



**VENTURA COUNTY COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Ventura County Community College District
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Ventura County Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2017-2018 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 13, the Schedule of Changes in the District's Net OPEB Liability and Related Ratios on page 61, the Schedule of OPEB Investment Returns on page 62, the Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program on page 63, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 64, and the Schedule of District Contributions for Pensions on page 65 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, 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, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vaughan, Tuma, Day & Co, LLP

Rancho Cucamonga
December 3, 2018



Ventura County Community College District

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DR. GREG GILLESPIE
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, 2018. The report consists of three basic financial statements: the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, 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, 2018. 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 government-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 Position 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 Position 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 District follows the Business-Type Activity (BTA) model for financial statement reporting purposes as recommended by the California Community Colleges Systems Office for all State community colleges.

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 2017-2018 fiscal year, the reported FTES were 26,668 as compared to 25,407 in the 2016-2017 fiscal year. The District expects to be fully funded for fiscal year 2017-2018 and 2016-2017.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$5.1 million in the 2017-2018 fiscal year. These projects are funded from local resources and from our voter approved general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

- Costs for employee salaries increased by 2.5 percent or \$2.7 million in the 2017-2018 fiscal year and costs associated with employee benefits decreased by 16 percent or \$9.3 million. Benefits decreased due to the District's implementation of GASB Statement No. 75 where \$14.4 million in current year OPEB contributions are deferred.
- During the 2017-2018 fiscal year, the District provided \$59.2 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State 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 next year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

THE DISTRICT AS A WHOLE

Net Position

Table 1

(Amounts in thousands)

	2018	(As restated) 2017
ASSETS		
Current Assets		
Cash and investments	\$ 162,733	\$ 148,598
Accounts receivable (net)	18,871	8,268
Other current assets	447	274
Total Current Assets	<u>182,051</u>	<u>157,140</u>
Capital assets (net)	<u>541,514</u>	<u>564,155</u>
Total Assets	<u>723,565</u>	<u>721,295</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	23,636	25,248
Deferred outflows of resources related to OPEB	14,422	-
Deferred outflows of resources related to pensions	52,523	34,296
Total Deferred Outflows of Resources	<u>90,581</u>	<u>59,544</u>
Total Assets and Deferred Outflows	<u>\$ 814,146</u>	<u>\$ 780,839</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 49,971	\$ 46,764
Current portion of long-term obligations	10,400	9,116
Total Current Liabilities	<u>60,371</u>	<u>55,880</u>
Long-Term Obligations	<u>667,560</u>	<u>648,953</u>
Total Liabilities	<u>727,931</u>	<u>704,833</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>8,778</u>	<u>8,082</u>
NET POSITION		
Net investment in capital assets	233,700	252,435
Restricted	50,325	45,944
Unrestricted	(206,588)	(230,455)
Total Net Position	<u>77,437</u>	<u>67,924</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 814,146</u>	<u>\$ 780,839</u>

Cash and investments consist primarily of funds held in the Ventura County Treasury. Funds are invested in accordance with Board Policy, which emphasizes prudence, safety, liquidity, and return on investment. The Statement of Cash Flows contained with these financial statements provides greater detail regarding the sources and uses of cash, and the net change in cash during fiscal years 2017-2018 and 2016-2017.

The majority of the accounts receivable balance is from the State for general apportionment, which totaled approximately \$7.3 million at June 30, 2018.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Capital assets had a net decrease of \$22.6 million. The District had additions of \$6.3 million related to construction in progress. Depreciation expense of \$18.3 million was recognized during 2017-2018. The District also sold a parcel of land with historical costs of \$10.2 million. The capital asset section of this discussion and analysis provides greater detail.

In 2011, 2014, and 2015, the District issued refunding bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference, which totaled \$23.6 million at June 30, 2018, is deferred and amortized to interest expense.

Accounts payable and accrued liabilities consist of amounts due as of the fiscal year-end for received goods and services, incurred interest, and unearned revenue. The current portion of long-term obligations is the amount due on the outstanding general obligation bonds within one year.

