



**VENTURA COUNTY
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2012 AND 2011

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 Ventura County Community College District (the District) as of and for the years ended June 30, 2012 and 2011, 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 Ventura County Community College District as of June 30, 2012 and 2011, 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 14 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding formula of Ventura County Community College District.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and other supplementary information listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vannich, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2012



Ventura County Community College District

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DR. JAMILLAH MOORE
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, 2012. 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's Primary Government and its Fiduciary Funds. 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, 2012. 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 2011-2012 fiscal year, the reported FTES were 26,458 as compared to 27,333 in the 2010-2011 fiscal year. The fully funded cap for fiscal year 2011-2012 is 24,502 as compared to 26,496 for 2010-2011.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$100.2 million in the 2011-2012 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 (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

- Costs for employee salaries decreased by 4.5 percent or \$4.4 million in the 2011-2012 fiscal year and costs associated with employee benefits increased by 3.0 percent or \$1.2 million. This increase in the benefit costs has been due to the increase in health and medical rates.
- During the 2011-2012 fiscal year, the District provided almost \$62.5 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

The District issued \$85 million in general obligation bonds on August 12, 2002, 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 (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Current Assets			
Cash and investments	\$ 125,928	\$ 166,663	\$ 225,591
Accounts receivable (net)	27,485	26,611	22,054
Other current assets	2,459	2,008	2,254
Total Current Assets	<u>155,872</u>	<u>195,282</u>	<u>249,899</u>
Capital Assets (net)	<u>521,991</u>	<u>513,242</u>	<u>463,995</u>
Total Assets	<u><u>\$ 677,863</u></u>	<u><u>\$ 708,524</u></u>	<u><u>\$ 713,894</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 21,605	\$ 32,658	\$ 31,201
Current portion of long-term obligations	3,146	3,289	2,789
Total Current Liabilities	<u>24,751</u>	<u>35,947</u>	<u>33,990</u>
Long-Term Obligations	<u>326,201</u>	<u>322,367</u>	<u>328,991</u>
Total Liabilities	<u>350,952</u>	<u>358,314</u>	<u>362,981</u>
NET ASSETS			
Invested in capital assets	197,564	192,343	145,020
Restricted	97,543	122,818	174,866
Unrestricted	31,804	35,049	31,027
Total Net Assets	<u>326,911</u>	<u>350,210</u>	<u>350,913</u>
Total Liabilities and Net Assets	<u><u>\$ 677,863</u></u>	<u><u>\$ 708,524</u></u>	<u><u>\$ 713,894</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 (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

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)

	2012	2011	2010
Operating Revenues			
Tuition and fees	\$ 17,995	\$ 17,011	\$ 18,200
Auxiliary sales and charges/Other operating	9,501	10,479	11,863
Total Operating Revenues	<u>27,496</u>	<u>27,490</u>	<u>30,063</u>
Operating Expenses			
Salaries and benefits	132,421	135,605	140,835
Supplies and maintenance	36,662	34,942	32,494
Student financial aid	49,190	38,850	26,695
Depreciation	12,407	9,510	7,853
Total Operating Expenses	<u>230,680</u>	<u>218,907</u>	<u>207,877</u>
Loss on Operations	<u>(203,184)</u>	<u>(191,417)</u>	<u>(177,814)</u>
Nonoperating Revenues (Expenses)			
State apportionments	59,397	72,887	67,710
Property taxes	64,153	64,141	65,122
Grants and contracts	61,249	53,335	46,046
State revenues	4,216	5,463	4,181
Net interest expense	(16,355)	(15,296)	(12,439)
Other nonoperating revenues	6,706	7,054	5,074
Total Nonoperating Revenue	<u>179,366</u>	<u>187,584</u>	<u>175,694</u>
Other Revenues			
State and local capital income	<u>519</u>	<u>3,130</u>	<u>6,846</u>
Change in Net Assets	<u>\$ (23,299)</u>	<u>\$ (703)</u>	<u>\$ 4,726</u>

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. We noted a slight increase in the property taxes levied and received from property within the county. We also noted a decrease in State apportionment primarily due to funding triggers included in the 2011-2012 State enacted budget.

Auxiliary revenue consists of bookstore and cafeteria net revenues. The three college campuses each maintain their own bookstores to provide services to the students and faculty of the college. The bookstore operations are self-supporting and contribute to the student programs on each campus. After many years of operating losses, in March 2012, the Board took action to close the cafeterias. The colleges have expanded vending operations and, at Oxnard College, the Culinary and Restaurant Management (CRM) program will provide some food service during lunch period as an outlet of their CRM instruction labs.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

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 \$1.1 million was offset by interest expense of \$17.4 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately \$1.1 million over the 2010-2011 fiscal year due to a decrease in the balance of cash held at the County Treasury and lower interest rate. Interest expense has remained steady with the prior year.

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	\$ 12,297	\$ 3,775	\$ 417	\$ -	\$ 15	\$ -	\$ 16,504
Administrative support	11,528	8,784	6,805	-	591	-	27,708
Ancillary and auxiliary	3,044	1,113	8,256	-	25	-	12,438
Community services	803	218	472	-	21	-	1,514
Instructional	49,957	18,338	2,200	-	901	-	71,396
Instructional support	1,883	616	433	-	100	-	3,032
Plant operations	4,826	2,226	8,008	-	272	-	15,332
Student aid	-	-	256	49,190	-	-	49,446
Student services	8,164	2,773	1,242	-	308	-	12,487
Postemployment benefits	-	2,073	-	-	-	-	2,073
Depreciation	-	-	-	-	-	12,407	12,407
Physical property	2	-	1,021	-	5,320	-	6,343
Total	<u>\$ 92,504</u>	<u>\$ 39,916</u>	<u>\$ 29,110</u>	<u>\$ 49,190</u>	<u>\$ 7,553</u>	<u>\$ 12,407</u>	<u>\$ 230,680</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)
JUNE 30, 2012 AND 2011**

Changes in Cash Position

Table 4

(Amounts in thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash Provided by (Used in)			
Operating activities	\$ (196,550)	\$ (186,826)	\$ (167,297)
Noncapital financing activities	178,388	182,196	178,772
Capital financing activities	(23,628)	(57,018)	(63,444)
Investing activities	1,056	2,719	5,291
Net Increase (Decrease) in Cash	<u>(40,734)</u>	<u>(58,929)</u>	<u>(46,678)</u>
Cash, Beginning of Year	<u>166,662</u>	<u>225,591</u>	<u>272,269</u>
Cash, End of Year	<u>\$ 125,928</u>	<u>\$ 166,662</u>	<u>\$ 225,591</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, 2012, the District had \$522.0 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2011, our net capital assets were \$513.2 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 2012-2013 fiscal year and beyond with primary funding through our general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)
JUNE 30, 2012 AND 2011**

Table 5

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 248.3	\$ 19.6	\$ (100.2)	\$ 167.7
Buildings and improvements	331.2	100.3	-	431.5
Equipment and vehicles	21.4	1.5	-	22.9
Subtotal	600.9	121.4	(100.2)	622.1
Accumulated depreciation	(87.7)	(12.4)	-	(100.1)
	<u>\$ 513.2</u>	<u>\$ 109.0</u>	<u>\$ (100.2)</u>	<u>\$ 522.0</u>

Obligations

At the end of the 2011-2012 fiscal year, the District had \$324.3 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.

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 320.2	\$ 58.0	\$ (53.9)	\$ 324.3
Notes payable	0.7	-	(0.6)	0.1
	320.9	58.0	(54.5)	324.4
Other liabilities	4.8	10.6	(10.5)	4.9
Total Long-Term Obligations	<u>\$ 325.7</u>	<u>\$ 68.6</u>	<u>\$ (65.0)</u>	<u>\$ 329.3</u>
Amount due within one year				<u>\$ 3.1</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

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 2011-2012 fiscal year on August 14, 2012.

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 97 percent of the total unrestricted sources of revenue received within the General Fund.

In fiscal year 2011-2012, the District served 26,458 FTES, of which approximately 1,956 were unfunded. As a result of declining revenue over the past several years, the number of students (FTES) for which the District is funded has also declined considerably. Although the District has decreased the number of students we serve, we continue to serve a significant number for which we do not receive funding. Budgets for fiscal year 2012 were built with the intent of reducing unfunded students, but because the mid-year trigger reduction in funding was matched with an additional reduction in funded FTES, the District ended fiscal year 2012 with 1,956 unfunded FTES. The District continues to emphasize enrollment management with the effect of reducing unfunded FTES while continuing to meet our primary mission.

