order to ensure compliance with the District policy of Federal Work Study Awards, the college administrator will review the policies and make the necessary adjustments to correct the issues noted above. The officer within the student financial aid office will review and monitor packaging of awards and review summary reports of disbursements within the student financial aid cluster to make sure the maximum amounts are not exceeded and that the FSEOG awards are provided to students who are truly the "most needy" as outlined in the college's procedure manual. Care and attention will also be given in packaging awards to any student that is related to an employee within the student financial aid office.

Student Financial Aid Program - Ventura College

2009-3 Finding

Program Affected

84.007; 84.032; 84.033; 84.375: Student Financial Aid Cluster Programs

Compliance Requirement

Eligibility - dependency overrides.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Criteria

Title IV programs are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34 CFR parts 600 and 668-691. All financial aid is awarded based on applicable laws of the United States and the State of California, and regulations of the Ventura County Community College District stated in the college catalogues and the policies and procedures outlined in their student financial aid manual. Every eligible applicant receives a combination of aid based on various criteria developed annually by the financial aid office for equitable distribution of grant aid to students. The Federal government will determine the family's ability to pay for the cost of education and also determine whether a student is "dependent" or "independent" based on the information submitted on their FAFSA. This information is then sent to the college. Based on the information provided, the financial aid office will calculate the student's awards. The students who are classified as dependent due to their criteria submitted to the Federal government may be considered independent (and additional awarding of funds will be available) under professional judgment of the financial aid office. In such case, it is the college's policy that written documentation must be provided from a third party (e.g. minister, psychologist, social worker, high school counselor, etc.) indicating the student's physical or emotional welfare is jeopardized by contact with the parents.

Condition

During the testing of the student financial aid program, it was noted that one student's award was changed from dependent to independent by the student financial aid officers. This particular student was related to an employee within the student financial aid office. There was written documentation from a high school counselor; however, the letter did not indicate any of the criteria mentioned above. In addition, there were two other letters from the student's cousins; however, this also does not meet the criteria mentioned above for dependency overriding.

Questioned Costs

Amount awarded as dependent	\$ 4,000
Amount awarded as independent	<u>12,431</u>
Difference	<u><u>\$ 8,431</u></u>

Context

The condition was identified as a direct result of testing dependency overriding and related party files.

Effect

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Cause

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site to ensure compliance over this area. It appears the review process currently performed is insufficient.

Recommendation

It is recommended that the college administrators review their policies and make any necessary adjustment to prevent this from occurring in the future. The officers within the student financial aid office should review and monitor packaging of awards. Care and attention must also be given in packaging awards to any students that are related to an employee within the student financial aid office.

District Response

The District concurs with the findings and recommendations. In order to ensure compliance with the District's policy regarding dependency overrides and to prevent this from occurring in the future, the officer within the student financial aid office will review and monitor packaging of awards. Care and attention will also be given in packaging awards to any students that are related to an employee within the student financial aid office.

Student Financial Aid Program - Ventura College

2009-4 Finding

Program Affected

84.033: Federal Work Study Program (FWS)

Compliance Requirement

Activities allowed or unallowed.

Criteria

Title IV programs, which include the Federal Work Study Programs, are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34CFR parts 600 and 668-691. Based on the regulations, the college administration has the discretion to award Federal Work Study funding to students, subject to certain limitations. The awards are to be given to the most needy students and is based on anticipated hours to be worked.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Condition

A sample of time cards were tested with discrepancies noted. Two of the students tested had approval for hours and days worked of which the students' schedules indicated they had classes to attend or in which the student had another job off campus. There was also an appeals letter in the file (for Fall 2008 grades) in which the student indicated her off campus employer had required her to travel Monday through Friday out of town and that is why her grades dropped. However, she had campus FWS time cards that indicated she allegedly was working on campus during the month of September. Therefore, the time cards conflicted with the student's scheduled classes and documentation in her files about her off campus job in which she was basing the reason for an appeal of continued FWS aid for the next term. It appears that controls were lacking in the approval process of time cards.

Questioned Costs

The total Federal work student amounts paid to the two mentioned students were:

- Student #1: \$8,500
- Student #2: \$7,500

Context

The condition was identified as a direct result of reviewing the site's total Federal Work Study Awards given out to students and testing of the time cards associated with the payment of the Federal award.

Effect

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site.

Recommendation

Care and attention should be given by all District employees who are approving and monitoring the Federal Work Study students and their time cards in order to prevent situations like this from happening.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

District Response

The District concurs with the findings and recommendations. In order to ensure compliance with the Federal Work Study Program and prevent the issue noted above from occurring in the future, the District will provide direction, guidance, and training to supervisors and administrators on their roles and responsibilities when reviewing and approving time cards.