The majority of long-term obligations consist of bonds payable related to the issuance of the District's general obligations bonds, which totaled \$333.3 million at June 30, 2018.

Much of the unrestricted net position has been designated by the Board or by contracts for such purposes as the required general reserve for ongoing financial health, budget rollover, and revenue shortfall contingency.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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 Position on page 15.

Table 2

(Amounts in thousands)

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Net tuition and fees	\$ 17,041	\$ 17,554
Total grants and contracts, noncapital	39,348	35,247
Auxiliary sales and charges/Other operating	511	479
Total Operating Revenues	<u>56,900</u>	<u>53,280</u>
Operating Expenses		
Salaries and benefits	161,612	168,161
Supplies and maintenance	31,071	30,861
Student financial aid	47,711	41,836
Depreciation	18,260	17,473
Total Operating Expenses	<u>258,654</u>	<u>258,331</u>
Loss on Operations	<u>(201,754)</u>	<u>(205,051)</u>
Nonoperating Revenues (Expenses)		
State apportionments	76,255	71,618
Property taxes	89,114	85,013
Federal and State financial aid grants, noncapital	44,591	40,182
State revenues	7,495	8,641
Net interest expense	(13,187)	(14,100)
Other nonoperating revenues	3,507	6,753
Total Nonoperating Revenues (Expenses)	<u>207,775</u>	<u>198,107</u>
Other Revenues and (Losses)		
State and local capital income	4,706	3,519
Loss on disposal of capital assets	(1,214)	(201)
Total Other Revenues and (Losses)	<u>3,492</u>	<u>3,318</u>
Change in Net Position	<u>\$ 9,513</u>	<u>\$ (3,626)</u>

The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to students registering for classes and the additional \$240 per unit fee that is charged to non-resident students.

Auxiliary revenue consists of bookstore and foods service sales. After years of declining sales, the Board took action in January 2014 to contract with Barnes and Nobles College Bookstores, Inc. for bookstore services at all campuses. This transition occurred April 1, 2014. The District receives a percentage of net sales. After many years of operating losses, the Board took action in March 2012 to close the cafeterias. The colleges have expanded vending operations and, at Oxnard College, the Culinary and Restaurant Management (CRM) program provides food service during lunch periods as an outlet of their CRM instruction labs.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The principal components of the District's nonoperating revenue are State apportionment, property taxes, and grants and contracts. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from enrollment fees and local property taxes. We noted an increase in State apportionment of \$4.6 million or 6.5 percent from prior year. Property tax revenue increased \$3.4 million or 5.3 percent from the prior year.

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 \$1.8 million was offset by interest expense of \$15.2 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest expense closely follows the District's debt service schedule.

Expenses are reported by their functional categories as follows:

Table 3

(Amounts in thousands)

	Salaries	Employee Benefits	Supplies and Materials	Student Financial Aid	Equipment and Repairs	Depreciation	Total
Academic support	\$ 18,171	\$ 6,600	\$ 727	\$ -	\$ 46	\$ -	\$ 25,544
Administrative support	15,578	10,508	12,404	-	685	-	39,175
Ancillary and auxiliary	1,593	426	2,139	-	11	-	4,169
Community services	489	144	215	-	2	-	850
Instructional	57,428	23,575	3,180	-	818	-	85,001
Instructional support	2,311	837	689	-	153	-	3,990
Plant operations	5,655	2,611	5,447	-	528	-	14,241
Student aid	-	-	-	47,711	-	-	47,711
Student services	11,888	3,797	1,869	-	97	-	17,651
Physical property	1	-	173	-	1,888	-	2,062
Depreciation	-	-	-	-	-	18,260	18,260
Total	\$ 113,114	\$ 48,498	\$ 26,843	\$ 47,711	\$ 4,228	\$ 18,260	\$ 258,654

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Changes in Cash Position

Table 4

(Amounts in thousands)