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 - PRIMARY GOVERNMENT
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 91,564	\$ 127,741
Cash and cash equivalents - restricted	2,704	73,123
Investments - unrestricted	16,852,264	28,558,362
Investments - restricted	108,981,143	137,903,230
Accounts receivable, net	26,551,062	24,374,354
Student loans receivable, net	934,022	2,236,270
Prepaid expenses	247,989	313,188
Inventories	1,827,093	1,695,025
Deferred cost on issuance	384,568	-
Total Current Assets	<u>155,872,409</u>	<u>195,281,293</u>
NONCURRENT ASSETS		
Nondepreciable capital assets	167,647,173	248,255,548
Capital assets, net of depreciation	354,343,627	264,986,843
Total Noncurrent Assets	<u>521,990,800</u>	<u>513,242,391</u>
TOTAL ASSETS	<u>677,863,209</u>	<u>708,523,684</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	9,349,640	14,160,221
Accrued interest payable	5,944,496	6,143,251
Deferred revenue	6,307,711	12,351,819
Other current liabilities	3,287	3,000
Accrued compensated absences	726,079	823,131
Bonds and notes payable	2,419,881	2,457,495
Lease obligations	-	8,374
Total Current Liabilities	<u>24,751,094</u>	<u>35,947,291</u>
NONCURRENT LIABILITIES		
Accrued compensated absences payable	1,999,570	2,171,689
Bonds and notes payable	322,006,672	318,433,237
Other long-term obligations	2,195,137	1,761,879
Total Noncurrent Liabilities	<u>326,201,379</u>	<u>322,366,805</u>
TOTAL LIABILITIES	<u>350,952,473</u>	<u>358,314,096</u>
NET ASSETS		
Invested in capital assets, net of related debt	197,564,247	192,343,285
Restricted for:		
Debt service	6,822,579	8,011,698
Capital projects	84,677,735	108,986,483
Educational programs	5,498,204	5,344,947
Other activities	543,884	474,217
Unrestricted	31,804,087	35,048,958
Total Net Assets	<u>\$ 326,910,736</u>	<u>\$ 350,209,588</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 - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 31,277,910	\$ 25,592,034
Less: Scholarship discount and allowance	(13,283,087)	(8,580,702)
Net tuition and fees	<u>17,994,823</u>	<u>17,011,332</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	7,934,304	8,432,282
Cafeteria	1,270,503	1,754,192
Other Operating Revenues	296,467	291,773
TOTAL OPERATING REVENUES	<u>27,496,097</u>	<u>27,489,579</u>
OPERATING EXPENSES		
Salaries	92,504,447	96,856,499
Employee benefits	39,916,436	38,748,679
Supplies, materials, and other operating expenses and services	29,109,611	27,561,508
Student financial aid	49,189,512	38,850,085
Equipment, maintenance, and repairs	7,552,876	7,380,543
Depreciation	12,406,862	9,509,852
TOTAL OPERATING EXPENSES	<u>230,679,744</u>	<u>218,907,166</u>
OPERATING LOSS	<u>(203,183,647)</u>	<u>(191,417,587)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	59,397,397	72,887,197
Local property taxes, levied for general purposes	49,108,340	47,979,140
Taxes levied for other specific purposes	15,044,524	16,161,819
Federal grants	51,658,397	43,193,698
State grants	9,590,522	10,141,866
State taxes and other revenues	4,215,730	5,462,545
Investment income	997,580	2,035,837
Interest expense on capital related debt	(17,426,074)	(17,473,454)
Investment income on capital asset-related debt, net	73,189	141,348
Transfer from fiduciary funds	84,529	1,143,401
Transfer to fiduciary funds	(545,844)	(415,442)
Other nonoperating revenue	7,167,756	6,326,332
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>179,366,046</u>	<u>187,584,287</u>
INCOME BEFORE OTHER REVENUES	<u>(23,817,601)</u>	<u>(3,833,300)</u>
State revenues, capital	64,409	1,792,392
Local revenues, capital	454,340	1,337,974
TOTAL OTHER REVENUES	<u>518,749</u>	<u>3,130,366</u>
CHANGE IN NET ASSETS	<u>(23,298,852)</u>	<u>(702,934)</u>
NET ASSETS, BEGINNING OF YEAR	<u>350,209,588</u>	<u>350,912,522</u>
NET ASSETS, END OF YEAR	<u>\$ 326,910,736</u>	<u>\$ 350,209,588</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 13,753,656	\$ 18,122,708
Payments to vendors for supplies and services	(38,490,395)	(34,012,861)
Payments to or on behalf of employees	(132,125,163)	(142,563,360)
Payments for scholarships and grants	(49,189,512)	(38,850,085)
Auxiliary enterprise sales and charges	9,501,274	10,478,247
Net Cash Flows From Operating Activities	<u>(196,550,140)</u>	<u>(186,825,351)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	54,986,384	71,094,233
Grants and contracts	63,304,082	52,385,600
Property taxes - nondebt related	49,108,340	47,979,140
State taxes and other apportionments	4,074,922	4,578,170
Other nonoperating	6,913,854	6,158,960
Net Cash Flows From Noncapital Financing Activities	<u>178,387,582</u>	<u>182,196,103</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(25,167,360)	(59,683,861)
State revenue - capital projects	64,409	1,792,392
Local revenue - capital projects	454,340	1,337,974
Property taxes - related to capital debt	15,044,524	16,161,819
Proceeds from capital debt	57,974,530	2,674,903
Principal paid on capital debt	(54,447,083)	(1,949,388)
Interest paid on capital debt	(17,624,829)	(17,493,570)
Interest received on capital asset-related debt	73,189	141,348
Net Cash Flows From Capital Financing Activities	<u>(23,628,280)</u>	<u>(57,018,383)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	1,056,057	2,719,248
Net Cash Flows From Investing Activities	<u>1,056,057</u>	<u>2,719,248</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(40,734,781)	(58,928,383)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>166,662,456</u>	<u>225,590,839</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 125,927,675</u>	<u>\$ 166,662,456</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$(203,183,647)	\$ (191,417,587)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation expense	12,406,862	9,509,852
Changes in Assets and Liabilities:		
Receivables, net	1,302,248	211,319
Inventories	(132,068)	293,489
Prepaid expenses	(319,369)	(47,736)
Accounts payable and accrued liabilities	(599,450)	539,744
Accrued interest payable	(198,755)	(20,116)
Deferred revenue	(5,990,048)	956,275
OPEB obligation	523,082	(6,813,263)
Compensated absences/Load banking	(358,995)	(37,328)
Total Adjustments	<u>6,633,507</u>	<u>4,592,236</u>
Net Cash Used By Operating Activities	<u><u>\$(196,550,140)</u></u>	<u><u>\$ (186,825,351)</u></u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 94,268	\$ 200,864
Cash in county treasury	125,833,407	166,461,592
Total Cash and Cash Equivalents	<u><u>\$ 125,927,675</u></u>	<u><u>\$ 166,662,456</u></u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u><u>\$ 2,599,418</u></u>	<u><u>\$ 2,182,106</u></u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2012 AND 2011**

	<u>2012</u> <u>Trust</u>	<u>2011</u> <u>Trust</u>
ASSETS		
Investments	\$ 6,653,470	\$ 6,174,690
Accounts receivable	6,204	9,026
Student loan receivable	149,680	251,423
Total Assets	<u>6,809,354</u>	<u>6,435,139</u>
 LIABILITIES		
Accounts payable	42,600	47,240
Deferred revenue	77,953	325,624
Total Liabilities	<u>120,553</u>	<u>372,864</u>
 NET ASSETS		
Unreserved	<u>6,688,801</u>	<u>6,062,275</u>
Total Net Assets	<u>\$ 6,688,801</u>	<u>\$ 6,062,275</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
	<u>Trust</u>	<u>Trust</u>
ADDITIONS		
Local revenues	\$ 1,896,708	\$ 2,069,838
Total Additions	<u>1,896,708</u>	<u>2,069,838</u>
DEDUCTIONS		
Academic salaries	532	1,783
Classified salaries	162,626	146,504
Employee benefits	12,771	8,621
Books and supplies	546,592	662,964
Services and operating expenditures	555,035	607,975
Capital outlay	97,464	165,019
Total Deductions	<u>1,375,020</u>	<u>1,592,866</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers from primary government	545,844	415,442
Operating transfers to primary government	(84,529)	(1,143,401)
Other uses	(356,477)	(346,113)
Total Other Financing Sources (Uses)	<u>104,838</u>	<u>(1,074,072)</u>
Change in Net Assets	626,526	(597,100)
Net Assets - Beginning	6,062,275	6,659,375
Net Assets - Ending	<u>\$ 6,688,801</u>	<u>\$ 6,062,275</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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 is a comprehensive, public, two-year institution offering 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The District has no component units.

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 and No. 38. 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. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. 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. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor'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. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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 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.

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 - Primary Government
 - Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government
 - Statement of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statement of Fiduciary Net Assets
 - Statement of Changes in Fiduciary Net Assets
- 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 represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2012 and 2011, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

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 \$8,396,461 and \$7,800,967 for the years ended June 30, 2012 and 2011, respectively.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2012.

Inventories

Inventories consist primarily of bookstore merchandise 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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 and an estimated useful life greater than one year. 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 routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing 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.

Deferred Issuance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Deferred Amount on Refunding

Deferred amount on refunding is amortized using the straight line method over the remaining life of the new debt.