Student Financial Aid Program - Ventura College

2009-5 Finding

Program Affected

84.007; 84.032; 84.033; 84.063; 84.375: Student Financial Aid Cluster Programs

Compliance Requirement

Special tests.

Criteria

Return of Title IV Funds:

A-133 Compliance Supplement, 34 CFR Section 668.173(b) states:

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

A-133 Compliance Supplement, 34 CFR Section 668.22(j) also states:

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the:
(1) payment period or period of enrollment, (2) academic year in which the student withdrew, or
(3) educational program from which the student withdrew.

Condition

During our review of the requirements for Return to Title IV process at the Ventura College campus, it was observed that the college is reconciling their returns more than 30 days after the term has ended. Therefore, by the college not reconciling in a timely manner, the business office cannot return their portion of the funds owed within the time frame noted above. The District's business office was notified more than 45 days after the college became aware that the funds needed to be returned. Therefore, the District is not in compliance with the above mentioned criteria.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues is related to time frames, not costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for Return to Title IV funds.

Effect

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement, 34 CFR Section 668.173(b) and 34 CFR Section 668.22(j).

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

The District has not implemented policies and procedures to ensure the compliance with Federal requirements regarding return of Title IV funds.

Recommendation

It is recommended that the District implement procedures to ensure that the calculations for the return of Title IV funds are completed within 30 days from the end of the enrollment period. Additionally, procedures should also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

District Response

The District concurs with the findings and recommendations. In order to ensure compliance with Return to Title IV, the District will implement procedures to ensure that the calculations for the return of Title IV funds are completed within 30 days from the end of the enrollment period. Additionally, procedures will also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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

Concurrent Enrollment of K-12 Students in Community College Credit Courses - Ventura College

2009-6 Finding

Criteria

Per Contracted District Audit Manual and *Education Code* Section 76001(d), special part-time students may enroll in up to 11 units per semester. Enrollment fees must be assessed for all units once the 11 units is exceeded.

Condition

During our review of the State requirements for concurrent enrolled K-12 students at Ventura College, it was noted that two students were enrolled in more than 11 units and were subsequently not charged enrollment fees as required. Total fees that should have been charged for the two students for the terms tested were \$580. The stated amount did not result in a material noncompliance.

Questioned Costs

For the two students tested, the total cost of enrollment fees not charged totaled \$580, which is \$20 per unit times 29, the combined total number of units that should have been charged to the students.

Context

The condition was identified as a result of the compliance testing for Concurrent Enrollment.

Effect

The District is not in compliance with the State requirements described in Contracted District Audit Manual, *Education Code* Section 76001(d).

Cause

Ventura College does not have procedures in place to ensure the compliance with State requirements for concurrent enrolled K-12 students enrolled in more than 11 units per term.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Recommendation

Ventura College should implement procedures to verify during the semester that all concurrent enrolled K-12 students who are registered and enrolled in more than 11 units are charged enrollment fees for all units as defined per *Education Code* Section 76001(d). Such a procedure will allow the college to prevent possible material noncompliance in the future.

District Response

The District concurs with the finding and recommendations. Effective Fall 2009, we have expanded one of our compliance reports to identify discrepancies between the enrollment status and fees charged to concurrent enrollment students. The report has been implemented and is being used to verify that concurrently enrolled students are accurately coded and charged. Effective Fall 2009, the Banner student fee system was also programmed to charge any concurrent enrolled students that have enrolled in more than 11 units per college will be charged for all units enrolled. Effective Spring 2010, concurrently enrolled students will be limited to a maximum of six units per term, with additional units possible only through approved exception. Exceptions will be limited to a maximum of 11 units. Banner will be programmed to block these students' enrollment at six units and will require manual override to enroll them in additional units. Additionally, the compliance report will be used to verify that concurrently enrolled students are accurately coded and charged.

Concurrent Enrollment of K-12 Students in Community College Credit Courses - Oxnard College

2009-7 Finding

Criteria

Requirements for teaching the concurrent enrolled students are outlined in the Contracted District Audit Manual. The instructors teaching the special part-time students (concurrent enrollment classes) must satisfy minimum qualifications per CCR, Title 5, Sections 53410 et seq. and 58060.

Condition

During our review of the State requirements for concurrent enrolled K-12 students at the college, it was noted that one teacher did not have the appropriate degree needed to teach at the college. During the Fall 2008, this teacher taught four classes in which a total of 107 concurrent enrolled students were in attendance.

Questioned Costs

Due to the nature of the compliance requirement, the auditor was unable to directly associate any questioned costs related to the condition identified.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Context

The condition was identified as a direct result of sampling the students and their teachers at the college as required by the State compliance requirements for concurrent enrolled K-12 students.