	2018	2017
Cash Provided by (Used in)		
Operating activities	\$ (190,864)	\$ (219,563)
Noncapital financing activities	193,890	224,972
Capital financing activities	9,283	(14,347)
Investing activities	1,826	1,089
Net Increase in Cash	14,135	(7,849)
Cash, Beginning of Year	148,598	156,447
Cash, End of Year	\$ 162,733	\$ 148,598

The Statement of Cash Flows on pages 16 and 17 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, 2018, the District had \$541.5 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2017, net capital assets were \$564.2 million. The District is currently completing 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 2018-2019 fiscal year with primary funding through our general obligation bond.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Table 5

(Amounts in millions)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Land and construction in progress	\$ 129.8	\$ 6.3	\$ (16.4)	\$ 119.7
Buildings and improvements	587.8	5.1	-	592.9
Equipment and vehicles	27.1	1.1	(1.0)	27.2
Subtotal	744.7	12.5	(17.4)	739.8
Accumulated depreciation	(180.5)	(18.3)	0.5	(198.3)
	<u>\$ 564.2</u>	<u>\$ (5.8)</u>	<u>\$ (16.9)</u>	<u>\$ 541.5</u>

Obligations

At the end of the 2017-2018 fiscal year, the District had \$333.3 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.

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

Note 10 in the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below.

Table 6

(Amounts in millions)

	(As restated)			
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
General obligation bonds	\$ 339.3	\$ 4.0	\$ (10.0)	\$ 333.3
Aggregate net OPEB liability	176.0	16.4	(16.6)	175.8
Aggregate net pension obligation	139.0	25.7	-	164.7
Other liabilities	3.8	0.4	-	4.2
Total Long-Term Obligations	<u>\$ 658.1</u>	<u>\$ 46.5</u>	<u>\$ (26.6)</u>	<u>\$ 678.0</u>
Amount due within one year				<u>\$ 10.4</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

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 2017-2018 fiscal year on September 11, 2018.

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

In fiscal year 2017-2018, the District served 26,668 FTES. There were no unfunded FTES. The District continues to emphasize enrollment management to help reduce the risks associated with 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, 761 E. Daily Drive, Suite 200, Camarillo, CA 93010.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018**

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents - unrestricted	\$ 60,700
Investments - unrestricted	90,585,240
Investments - restricted	72,087,209
Accounts receivable	14,981,345
Student receivable, net	3,889,028
Prepaid expenses	447,165
Total Current Assets	<u>182,050,687</u>
NONCURRENT ASSETS	
Nondepreciable capital assets	119,689,255
Capital assets, net of depreciation	421,825,073
Total Noncurrent Assets	<u>541,514,328</u>
TOTAL ASSETS	<u>723,565,015</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	23,636,580
Deferred outflows of resources related to OPEB	14,422,111
Deferred outflows of resources related to pensions	52,522,602
Total Deferred Outflows of Resources	<u>90,581,293</u>
 LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	11,370,094
Accrued interest payable	4,660,000
Unearned revenue	33,912,247
Other current liabilities	29,040
Accrued compensated absences	864,746
Bonds payable	9,535,000
Total Current Liabilities	<u>60,371,127</u>
NONCURRENT LIABILITIES	
Accrued compensated absences payable	2,594,239
Bonds payable	323,789,264
Other long-term obligations	736,914
Aggregate net other postemployment benefits (OPEB) liability	175,777,667
Aggregate net pension obligation	164,662,099
Total Noncurrent Liabilities	<u>667,560,183</u>
TOTAL LIABILITIES	<u>727,931,310</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	8,778,092
 NET POSITION	
Net investment in capital assets	233,700,044
Restricted for:	
Debt service	15,532,388
Capital projects	29,405,812
Educational programs	5,040,407
Other activities	346,512
Unrestricted	(206,588,257)
Total Net Position	<u>\$ 77,436,906</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2018**