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, retirement 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. Retirement credit for unused sick leave is applicable to all academic 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, 2012 AND 2011

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.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations, and OPEB obligations with maturities greater than one year.

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets" and represent the difference between assets and liabilities. 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. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets - net of related debt.

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 \$97,542,402 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers 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 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 Direct 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, 2012 and 2011, the District distributed \$9,072,137 and \$6,388,294, respectively, in direct lending through the U.S. Department of Education. These amounts for the Direct Loan programs were included as revenue and expenses within the accompanying financial statements during the year ending June 30, 2012.

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 System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2012, was \$2,599,418 for CalSTRS and \$0 for CalPERS. These amounts are reflected in the District's audited financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds financial statements, respectively.

New Accounting Pronouncements

From time to time, the Governmental Accounting Standards Board will issue additional guidance on the accounting and reporting for financial transactions affecting governmental entities. The following is a summary of the most recent pronouncements which will impact future reporting or accounting requirements for the District. The full text of the following statements, along with implementation guides, may be found on the GASB website: www.gasb.org.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*.

This Statement modifies and amends certain requirements for inclusion and reporting of component units in the financial reporting entity. Guidance is provided for both blended and discretely presented component units. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District or related component units for the June 30, 2013, financial statements.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included within other pronouncements issued on or before November 30, 1989, which does not conflict or contradict the GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier implementation is encouraged. The provisions of this Statement are required to be applied retroactively for all periods presented. Management is in the process of determining the impact to the District reporting for the June 30, 2013, financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District for the June 30, 2013, financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District for the June 30, 2014, financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*.

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District for the June 30, 2014, financial statements.

In June 2012, GASB issued Statements No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions - an amendment of Statement No. 27*.

The primary objective of these Statements is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014. Earlier implementation is encouraged. Management is in the process of determining the impact of both GASB Statements No. 67 and No. 68 on the June 30, 2015, financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Comparative Financial Information

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

NOTE 3 - 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 (ECS) 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

General Authorizations

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

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

Authorized Under Debt Agreements

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Summary of Deposits and Investments

Deposits and investments as of June 30, 2012, consist of the following:

Primary government	\$ 125,927,675
Fiduciary funds	6,653,470
Total Deposits and Investments	<u>\$ 132,581,145</u>
Cash on hand and in banks	\$ 69,268
Cash in revolving	25,000
Investments	132,486,877
Total Deposits and Investments	<u>\$ 132,581,145</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>Average Maturity in Days</u>
Ventura County Investment Pool	<u>\$ 132,703,915</u>	337

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, 2012</u>
Ventura County Investment Pool	<u>\$ 132,703,915</u>	N/A	AAAf

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 4 - ACCOUNTS RECEIVABLES

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

	Primary Government	
	2012	2011
Federal Government		
Categorical aid	\$ 1,045,298	\$ 2,379,372
State Government		
Apportionment	21,067,169	17,487,950
Categorical aid	278,340	221,695
Lottery	1,903,018	1,778,044
Mandated cost claims	6,964,775	6,326,968
State construction claims	65,595	49,761
Local Sources		
Interest	297,826	356,303
Ventura Foundation	-	242,702
RDA	771,760	674,199
Other local sources	1,122,056	1,184,328
Accounts receivable	33,515,837	30,701,322
Less reserve	(6,964,775)	(6,326,968)
Accounts receivable, net	\$ 26,551,062	\$ 24,374,354
Student loan receivables	\$ 2,365,708	\$ 3,710,269
Less reserve	(1,431,686)	(1,473,999)
Student loan receivables, net	\$ 934,022	\$ 2,236,270
	Fiduciary Funds	
	2012	2011
Local Sources		
Interest	\$ 6,154	\$ 8,538
Other local sources	50	488
Total	\$ 6,204	\$ 9,026
Student loan receivables	\$ 149,680	\$ 251,423

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2012, 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	127,779,721	19,629,346	100,237,721	47,171,346
Total Capital Assets Not Being Depreciated	<u>248,255,548</u>	<u>19,629,346</u>	<u>100,237,721</u>	<u>167,647,173</u>
Capital Assets Being Depreciated				
Buildings and improvements	277,985,966	99,032,707	-	377,018,673
Site improvements	53,290,552	1,205,014	-	54,495,566
Furniture and equipment	18,971,359	1,448,808	-	20,420,167
Vehicles	2,485,241	77,117	-	2,562,358
Total Capital Assets Being Depreciated	<u>352,733,118</u>	<u>101,763,646</u>	<u>-</u>	<u>454,496,764</u>
Total Capital Assets	<u>600,988,666</u>	<u>121,392,992</u>	<u>100,237,721</u>	<u>622,143,937</u>
Less Accumulated Depreciation				
Buildings and improvements	57,833,461	7,381,769	-	65,215,230
Site improvements	13,283,506	2,715,401	-	15,998,907
Furniture and equipment	14,594,488	2,144,058	-	16,738,546
Vehicles	2,034,820	165,634	-	2,200,454
Total Accumulated Depreciation	<u>87,746,275</u>	<u>12,406,862</u>	<u>-</u>	<u>100,153,137</u>
Net Capital Assets	<u>\$ 513,242,391</u>	<u>\$ 108,986,130</u>	<u>\$ 100,237,721</u>	<u>\$ 521,990,800</u>

Depreciation expense for the year was \$12,406,862.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Capital asset activity for the District for the fiscal year ended June 30, 2011, 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	157,508,946	57,018,268	86,747,493	127,779,721
Total Capital Assets Not Being Depreciated	<u>277,984,773</u>	<u>57,018,268</u>	<u>86,747,493</u>	<u>248,255,548</u>
Capital Assets Being Depreciated				
Buildings and improvements	199,444,521	78,541,445	-	277,985,966
Site improvements	45,084,504	8,206,048	-	53,290,552
Furniture and equipment	17,471,818	1,499,541	-	18,971,359
Vehicles	2,245,936	239,305	-	2,485,241
Total Capital Assets Being Depreciated	<u>264,246,779</u>	<u>88,486,339</u>	<u>-</u>	<u>352,733,118</u>
Total Capital Assets	<u>542,231,552</u>	<u>145,504,607</u>	<u>86,747,493</u>	<u>600,988,666</u>
Less Accumulated Depreciation				
Buildings and improvements	51,888,263	5,945,198	-	57,833,461
Site improvements	10,713,609	2,569,897	-	13,283,506
Furniture and equipment	13,724,952	869,536	-	14,594,488
Vehicles	1,909,599	125,221	-	2,034,820
Total Accumulated Depreciation	<u>78,236,423</u>	<u>9,509,852</u>	<u>-</u>	<u>87,746,275</u>
Net Capital Assets	<u>\$ 463,995,129</u>	<u>\$ 135,994,755</u>	<u>\$ 86,747,493</u>	<u>\$ 513,242,391</u>

Depreciation expense for the year was \$9,509,852.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2012</u>	<u>2011</u>
Accrued payroll and benefits		\$ 2,217,946	\$ 2,086,313
Construction		3,520,841	7,532,930
Student liability		2,036,527	1,746,809
Federal categorical aid		-	988,922
Other		1,574,326	1,805,247
	Total	<u>\$ 9,349,640</u>	<u>\$ 14,160,221</u>

		<u>Fiduciary Funds</u>	
		<u>2012</u>	<u>2011</u>
Student liability		\$ 413	\$ 105
Other		42,187	47,135
	Total	<u>\$ 42,600</u>	<u>\$ 47,240</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2012</u>	<u>2011</u>
Federal categorical aid		\$ 4,563	\$ 8,040
FEMA		24,367	36,275
State categorical aid		1,405,552	1,836,800
Lottery		1,039,345	664,644
Apportionment		917,797	1,749,591
RDA		152,676	-
Schedule maintenance		231,190	255,682
Other State		674,807	125,839
Enrollment fees/student fees		1,758,141	7,301,556
Other local		99,273	373,392
	Total	<u>\$ 6,307,711</u>	<u>\$ 12,351,819</u>

		<u>Fiduciary Funds</u>	
		<u>2012</u>	<u>2011</u>
Enrollment fees/student fees		\$ 13,598	\$ 44,067
Other local		64,355	281,557
	Total	<u>\$ 77,953</u>	<u>\$ 325,624</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2012, there were no interfund receivable and payable balances between the government and the fiduciary funds.