Effect

The District is not in compliance with the State requirements described in Contracted District Audit Manual.

Cause

The auditor determined that the condition identified materialized due to an ineffective control activity within the personnel procedures for hiring "emergency instructors" for classes.

Recommendation

The District must monitor and follow up on all teachers to make sure proper credentials are present.

District Response

The District concurs with the findings and recommendations. The District has implemented a new procedure for full and part time faculty hires that requires all prospective employees to provide the District with an official copy of their transcript prior to employment. All degrees are verified using an external verification service called "DegreeVerify". If the District is unable to validate that the employee has a degree via "DegreeVerify" or in another manner, the employee will not be allowed to start work. The District is currently auditing all existing faculty files to ensure all current faculty have the appropriate documentation to confirm their qualifications.

Student Fees - Health Fees - Moorpark College

2009-8 Finding

Criteria

Districts are permitted to charge a mandatory health fee under *Education Code* Section 76355. However, students are exempt from payment of such a fee if the students depend exclusively on prayer for healing or if they are apprenticeship students. The District must describe in the catalog, and any online or any other information, the required exemptions of the fee. The District must have a clear process through which students may claim an exemption.

Condition

During our testing of the compliance requirement related to health fees, it was observed that Moorpark College is not providing the health fee exemption within the college catalog for the fiscal year ending June 30, 2009, and does not have a procedure in place to ensure students may claim an exemption.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Questioned Costs

For the condition noted, there is not an associated questioned cost.

Context

The condition was identified as a direct result of testing the compliance requirements related to health fees and reviewing the Fall 2008 and Spring 2009 catalog.

Effect

The auditor was unable to identify any fiscal impact related to the condition identified. However, the District is not in compliance in regards to the Contracted District Audit Manual provided by the California Community Colleges System's Office.

Cause

Based on the review of compliance requirements for health fees, the above condition materialized due to the ineffective review process currently implemented at Moorpark College to ensure compliance over this area. This process should include the review of the catalogs and any online or other information that is published to clearly state the required exemptions of the fee before publishing them.

Recommendation

Responsible personnel at the campuses must become familiar with the Contracted District Audit Manual and the compliance requirements associated with the publication of the various catalogs and class schedules. The District must advise students of the exemptions from payment of the fees and have a process to ensure that students may claim the exemptions.

District Response

The District concurs with the finding and recommendations. Responsible personnel at the campuses are familiar with the Contracted District Audit Manual and the requirements associated with the publication of the various catalogs and class schedules. Moorpark College has expanded the review procedure to include additional personnel to ensure that the catalog and class schedules meet the requirements of the Contracted District Audit Manual. Moorpark College currently has a process and procedure in place advising students of exemptions from the health fee payments.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Student Fees - Instructional Material Fees - Moorpark College

2009-9 Finding

Criteria

Educational Code Section 76365 allows districts to require students to provide various types of instructional materials. Express statutory authority is required to charge any mandatory student fees. The District is permitted to charge a mandatory fee and sell the material to students who wish to buy the required materials from the District only under certain circumstances:

- The District is the only source of the materials or there is a health or safety reason for requiring students to purchase the material from the District.
- If the District can demonstrate that it supplies the materials cheaper than elsewhere and at the District's actual cost.

Condition

During our review of the requirements for instructional fees, it was observed that Moorpark College has procedures in place for monitoring the majority of their material fees. However, two of the nine classes selected for testing could not show that they supply instructional materials cheaper than elsewhere and at the District's actual costs. Therefore, the District is not in compliance with the above mentioned criteria.

Questioned Costs

For the condition noted, there is not an associated questioned cost.

Context

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the Fall 2008 and Spring 2009 catalog at Moorpark.

Effect

The auditor was unable to identify any fiscal impact related to the condition identified. However, the District is not in compliance in regards to the Contracted District Audit Manual provided by the California Community Colleges System's Office.

Cause

The above condition materialized due to the ineffective control activity currently implemented by the college to ensure compliance over this area.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Recommendation

It is recommended that the District implement procedures to ensure that Moorpark College demonstrates that they supply instructional materials for all classes cheaper than elsewhere and that the cost is what the District actual paid for the supplies.

District Response

The District concurs with the findings and recommendations. Moorpark College is in the process of reviewing all old instructional material fees. Moorpark College will ensure that it can demonstrate with appropriate documentation that they can supply instructional materials for all classes cheaper than elsewhere, and Moorpark College will document the cost actually paid for the supplies. Both of the instructional material fees listed above has either been removed or the class is no longer offered.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

None reported.