OPERATING REVENUES	
Student Tuition and Fees	\$ 28,488,678
Less: Scholarship discount and allowance	(11,447,406)
Net tuition and fees	<u>17,041,272</u>
Grants and Contracts, Noncapital	
Federal	4,215,006
State	32,946,993
Local	2,185,426
Total grants and contracts, noncapital	<u>39,347,425</u>
Auxiliary Enterprise Sales and Charges	
Food service	100,513
Other Operating Revenues	410,873
TOTAL OPERATING REVENUES	<u>56,900,083</u>
OPERATING EXPENSES	
Salaries	113,114,287
Employee benefits	48,497,668
Supplies, materials, and other operating expenses and services	26,843,231
Student financial aid	47,710,873
Equipment, maintenance, and repairs	4,228,539
Depreciation	18,259,847
TOTAL OPERATING EXPENSES	<u>258,654,445</u>
OPERATING LOSS	<u>(201,754,362)</u>
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	76,255,104
Local property taxes, levied for general purposes	68,449,531
Taxes levied for other specific purposes	20,664,203
Federal financial aid grants, noncapital	40,636,960
State financial aid grants, noncapital	3,954,737
State taxes and other revenues	7,494,828
Investment income	1,826,338
Interest expense on capital related debt	(15,235,235)
Investment income on capital asset-related debt	221,696
Transfer from fiduciary funds	46,000
Transfer to fiduciary funds	(61,633)
Other nonoperating revenue	3,522,858
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>207,775,387</u>
INCOME BEFORE OTHER REVENUES AND (LOSSES)	<u>6,021,025</u>
OTHER REVENUES AND (LOSSES)	
State revenues, capital	2,709,232
Local revenues, capital	1,996,716
Loss on disposal of capital assets	(1,214,111)
TOTAL OTHER REVENUES AND (LOSSES)	<u>3,491,837</u>
CHANGE IN NET POSITION	9,512,862
NET POSITION, BEGINNING OF YEAR, AS RESTATED	67,924,044
NET POSITION, END OF YEAR	<u>\$ 77,436,906</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 22,278,156
Federal, State, and local operating grants and contracts	32,674,271
Payments to vendors for supplies and services	(31,604,745)
Payments to or on behalf of employees	(167,012,411)
Payments for scholarships and grants	(47,710,873)
Auxiliary enterprise sales and charges	511,386
Net Cash Flows From Operating Activities	<u>(190,864,216)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	71,600,422
Federal and State Financial Aid Grants	44,591,697
Property taxes - nondebt related	68,449,531
State taxes and other apportionments	7,494,828
Other nonoperating	1,753,646
Net Cash Flows From Noncapital Financing Activities	<u>193,890,124</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Net change in capital assets	3,338,470
State revenue - capital projects	2,709,232
Local revenue - capital projects	1,996,716
Property taxes - related to capital debt	20,664,203
Proceeds from capital debt	4,057,681
Principal paid on capital debt	(9,978,851)
Interest paid on capital debt	(13,726,555)
Interest received on capital asset-related debt	221,696
Net Cash Flows From Capital Financing Activities	<u>9,282,592</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	<u>1,826,338</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

14,134,838

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

148,598,311

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 162,733,149

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED FOR THE YEARS ENDED JUNE 30, 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	<u>\$ (201,754,362)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	18,259,847
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows	
Receivables, net	(5,019,328)
Prepaid expenses	(173,048)
Accounts payable and accrued liabilities	380,737
Unearned revenue	3,583,058
Deferred outflows of resources related to OPEB	(14,422,111)
Deferred outflows of resources related to pensions	(18,226,645)
Deferred inflows of resources related to pensions	696,051
Aggregate net OPEB liability	(179,447)
Aggregate net pension obligation	25,626,017
Compensated absences/Load banking	365,015
Total Adjustments	<u>10,890,146</u>
Net Cash Used By Operating Activities	<u><u>\$ (190,864,216)</u></u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 60,700
Cash in county treasury	<u>162,672,449</u>
Total Cash and Cash Equivalents	<u><u>\$ 162,733,149</u></u>

NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 4,346,355</u></u>
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The accompanying notes are an integral part of these financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Retiree OPEB Trust	Other Trust Funds
ASSETS		
Investments	\$ 21,110,529	\$ 9,727,465
Accounts receivable	-	31,632
Student receivable	-	327,861
Fixed assets	-	10,136
Total Assets	<u>21,110,529</u>	<u>10,097,094</u>
LIABILITIES		
Accounts payable	-	61,027
Unearned revenue	-	538,711
Total Liabilities	<u>-</u>	<u>599,738</u>
NET POSITION		
Restricted for postemployment benefits other than pensions	21,110,529	-
Unrestricted	-	9,497,356
Total Net Position	<u>\$ 21,110,529</u>	<u>\$ 9,497,356</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018**

	Retiree OPEB Trust	Other Trust Funds
ADDITIONS		
State revenues	\$ -	\$ 79
Local revenues	-	2,833,787
Interest and investment income	798,451	
District contributions	14,422,111	-
Realized gain on sale of investments	158,687	-
Unrealized gain on investments	487,079	-
Total Additions	<u>15,866,328</u>	<u>2,833,866</u>
DEDUCTIONS		
Academic salaries	-	1,772
Classified salaries	-	174,484
Employee benefits	14,422,111	13,980
Books and supplies	-	616,092
Services and operating expenditures	-	708,031
Administrative expenses	77,858	-
Capital outlay	-	129,550
Total Deductions	<u>14,499,969</u>	<u>1,643,909</u>
OTHER FINANCING SOURCES (USES)		
Transfers from primary government	-	61,633
Transfers to primary government	-	(46,000)
Other uses	-	(430,628)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(414,995)</u>
CHANGE IN NET POSITION	1,366,359	774,962
NET POSITION - BEGINNING OF YEAR	<u>19,744,170</u>	<u>8,722,394</u>
NET POSITION - END OF YEAR	<u>\$ 21,110,529</u>	<u>\$ 9,497,356</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-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, noncapital grants and contracts, and auxiliary activities through the food service.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid 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 students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial aid grants 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 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, No. 38, No. 39, and No. 61. 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 Position - Primary Government
 - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statement of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position
- 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.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2018, 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 at \$2,029,281 for the year ended June 30, 2018.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2018.

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 government-wide financial statements.

Debt Issuance Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the deferred charges on refunding of general obligation bonds, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, and OPEB expense, information about the District's OPEB Plan and the CalSTRS Medicare Premium Payment (MPP) Program fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District's OPEB Plan and MPP. For this purpose, the District's OPEB Plan and MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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 government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events. 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. The liability for this benefit is reported on the government-wide financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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.

Unearned Revenue

Unearned 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 unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (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 payable, compensated absences, loan banking, aggregate net OPEB liability, and the aggregate net pension obligation with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of 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.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 government-wide financial statements report \$50,325,119 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

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

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

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 assessed, billed, and collected as noted above.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors in the Statement of Revenues, Expenses, and Changes in Net Position. 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, FSEOG Grants, Federal Work-Study programs, and Direct Student 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. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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.

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, 2018

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, consist of the following:

Primary government	\$ 162,733,149
Fiduciary funds	<u>30,837,994</u>
Total Deposits and Investments	<u>\$ 193,571,143</u>
Cash on hand and in banks	\$ 35,700
Cash in revolving	25,000
Investments	<u>193,510,443</u>
Total Deposits and Investments	<u>\$ 193,571,143</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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County Investment Pool and mutual funds. The Ventura County Investment Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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 investments by maturity:

<u>Investment Type</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>
Ventura County Investment Pool	\$ 172,399,914	\$ 172,773,374	148
Mutual Funds	<u>21,110,529</u>	<u>21,110,529</u>	N/A
Total	<u>\$ 193,510,443</u>	<u>\$ 193,883,903</u>	