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 within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2012 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to \$84,529. The amount transferred to the fiduciary funds from the primary government was \$545,844.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2012 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	\$ 60,500,000	\$ -	\$ 52,675,000	\$ 7,825,000	\$ 1,000,000
General obligation bonds, 2002 Series B	62,675,000	-	595,000	62,080,000	780,000
General obligation bonds, 2002 Series C	197,033,356	2,863,898	320,000	199,577,254	500,000
General obligation bonds, 2011 Refunding Bonds	-	49,905,000	-	49,905,000	-
Premium on refunding bonds	-	5,205,632	306,214	4,899,418	-
Notes payable	682,376	-	542,495	139,881	139,881
Total Bonds and Notes Payable	<u>320,890,732</u>	<u>57,974,530</u>	<u>54,438,709</u>	<u>324,426,553</u>	<u>2,419,881</u>
Other Liabilities					
Compensated absences	2,994,820	-	269,171	2,725,649	726,079
Load banking	1,019,838	-	89,824	930,014	-
Capital leases	8,374	-	8,374	-	-
Net OPEB obligation	742,041	10,679,700	10,156,618	1,265,123	-
Total Other Liabilities	<u>4,765,073</u>	<u>10,679,700</u>	<u>10,523,987</u>	<u>4,920,786</u>	<u>726,079</u>
Total Long-Term Obligations	<u>\$ 325,655,805</u>	<u>\$ 68,654,230</u>	<u>\$ 64,962,696</u>	<u>\$ 329,347,339</u>	<u>\$ 3,145,960</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

The changes in the District's long-term obligations during the 2011 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	\$ 61,500,000	\$ -	\$ 1,000,000	\$ 60,500,000	\$ 1,000,000
General obligation bonds, 2002 Series B	63,100,000	-	425,000	62,675,000	595,000
General obligation bonds, 2002 Series C	194,358,453	2,674,903	-	197,033,356	320,000
Notes payable	1,198,624	-	516,248	682,376	542,495
Total Bonds and Notes Payable	<u>320,157,077</u>	<u>2,674,903</u>	<u>1,941,248</u>	<u>320,890,732</u>	<u>2,457,495</u>
Other Liabilities					
Compensated absences	3,043,927	-	49,107	2,994,820	823,131
Load banking	1,008,059	11,779	-	1,019,838	-
Capital leases	16,514	-	8,140	8,374	8,374
Net OPEB obligation	7,555,304	10,679,700	17,492,963	742,041	-
Total Other Liabilities	<u>11,623,804</u>	<u>10,691,479</u>	<u>17,550,210</u>	<u>4,765,073</u>	<u>831,505</u>
Total Long-Term Obligations	<u>\$ 331,780,881</u>	<u>\$ 13,366,382</u>	<u>\$ 19,491,458</u>	<u>\$ 325,655,805</u>	<u>\$ 3,289,000</u>

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property 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, 2012, \$356,347,814 had been issued and \$319,387,254 was outstanding. Interest rates on the bonds range from 2.5 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, 2012, \$139,881 was outstanding. The note matures through September 2012 with an interest rate of 4.9 percent.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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, 2011	Issued	Addition	Redeemed	Outstanding June 30, 2012
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$ 85,000,000	\$ 60,500,000	\$ -	\$ -	\$ 52,675,000	\$ 7,825,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	62,675,000	-	-	595,000	62,080,000
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	197,033,356	-	2,863,898	320,000	199,577,254
7/14/2011	2011 Refunding	8/1/2027	2.50 - 5.00%	49,905,000	-	49,905,000	-	-	49,905,000
					<u>\$320,208,356</u>	<u>\$ 49,905,000</u>	<u>\$2,863,898</u>	<u>\$53,590,000</u>	<u>\$ 319,387,254</u>

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ 1,000,000	\$ 373,675	\$ 1,373,675
2014	305,000	341,050	646,050
2015	325,000	325,300	650,300
2016	340,000	308,675	648,675
2017	360,000	291,175	651,175
2018-2022	2,160,000	1,151,425	3,311,425
2023-2027	2,695,000	514,713	3,209,713
2028	640,000	16,000	656,000
Total	<u>\$ 7,825,000</u>	<u>\$ 3,322,013</u>	<u>\$ 11,147,013</u>

The general obligation bonds mature through 2031 as follows:

2002 Series B

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ 780,000	\$ 3,000,725	\$ 3,780,725
2014	975,000	2,967,575	3,942,575
2015	1,185,000	2,924,375	4,109,375
2016	1,415,000	2,872,375	4,287,375
2017	1,660,000	2,810,875	4,470,875
2018-2022	12,785,000	12,558,688	25,343,688
2023-2027	22,885,000	8,199,375	31,084,375
2028-2031	20,395,000	2,202,875	22,597,875
Total	<u>\$ 62,080,000</u>	<u>\$ 37,536,863</u>	<u>\$ 99,616,863</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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>				
2013	\$ 489,855	\$ 10,145	\$ 8,630,875	\$ 9,130,875
2014	655,949	44,051	8,630,875	9,330,875
2015	802,098	97,902	8,630,875	9,530,875
2016	826,689	153,311	8,630,875	9,610,875
2017	1,286,393	333,607	8,630,875	10,250,875
2018-2022	11,228,955	8,036,045	43,154,375	62,419,375
2023-2027	16,894,550	26,050,450	43,154,375	86,099,375
2028-2032	89,702,765	23,762,235	37,260,713	150,725,713
2033-2034	77,690,000	-	4,377,175	82,067,175
Total	<u>\$ 199,577,254</u>	<u>\$ 58,487,746</u>	<u>\$ 171,101,013</u>	<u>\$ 429,166,013</u>

In July 2011, the District issued \$49,905,000 of general obligation refunding bonds. The net proceeds from the issuance provided for the partial refunding of \$51,675,000 of the 2002 Series A bonds.

This was an advance refunding resulting in a legal defeasance of the previously issued bonds. An Escrow Fund was established to fund continued payment of the principal and interest as it becomes due. The Escrow Agreement provides for the redemption of the remaining outstanding principal of the Series A bonds on August 1, 2012. As of June 30, 2012, the balance in the Escrow Account amounted to \$53,365,767.

Because the transaction qualifies as a legal defeasance, the obligation for the defeased bonds have been removed from the District's financial statements. The economic gain calculated as the sum of the project fund proceeds and the net present value savings is approximately \$4,115,000.

As of June 30, 2012, the principal balance outstanding is \$49,905,000. The general obligation refunding bonds mature through 2028 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2013	\$ -	\$ 2,222,863	\$ 2,222,863
2014	2,380,000	2,175,263	4,555,263
2015	2,540,000	2,076,863	4,616,863
2016	2,605,000	1,973,963	4,578,963
2017	2,760,000	1,865,363	4,625,363
2018-2022	15,930,000	7,573,531	23,503,531
2023-2027	19,145,000	3,573,125	22,718,125
2028	4,545,000	113,625	4,658,625
Total	<u>\$ 49,905,000</u>	<u>\$ 21,574,596</u>	<u>\$ 71,479,596</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Notes Payable

The notes mature through 2013 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2013	<u>\$ 139,881</u>	<u>\$ 1,744</u>	<u>\$ 141,625</u>

Capital Leases

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

Balance, July 1, 2011	\$ 8,615
Payments	8,615
Balance, June 30, 2012	<u>\$ -</u>

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2012, was \$10,679,700, and contributions made by the District during the year were \$10,175,724. The adjustment for the change in value in the irrevocable trust was \$(19,106), which resulted in an increase to the net OPEB obligation of \$523,082. As of June 30, 2012, the net OPEB obligation was \$1,265,123. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The District has entered into an agreement with Benefit Trust Company to form the Futuris Public Entity Investment Trust to be used for the funding and payment of the District's obligations under the employee benefit plans that provide retiree health and other postemployment benefits.

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 621 retirees and beneficiaries currently receiving benefits, 4 terminated Plan members entitled to but not receiving benefits, and 841 active full-time Plan members.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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 2011-2012, the District contributed \$10,175,724 to the Plan of which \$8,625,724 was used for current premiums, and \$1,550,000 was contributed to an irrevocable trust.

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	\$ 10,679,700
Contributions made by District	(8,625,724)
Contributions made to Irrevocable Trust	(1,550,000)
Change in value of Irrevocable Trust	<u>19,106</u>
Increase in net OPEB obligation	523,082
Net OPEB obligation, beginning of year	<u>742,041</u>
Net OPEB obligation, end of year	<u><u>\$ 1,265,123</u></u>

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended <u>June 30,</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 9,616,272	\$ 7,174,641	75%	\$ 7,555,304
2011	10,679,700	17,492,963	164%	742,041
2012	10,679,700	10,175,724	95%	1,265,123

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 146,646,320
Actuarial Value of Plan Assets *	11,286,448
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 135,359,872</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	7.7%
Covered Payroll	<u>\$ 68,603,076</u>
UAAL as Percentage of Covered Payroll	<u>197%</u>

* Asset Valuation as of June 30, 2012

The above noted actuarial accrued liability was based on the February 16, 2011, actuarial valuation. 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.

Actuarial Methods and Assumptions

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

In the February 16, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a seven 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 25 years. The actuarial value of assets was not determined in this actuarial valuation. The actuarial value of assets was not determined in this actuarial valuation. At June 30, 2012, the irrevocable trust held assets in the amount of \$11,286,448.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012, 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 2012, 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, 2012 AND 2011

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 2011-2012 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, 2012, 2011, and 2010, were \$4,084,960, \$4,240,719, and \$4,451,283, 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 2011-2012 was 10.923 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2012, 2011, and 2010, were \$3,088,177, \$3,148,619, and \$3,002,623, respectively, and equaled 100 percent of the required contributions for each year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012, 2011, and 2010, which amounted to \$2,599,418, \$2,182,106, and \$2,284,787, respectively, (4.855 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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 - 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.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2012.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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, 2012.

Construction Commitments

As of June 30, 2012, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Moorpark College Planning and Development (indirect)	\$ 459,851	06/30/15
Moorpark College CW Planning and Development (indirect)	5,687	06/30/15
Moorpark College Infrastructure	28,102	12/31/14
Moorpark College Library Renovation	11,679	12/31/14
Moorpark College Data Switch Project	52,637	12/31/14
Moorpark College Parking Structure	256,545	12/31/14
Moorpark College Piped Utility Systems	15,200	12/31/14
Oxnard College Planning and Development (indirect)	502,442	06/30/15
Oxnard College CW Planning and Development (indirect)	5,342	06/30/15
Oxnard College Data Switch Project	12,240	12/31/14
Oxnard College LRC Renovation	349,451	12/31/14
Oxnard College Dental Hygiene Expansion/Renovation	276,081	12/31/14
Ventura College Planning and Development (indirect)	399,524	06/30/15
Ventura College CW Planning and Development (indirect)	4,414	06/30/15
Ventura College Applied Science Building	618,752	06/30/15
Ventura College Maintenance and Operations Renovation	196,808	06/30/15
Ventura College Electrical Systems Upgrade	3,525	12/31/14
Ventura College Renovate Theater Building	863,894	12/31/12
Ventura College Telephone Data Switch	10,550	12/31/14
Ventura College Studio Arts Building	97,570	06/30/15
Ventura College INF Piped Utility Systems	9,883	06/30/15
	<u>\$ 4,180,177</u>	

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Deferral of State Apportionments

As a result of the State of California economy, certain apportionments owed to the District for funding of FTES and construction reimbursements which are attributable to the 2011-2012 fiscal year have been deferred to the 2012-2013 fiscal year. The total amount of funding deferred into the 2012-2013 fiscal year was \$21,067,169. 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 \$20,852,664 of the deferrals owed to them by the State.

Fiscal Issues Relating to State-Wide Funding Reductions

The State of California economy is continuing through a recessionary economy. The California Community College system is reliant on the State of California to appropriate the funding necessary to provide for the educational services and student support programs that are mandated for the colleges. Current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for California community colleges in addition to requiring substantial budget reductions.

The District has implemented budgetary reductions to counter the reductions in apportionment and program funding. However, continued reductions and deferral of cash payments will ultimately impact the District's ability to meet the goals for educational services.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
March 21, 2007	\$ -	\$ 150,053,533	\$ 150,053,533	0.0%	\$ 69,400,065	216%
April 9, 2009	-	173,733,730	173,733,730	0.0%	59,630,560	291%
February 16, 2011	11,286,448 *	146,646,320	135,359,872	7.7%	68,603,076	197%

* Asset Valuation as of June 30, 2012

SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2012

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 colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Stephen P. Blum	Chair	2014
Mr. Arturo D. Hernández	Vice Chair	2014
Ms. Dianne B. McKay	Member	2014
Dr. Larry O. Miller	Member	2012
Mr. Bernardo M. Perez	Member	2012

ADMINISTRATION

Dr. Jamillah Moore	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, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
HIGHER EDUCATION ACT			
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C		\$ 698,914
Title V, Hispanic Serving Institutions	84.031S		<u>1,615,564</u>
Total Higher Education Act			<u>2,314,478</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		854,400
Federal Direct Student Loans (Direct Loans)	84.268		9,072,137
Federal College Work Study (FWS)	84.033		519,110
Federal Pell Grant (PELL)	84.063		37,114,990
Student Financial Aid Administrative Costs	84.063		154,747
Academic Competitiveness Grant (ACG)	84.375		<u>1,212</u>
Total Student Financial Assistance Cluster			<u>47,716,596</u>
CAREER AND TECHNICAL EDUCATION ACT			
Passed through from California Community Colleges			
Chancellor's Office			
Perkins IV, Title I, Part C	84.048	11-C01-065	711,394
Perkins IV, Title IB, Consortium Grant	84.051	11-342-006	141,493
Career Technical Education (CTE) Transitions	84.243	11-112-681-682-683	<u>104,414</u>
Total Career and Technical Education Act			<u>957,301</u>
VOCATIONAL REHABILITATION ACT CLUSTER			
Passed through from Department of Rehabilitation			
Workability III	84.126A	27988	<u>135,794</u>
Total Vocational Rehabilitation Act Cluster			<u>135,794</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>51,124,169</u>

[1] Pass-Through Number not available.

** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from California Community Colleges			
Chancellor's Office			
Foster Kinship Care Education	93.658	[1]	\$ 165,600
Passed through from California Community Colleges			
Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	148,376
Passed through from Yosemite Community College District			
Child Care and Development Grant	93.575	11-12-4089 / 11-12-3207 / 11-12-4149	<u>59,371</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>373,347</u>
 U.S. DEPARTMENT OF COMMERCE			
Passed through from Foundation for California Community Colleges			
ARRA SBA Recovery Act "California Connects" - MESA Program	11.557	06-43-B10541	<u>5,738</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>5,738</u>
 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through from Oxnard Housing Authority			
Teen Parent Program	14.870	4323-07-HO	<u>29,392</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>29,392</u>
 U.S. DEPARTMENT OF LABOR			
WIA Cluster			
Passed through from Santa Barbara City College			
Governor's WIA A.D.N.	17.258	10-109-008	<u>65,729</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>65,729</u>
 NATIONAL SCIENCE FOUNDATION			
Passed through from Santa Clarita Community College District			
Project Create**	47.076	1002653	31,057

[1] Pass-Through Number not available.

** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
Passed through from the Regents of the University of California, Office of the President			
NSF Scholarship Grant**	47.049	11-MESA-324218- 44-46	\$ 2,000
Passed through from Butler County Community College District			
NSF (ATE) Guitar Project**	47.076	03-01-5-3410- 857-00	20,228
TOTAL NATIONAL SCIENCE FOUNDATION			<u>53,285</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 51,651,660</u>

[1] Pass-Through Number not available.

** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
ADN Enroll. Growth 10-12 Yr 1	\$ -	\$ 42,373	\$ 42,373
ADN Enroll. Growth 10-12 Yr 2	318,136	-	318,136
Cal Grant B	1,846,901	69,014	1,915,915
Cal Grant C	19,800	576	20,376
CalWorks 11-12	496,198	-	496,198
CalWorks prior year	-	1,322	1,322
CalWorks Region 6 Support	10,000	-	10,000
Cooperative Agency Resource Education (CARE) 11-12	227,202	-	227,202
Credit Matriculation 11-12	881,810	-	881,810
Disabled Students Programs and Services (DSPS) 11-12	1,597,269	-	1,597,269
Prior Year Categorial (DSPS)	-	53,001	53,001
ESL/Basic Skills 09/10	-	205,593	205,593
ESL/Basic Skills 10/11	-	262,340	262,340
ESL/Basic Skills 11/12	270,000	-	270,000
Extended Opportunity Prog and Svc (EOPS) 11-12	1,391,460	-	1,391,460
EOPS FY12 Special Textbook Augmentation	26,549	-	26,549
EWD: RTF Cyber Security	-	246,496	246,496
EWD: Workplace Learning Res. Ctr. 10-11	-	54,690	54,690
EWD: Workplace Learning Res. Ctr. 11-12	205,000	-	205,000
Foster Kinship Care Education	167,687	-	167,687
FSS Mesa 11-12	50,500	-	50,500
IELM	-	482,149	482,149
Restricted Lottery	561,946	664,644	1,226,590
SB70 CTE Community Collaborative Yr 3 (Phase III)	-	108,211	108,211
SB70 CTE Community Collaborative Yr 4 (Phase IV)	-	400,000	400,000
SB70 CTE Community Collaborative Yr 5 (Phase V)	348,000	-	348,000
Staff Diversity	10,895	-	10,895
Student Financial Aid Administration Allowance 10-11	-	200,493	200,493
Student Financial Aid Administration Allowance 11-12	1,034,482	-	1,034,482
Total	\$ 9,463,835	\$ 2,790,902	\$ 12,254,737

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 20,727	\$ 21,646	\$ -	\$ 42,373	\$ 42,373
193,766	35,699	-	229,465	229,465
1,915,915	-	-	1,915,915	1,915,915
20,376	-	-	20,376	20,376
506,198	-	14,271	491,927	491,927
1,322	-	-	1,322	1,322
10,000	-	1,453	8,547	8,547
227,202	-	-	227,202	227,202
881,810	-	-	881,810	881,810
1,597,269	-	5,181	1,592,088	1,592,088
53,001	-	37,158	15,843	15,843
205,593	-	51	205,542	205,542
262,340	-	126,837	135,503	135,503
270,000	-	269,141	859	859
1,391,460	-	1,278	1,390,182	1,390,182
26,549	-	-	26,549	26,549
76,496	169,557	-	246,053	246,053
50,336	-	-	50,336	50,336
123,000	10,142	-	133,142	133,142
136,929	28,671	-	165,600	165,600
37,875	12,625	-	50,500	50,500
482,149	-	405,914	76,235	76,235
760,688	698,841	1,039,345	420,184	420,184
108,211	-	5,684	102,527	102,527
400,000	-	259,960	140,040	140,040
278,400	-	278,400	-	-
10,895	-	37	10,858	10,858
197,145	-	-	197,145	197,145
1,034,482	-	187	1,034,295	1,034,295
<u>\$ 11,280,134</u>	<u>\$ 977,181</u>	<u>\$ 2,444,897</u>	<u>\$ 9,812,418</u>	<u>\$ 9,812,418</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 AS OF JUNE 30, 2012**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Audited Data*</u>
A. Summer Intersession (Summer 2011 only)			
1. Noncredit	-	-	-
2. Credit	2,275	-	2,275
B. Summer Intersession (Summer 2012 - Prior to July 1, 2012)			
1. Noncredit	-	-	-
2. Credit	2	-	2
C. Primary Terms Exclusive of Summer Intersessions			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,505	(5)	19,500
(b) Daily Census Contact Hours	1,419	-	1,419
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	190	-	190
(b) Credit	582	-	582
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	1,840	-	1,840
(b) Daily Census Procedure Courses	650	-	650
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>26,463</u>	<u>(5)</u>	<u>26,458</u>
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	27	-	27
2. Credit	777	-	777
	<u>804</u>	<u>-</u>	<u>804</u>

* Annual report revised as of October 2, 2012.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Reported Data	Reported Data	Audit Adjustments	Reported Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 24,572,621	\$ -	\$ 24,572,621	\$ 26,474,823	\$ -	\$ 26,474,823
Other	1300	21,158,040	-	21,158,040	21,435,941	-	21,435,941
Total Instructional Salaries		45,730,661	-	45,730,661	47,910,764	-	47,910,764
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,893,328	-	7,893,328
Other	1400	-	-	-	713,839	-	713,839
Total Noninstructional Salaries		-	-	-	8,607,167	-	8,607,167
Total Academic Salaries		45,730,661	-	45,730,661	56,517,931	-	56,517,931
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	19,417,690	-	19,417,690
Other	2300	-	-	-	1,510,263	-	1,510,263
Total Noninstructional Salaries		-	-	-	20,927,953	-	20,927,953
Instructional Aides							
Regular Status	2200	1,961,988	-	1,961,988	2,026,637	-	2,026,637
Total Instructional Aides		1,961,988	-	1,961,988	2,026,637	-	2,026,637
Total Classified Salaries		1,961,988	-	1,961,988	22,954,590	-	22,954,590
Employee Benefits	3000	13,523,095	-	13,523,095	26,709,452	-	26,709,452
Supplies and Material	4000	-	-	-	1,796,417	-	1,796,417
Other Operating Expenses	5000	-	-	-	11,180,025	-	11,180,025
Total Expenditures Prior to Exclusions		61,215,744	-	61,215,744	119,158,415	-	119,158,415

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Reported Data	Reported Data	Audit Adjustments	Reported Data
<u>Exclusions</u>							
Activities to Exclude							
Objects to Exclude							
Rents and Leases	5060	\$ -	\$ -	\$ -	\$ 570,894	\$ -	\$ 570,894
Lottery Expenditures							
Other Operating Expenses and Services	5000	-	-	-	3,288,695	-	3,288,695
Total Exclusions		-	-	-	3,859,589	-	3,859,589
Total for ECS 84362, 50 Percent Law		\$ 61,215,744	\$ -	\$ 61,215,744	\$ 115,298,826	\$ -	\$ 115,298,826
Percent of CEE (Instructional Salary Cost/Total CEE)		53.09%		53.09%	100.00%		100.00%
50% of Current Expense of Education					\$ 57,649,413		\$ 57,649,413

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, 2012**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2012.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Total Fund Balance:

General Fund	\$ 32,267,153	
Special Revenue Funds	559,178	
Capital Project Funds	84,677,735	
Debt Service Funds	12,767,075	
Enterprise Funds	5,820,482	
Internal Service Funds	2,122,018	
Fiduciary Funds	6,689,805	
	<hr/>	
Total Fund Balance - All District Funds		\$ 144,903,446

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	622,143,937	
Accumulated depreciation is	(100,153,137)	
Less fixed assets already recorded in the enterprise funds	<hr/> (43,535)	521,947,265

Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis. 384,568

Amounts held in trust on behalf of others (Trust and Agency Funds). (6,688,801)

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. (5,944,496)

Long-term obligations at year-end consist of:

Bonds payable	319,387,254	
Premium on refunding bonds	4,899,418	
Notes payable	139,881	
Net OPEB obligation	1,265,123	
Load banking	930,014	
Compensated absences	2,725,649	
Less load banking already recorded in funds	(930,014)	
Less compensated absences already recorded in funds	<hr/> (726,079)	<hr/> (327,691,246)
Total Net Assets		<u><u>\$ 326,910,736</u></u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

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	84.031S	
California State University - Channel Islands		\$ 6,223
University of California - Santa Barbara		20,170
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	
California State University - Channel Islands		88,796
University of California - Santa Barbara		81,621
		\$ 196,810

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 Chancellor'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, 2012

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

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 Governmental Funds 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.

Reconciliation of Expenditures of Grant Activity With the District's Schedule of Expenditures of Federal Awards

The following is a list of the grants and the differences between the District's accounting records and the Schedule of Expenditures of Federal Awards:

Description	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Net Assets - Primary Government:	\$ 51,658,397
Unrestricted Federal revenue (Veteran's and other misc) not included on SEFA	<u>(6,737)</u>
Total Schedule of Expenditures of Federal Awards	<u><u>\$ 51,651,660</u></u>

INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' 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 basic financial statements of Ventura County Community College District (the District) for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2012. 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.

As discussed in Note 14 to the basic financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding formula of Ventura County Community College District.

Internal Control Over Financial Reporting

Management of Ventura County Community College District is responsible for establishing and maintaining effective 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 deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously defined.

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, 2012.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor'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.

Vaurinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON 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 Ventura County Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ventura County Community College District's major Federal programs for the year ended June 30, 2012. Ventura County Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Ventura County Community College District's management. Our responsibility is to express an opinion on Ventura County Community College District's compliance based on our audit.

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

In our opinion, Ventura County Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor'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.

Vourish, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2012



REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the basic financial statements of Ventura County Community College District (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012.

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

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Ventura County Community College District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Ventura County Community College District's compliance with the State laws and regulations in accordance with Section 400 of the Chancellor's Office *California Community Colleges Contracted District Audit Manual (CDAM)* issued in May 2012 applicable to the following items:

Section 421	Salaries of Classroom Instructors: 50 Percent Law
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 431	Gann Limit Calculation
Section 433	California Work Opportunity and Responsibility to Kids (CalWORKS)
Section 435	Open Enrollment
Section 437	Student Fee – Instructional and Other Materials
Section 438	Student Fees – Health Fees and Use of Health Fees
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 476	Curriculum and Instruction
Section 479	To Be Arranged (TBA) Hours

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

Based on our audit, we found that for the items tested, the Ventura County Community College District complied with the State laws and regulations referred to above, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs. Our audit does not provide a legal determination on Ventura County Community College District's compliance with the State laws and regulations referred to above.

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 on the responses.

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

Vaurink, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<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?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007; 84.033; 84.063; 84.268; 84.375</u>	<u>Student Financial Assistance Cluster</u>
<u>84.031C; 84.031S</u>	<u>Title V, Hispanic Serving Institutions</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

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.

Suspension and Debarment

2012-1 Finding

Programs Affected

CFDA #84.031C and #84.031S: U.S. Department of Education: CCRAA Strengthening STEM Pathways and Title V Hispanic Servicing Institutions

Compliance Requirement

Suspension and Debarment

Criteria or Specific Requirement

Title 34 - Education, Part 80 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Subpart C - Pre-Award Requirements, Section 80.35 Subawards to debarred and suspended parties:

- Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party, which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension".

OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Sub-Part C, Pre-Award Requirements, Section .33 Debarment and Suspension:

Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule.

Condition

Significant Deficiency: Procedures have not been implemented to verify that the District has not contracted with vendors who have been placed on the Excluded Parties List System (EPLS). The EPLS will disclose companies that have been suspended or debarred from providing services to agencies receiving Federal funds.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Questioned Costs

None.

Context

Contracts were provided to two companies in excess of \$25,000 through the above Federal program. While neither of these two companies were on the EPLS, it could not be verified that the District had verified this prior to contracting with the companies.

Effect

By failing to verify if a company has been placed on the EPLS, the District is at risk of being out of compliance with the Federal regulations related to contracting with companies that have been suspended or debarred from federally funded programs.

Cause

A procedure to ensure the compliance with Federal requirements related to Suspension and Debarment and documentation of checking the EPLS has not been implemented.

Recommendation

The District should implement a procedure to verify that all vendors who are providing services to federally funded programs in excess of \$25,000 are not suspended, debarred, or otherwise excluded from providing the services. This verification may be accomplished by checking the EPLS and requiring certification from the company that they have not been suspended or debarred from governmental contracts.

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. Approval for all requisitions for amounts over \$25,000, to vendors providing services to federally funded programs, will be contingent on securing verification that the Federal debarment website (EPLS) has been checked and that the vendor status is favorable, as evidenced by a printout from the website. Requisitions will not be approved until that has been provided. In addition, the vendor will be required to sign a certification form before a purchase order is issued. District Purchasing staff will retain both the EPLS website printout and certification form in the vendor file.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

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 - Moorpark College

2012-2 Finding

Criteria or Specific Requirement

Education Code Section 76002(a) specifies that for purposes of receiving State apportionments, a community college district may include high school pupils who attend a community college within the district pursuant to Sections 48800 and 76001 in the district's report of *full-time equivalent students* (FTES) only if those pupils are enrolled in community college classes that meet certain criteria.

Condition

The following conditions were identified as not meeting the criteria for claiming apportionment for the concurrent enrolled high school students.

- Each student has to have proper approval from the student's high school before being admitted as a concurrent enrolled student. Two students tested did not have the required authorization form from their high school for the semester they attended Moorpark College.
- When a concurrent enrolled high school student graduates from high school, his/her enrollment status must be changed. During testing, one student that was identified as being a concurrent enrolled high school student in the system actually had graduated high school in 2010. This student's status code was incorrectly coded in the attendance system. As a result, the student was not assessed enrollment fees.

Questioned Costs

During the Summer of 2011, the student was enrolled in 10 units, and no enrollment fees were assessed. Enrollment fees per unit for the Summer term were \$36 a unit. Therefore, questioned costs would be \$360.

Recommendation

The college should review their existing procedures regarding concurrent enrolled K-12 students to ensure that the college is properly verifying and monitoring all concurrently enrolled students. In addition, the college should ensure that all concurrently enrolled students are being correctly recorded in the attendance system.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. At the conclusion of each semester's late registration cycle, the college will request a listing of all students coded as concurrently enrolled and reconcile the list to the special admission forms on file, to ensure that the required authorizations from the student's high school have been received. This verification of the student's enrollment status will be completed before being admitted as a concurrent enrolled student. This verification will ensure that students who no longer meet the criteria as concurrently enrolled are assessed enrollment fees.

California Work Opportunity and Responsibility to Kids (CalWORKs) - Ventura College

2012-3 Finding

Criteria or Specific Requirement

CalWORKs funds are allocated to provide assistance to welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges. Students need to be eligible for CalWORKs program services each semester based on guidelines provided in:

- Chancellor's Office CalWORKs *Program Handbook Guidelines_2007-08*

Condition

During the testing of the CalWORKs program at Ventura College, it was noted that the staff are only obtaining eligibility verification once a year, rather than each semester as required.

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

The college needs to be aware of all compliance requirements for the CalWORKs program to ensure that they remain in compliance with all regulatory guidelines; this includes obtaining the eligibility verification for all students each semester.

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. Program staff will audit each student's file every semester to ensure that the Welfare to Work plan is updated every semester and that the college has obtained all necessary eligibility verification. Program staff will work more closely with the County of Ventura Human Services Agency to ensure that any required eligibility verifications are provided for each academic term as required by program guidelines.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Open Enrollment - Moorpark College, Oxnard College, and Ventura College

2012-4 Finding

Criteria or Specific Requirement

CCR, Title 5, Section 51006, specifies that the governing board of each community college district shall adopt by resolution a policy related to open courses. In addition, a statement of this policy shall be published in the official catalog, schedule of classes, and any addenda to the schedule of classes for which full-time equivalent students (FTES) is reported for State apportionment.

Condition

The class schedules that are published online for students did not have the open enrollment policy published in it.

Questioned Costs

There are no questions costs associated with this compliance requirement.

Recommendation

The colleges must make sure that all published schedules and catalogs (including all online information) contain the required compliance information.

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation and has instituted a more stringent review process to ensure that all published schedules and catalogs (including online searchable schedule of classes) contain the required compliance information regarding open enrollment policy before being posted.

Student Fees - Health Fees and Use of Health Fees - Moorpark College

2012-5 Finding

Criteria or Specific Requirement

AB 982 Health Fee Waiver Guidance and *AB 982 Health Fee Waiver Q & A*, Chancellor's Office

Education Code Section 76355 requires boards to adopt rules and regulations that exempt certain students from the payment of health fees. Under subsection (c), districts **must** exempt students who depend on prayer for healing and students attending community college under an approved apprenticeship program. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Condition

The Moorpark College course catalog includes a description of the required exemptions from payment for health fees; however, the catalog does not indicate a clear process through which students may claim an exemption.

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

The course catalog should indicate a clear process through which a student may claim an exemption for the student health fee.

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation, and will strengthen procedures to clearly articulate the exemption process, through which students may claim the exemption for the student health fee, in the college catalogs.

Extended Opportunity Programs and Services (EOPS) - Ventura College

2012-6 Finding

Criteria or Specific Requirement

EOPS was established "to encourage the enrollment of students handicapped by language, social, and economic disadvantages, and to facilitate the successful completion of their education goals and objectives". State allocations for EOPS are awarded on the basis of need, as supported by data submitted by community college districts. Students eligible for funding must have been verified and have all required EOPS documents.

Condition

At Ventura College, two of the students selected for verification did not have an educational plan documented in their files.

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

The EOPS coordinator should ensure that all required documentation is retained within each student's file in order to ensure that the college remains in compliance with the required guidelines.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. To ensure that students eligible for funding have been verified and have all required EOPS documents, EOPS Program staff will review the student's EOPS file after their appointment with an EOPS counselor, to validate that an education plan has been established, revised, and is current. An incomplete student educational plan will be sent back to the appropriate EOPS counselor for review and completion with the student to ensure that the college is in full compliance with this regulation. The EOPS coordinator and responsible administrator will be apprised on a monthly basis on the status of any incomplete student educational plans.

Cooperative Agencies Resources for Education (CARE) - Moorpark College

2012-7 Finding

Criteria or Specific Requirement

To ensure that CARE funds are spent appropriately, the *Care Program Guidelines* was established with guidelines concerning general provisions and requirements of the program. One of those requirements is regarding the need for an advisory committee. The committee shall meet at least twice during each academic year.

Condition

The Moorpark College advisory committee only met once during the academic year.

Questioned Costs

There are no questioned costs associated with this particular State compliance finding.

Recommendation

The CARE coordinator should be familiar with the requirements of the program to ensure that the college is in compliance with all requirements.

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. The CARE coordinator and responsible administrator will work to ensure that all program requirements are met, including the requirement that the advisory committee meet at least twice during each academic year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

To Be Arranged (TBA) Hours

2012-8 Finding

Criteria or Specific Requirement

- Second To Be Arranged (TBA) Hours Follow-Up Memorandum, June 10, 2009
- TBA Hours Follow-Up Memorandum, January 26, 2009
- TBA Hours Compliance Advice (Legal Advisory 08-02), October 1, 2008
- *Education Code* Sections 84040 and 88240
- CCR, Title 5, Sections referred to are 55002, 55002.5, 53415, 58000, 58003.1, 58006, 58020, 58030, 58050, 58051, 58056, 58102, 5804, 58108, 58168, 58170, 58172, 59020, and 59112
- Student Attendance Accounting Manual
<http://www.cccco.edu/ChancellorsOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/StudentAttendanceAccountingManual/tabid/833/Default.aspx>
- Districts are required to list TBA Hours in the schedule of classes and describe them in the course outline.
- Districts need to track TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course.

Condition

During testing of State compliance regarding TBA Hours, three conditions were noted as follows:

- TBA Hours are required to take attendance on each class session in order to claim apportionment. In each class section coded as TBA class, the District could not provide supporting documentation (attendance rosters) to justify the TBA Hours associated with several courses tested.
- Some of the courses tested, that were coded by the District as TBA classes, failed to provide supporting documentation of the course outline that described the TBA Hours.
- Some of the courses tested could not provide a class syllabus that should have been provided to students.

Questioned Costs

The District is over capped on FTES for the current year being audited. However, because of the errors noted in the testing of this program, the District should remove the FTES associated with the condition noted above and revise their CCFS-320 report accordingly.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Recommendation

It is recommended that proper procedures be implemented to closely monitor courses with TBA Hours to ensure that the schedule of classes list the TBA Hours and that the course outline describes them. Procedures should also be implemented to verify that the District tracks and codes TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course or for classes in which the teachers neglect to keep the attendance rosters. It is also recommended that the course outlines, syllabus, and student participation records be kept for the required retention period and be available for review if required.

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. The District has instituted a more rigorous review process that will require validation of State compliance before any FTES associated with TBA classes are reported on the District's CCFS-320 report, including requiring evidence of attendance rosters, course outlines, syllabi, and student participation records. For fiscal year 2011-2012, the District amended the CCFS-320 report, reducing the credit FTES amount by 4.92 for those FTES associated with TBA classes for which there was insufficient supporting documentation.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

FEDERAL AWARD FINDINGS

2011-1 Finding

Program Affected

CFDA #84.007; #84.033; #84.063; #84.268; #84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special Tests - Direct Loans - Ventura College and Moorpark College

Criteria

Borrower Data Transmission and Reconciliation (Direct Loan): A-133 Compliance Supplement; Student Financial Aid Cluster:

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, a Cash Detail, and Loan Detail Records. The institution is required to reconcile these files to the institution's financial records.

Condition

During our review of the requirements for the Borrower Data Transmission and Reconciliation process at Ventura College and Moorpark College, it was observed that both colleges were not reconciling the SAS data files to the financial records on a monthly basis.

Questioned Costs

No questioned costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for Direct Loans.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Effect

Without proper monitoring of Direct Loan disbursements, the District risks noncompliance with 34 CFR Sections 685.102(b), 685.301, and 303.

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 that reconciliations of the SAS data files to the financial records are being performed on a monthly basis. This is the first fiscal year that the colleges have offered Direct Loans.

Recommendation

It is recommended that the District implement procedures to ensure that the School Account Statement data file and the Loan Detail Records per the COD are reconciled to the colleges' financial records.

Current Status

Implemented.

2011-2 Finding

Program Affected

84.007; 84.033; 84.063; 84.268; 84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special Tests - Direct Loans - Ventura College and Moorpark College

Criteria

A-133 Compliance Supplement: Student Financial Aid Cluster: For Pell and Direct Loan disbursements, the disbursement date and amount in the Common Origination and Disbursement files must agree to the disbursement date and amount in students' accounts or to the amount and date the funds were otherwise made available to students.

Condition

During our review of the requirements for disbursement to or on behalf of students processed at the District, it was observed that two of the colleges, Ventura College and Moorpark College, had disbursement dates and amounts reported in the Common Origination and Disbursement files that did not match their financial records.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Questioned Costs

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

Context

The condition was identified as a result of reviewing the District's compliance requirements for disbursements to or on behalf of students.

Effect

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement.

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 disbursement to or on behalf of students.

Recommendation

It is recommended that the District implement procedures to ensure that the disbursement date and amount match between the Common Origination and Disbursement files and the students' account records.

Current Status

Implemented.

2011-3 Finding

Program Affected

84.007; 84.033; 84.063; 84.268; 84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special Tests - Ventura College and Oxnard College

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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 the Department of Education or the appropriate 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 District, instances were noted that Ventura College and Oxnard College did not provide the District with the necessary paperwork to complete the returns; therefore, the District's Business Office did not return their portion of funds within the time frame noted above as per Section 668.173(b). In addition, it was noted that Ventura College was reconciling their returns more than 30 days after the term has ended, which is not in accordance with Section 668.22(j) as noted above. As a result of these exceptions, the District is not in compliance with the above mentioned criteria.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues are 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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 accurately 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.

Current Status

Implemented.

2011-4 Finding

Program Affected

Workforce Investment Act Cluster - Allied Health Phase I - CFDA #17.258

Compliance Requirement

Eligibility - Santa Paula site

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Criteria

Workforce Investment Act Section 134(d)(2):

Funds shall be used to provide core services, which shall be available to individuals who are adults or dislocated workers through the one-stop delivery system and shall, at a minimum, include:

- (A) Determinations of whether the individuals are eligible to receive assistance under this subtitle.

Workforce Investment Act Section 134(d)(3):

- (A) In general.-- Funds allocated to a local area for adults shall be used to provide intensive services to adults and dislocated workers.

Workforce Investment Act Section 134(d)(4):

- (A) In general.-- Funds allocated to a local area for adults shall be used to provide training services to adults.

- (i) who have met the eligibility requirements for intensive services under paragraph (3)(A) and who are unable to obtain or retain employment through such services.

20 CFR 663.310:

Training services may be made available to employed and unemployed adults who have met the eligibility requirements for intensive services, have received at least one intensive service under 663.240, and have been determined to be unable to obtain or retain employment through such services.

Condition

Eligibility verification was not performed in a timely manner. Verification of the students' eligibility was performed after the students were enrolled in the training classes. Additionally, there was no documentation noted within the students' files to verify the students' identities and ages.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issue relates to eligibility, not cost.

Context

The condition was identified as a result of reviewing the District's compliance requirements for eligibility for the Allied Health I Program.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Effect

Without proper monitoring of the eligibility requirement, the site risks noncompliance with the requirement for the Workforce Investment Act.

Cause

The Santa Paula site has not implemented policies and procedures to ensure the eligibility requirements were verified prior to the students' enrollment in the training classes. The site was not fully aware of the requirements until October 2010, two years after the program was put into place.

Recommendation

It is recommended that eligibility for all potential students be verified prior to the students enrolling in the training courses offered through the grant. Policies and procedures should be established and implemented to ensure the District is in compliance with Federal eligibility requirements.

Current Status

Implemented.

STATE AWARD FINDINGS

Student Fees - Instructional Material Fees - Ventura College

2011-5 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 may only charge instructional material fees for materials which are of a continuing value to the students outside of the classroom setting, is tangible personal property that is owned or primarily controlled by the student, and the material must not be solely or exclusively available from the District.
- Any instructional material fees that are optional in nature must be made clear to the students. Optional fees must clearly be described as optional in such a way that optional fees cannot be confused with required fees.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Condition

During our review of the requirements for instructional fees, it was observed that Ventura College could not provide supporting documentation to justify the instructional materials fee charged to the students for two courses, Managerial Accounting and Computer Maintenance Technology. 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 2010-2011 catalogs at Ventura College.

Cause

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

Recommendation

It is recommended that the District implement proper procedures to monitor and ensure that for instructional material fees, there is proper documentation to justify the material fee charged to the students. Any fee that cannot be justified and properly documented should be eliminated.

Current Status

Implemented.

Cooperative Agencies Resources for Education (CARE) - Ventura College

2011-6 Finding

Criteria

To ensure that CARE funds are spent appropriately, the *Care Program Guidelines* was established with guidelines concerning general provisions and requirements of the program. One of those requirements is regarding the need for an advisory committee. The committee shall meet at least twice during each academic year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Condition

During the current year, Ventura College did have a list of the advisory committee members; however, the listing was outdated as it indicated one employee that is no longer with the District. In addition, the advisory committee did not meet at any time during the academic year. As a result, Ventura College is not in compliance with the requirements of the program as noted above.

Questioned Costs

There were no questioned costs associated with this particular State compliance finding.

Context

The condition was identified as a direct result of testing the compliance requirements related to the *Care Program Guidelines*.

Cause

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

Recommendation

The CARE coordinators must familiarize themselves with the requirements of the program to ensure that the college is in compliance with all requirements.

Current Status

Implemented.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

To Be Arranged (TBA) Hours

2011-7 Finding

Criteria

- Second To Be Arranged (TBA) Hours Follow-Up Memorandum, June 10, 2009
- TBA Hours Follow-Up Memorandum, January 26, 2009
- TBA Hours Compliance Advice (Legal Advisory 08-02), October 1, 2008
- *Education Code* Sections 84040 and 88240
- CCR, Title 5, Sections referred to are 55002, 55002.5, 53415, 58000, 58003.1, 58006, 58020, 58030, 58050, 58051, 58056, 58102, 5804, 58108, 58168, 58170, 58172, 59020, and 59112
- Student Attendance Accounting Manual
<http://www.cccco.edu/ChancellorsOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/StudentAttendanceAccountingManual/tabid/833/Default.aspx>
- Districts are required to list TBA Hours in the schedule of classes and describe them in the course outline.
- Districts need to track TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course.

Condition

During testing of State compliance regarding TBA Hours, three conditions were noted as follows:

- TBA Hours are required to take attendance on each class session in order to claim apportionment. In each class section coded as TBA class, the District could not provide supporting documentation (attendance rosters) to justify the TBA Hours associated with several courses tested.
- Some of the courses tested, that were coded by the District as TBA classes, failed to provide supporting documentation of the course outline that described the TBA Hours.
- A clear description of the course, including the number of TBA Hours required, needs to be published in the official catalog and in the official schedule of classes. Some courses tested failed to list TBA Hours in the schedule of classes.

Questioned Costs

The District is over capped on FTES for the current year being audited. However, because of the errors noted in the testing of this program, the District should remove the FTES associated with all TBA Hour courses and revise their 320 report.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Recommendation

It is recommended that proper procedures be implemented to closely monitor courses with TBA Hours to ensure that the schedule of classes list the TBA Hours and that the course outline describes them. Procedures should also be implemented to verify that the District tracks and codes TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course or for classes in which the teachers neglect to keep the attendance rosters. It is also recommended that the course outlines and student participation records be kept for the required retention period and be available for review if required.

Current Status

Not implemented. See current year finding 2012-8.