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 Ventura County Investment Pool is not required to be rated. However, as of June 30, 2018, the County portfolio was rated AA Af/S1+ by Standard and Poor's.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Ventura County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Ventura County Investment Pool	\$ 172,773,374	\$ -	\$ 172,773,374
Mutual Funds	21,110,529	21,110,529	-
Total	<u>\$ 193,883,903</u>	<u>\$ 21,110,529</u>	<u>\$ 172,773,374</u>

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 - ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2018, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

	Primary Government
Federal Government	
Categorical aid	\$ 1,949,427
State Government	
Apportionment	7,320,394
Categorical aid	1,836,156
Lottery - restricted and unrestricted	1,354,010
Other State sources	144,892
Local Sources	
Interest	990,979
Foundation	330,455
Other local sources	1,055,032
Accounts receivable	<u>\$ 14,981,345</u>
Student receivables	\$ 5,918,309
Less reserve	(2,029,281)
Student receivables, net	<u>\$ 3,889,028</u>
	Fiduciary Funds
Local Sources	
Interest	\$ 31,511
Other local sources	121
Total	<u>\$ 31,632</u>
Student receivables	<u>\$ 327,861</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Nondepreciable Capital Assets				
Land	\$123,075,827	\$ -	\$ 10,189,889	\$112,885,938
Construction in progress	6,697,964	6,275,426	6,170,073	6,803,317
Total Nondepreciable Capital Assets	<u>129,773,791</u>	<u>6,275,426</u>	<u>16,359,962</u>	<u>119,689,255</u>
Depreciable Capital Assets				
Buildings and improvements	515,788,503	3,572,128	-	519,360,631
Site improvements	72,038,806	1,494,256	-	73,533,062
Furniture and equipment	23,925,487	997,007	892,203	24,030,291
Vehicles	3,187,665	114,318	70,795	3,231,188
Total Depreciable Capital Assets	<u>614,940,461</u>	<u>6,177,709</u>	<u>962,998</u>	<u>620,155,172</u>
Total Capital Assets	<u>744,714,252</u>	<u>12,453,135</u>	<u>17,322,960</u>	<u>739,844,427</u>
Less Accumulated Depreciation				
Buildings and improvements	124,796,035	13,390,761	-	138,186,796
Site improvements	31,820,238	3,709,317	-	35,529,555
Furniture and equipment	21,086,770	1,007,988	421,283	21,673,475
Vehicles	2,855,985	151,781	67,493	2,940,273
Total Accumulated Depreciation	<u>180,559,028</u>	<u>18,259,847</u>	<u>488,776</u>	<u>198,330,099</u>
Net Capital Assets	<u>\$564,155,224</u>	<u>\$ (5,806,712)</u>	<u>\$ 16,834,184</u>	<u>\$541,514,328</u>

Depreciation expense for the year was \$18,259,847.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

		<u>Primary Government</u>
Accrued payroll and benefits		\$ 3,585,919
Construction		902,197
Student liabilities		3,697,038
Federal categorical aid		66,278
State categorical aid		155,444
Local		<u>2,963,218</u>
	Total	<u>\$ 11,370,094</u>
		<u>Fiduciary Funds</u>
Student liabilities		\$ 4,968
Local		<u>56,059</u>
	Total	<u>\$ 61,027</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

		<u>Primary Government</u>
State categorical aid		\$ 7,561,022
Scheduled maintenance		4,354,354
Lottery - restricted		2,873,536
Other State		24,366
RDA		2,959,760
Enrollment/student fees		16,109,451
Local		<u>29,758</u>
	Total	<u>\$ 33,912,247</u>
		<u>Fiduciary Funds</u>
Enrollment/student fees		\$ 538,711

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9 - 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 primary government 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, 2018, there were no interfund receivable and payable balances between the primary 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 2018 fiscal year, the amount transferred to the primary government from the fiduciary funds amounted to \$46,000, and the amount transferred to the fiduciary funds from the primary government amounted to \$61,633.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2018 fiscal year consisted of the following:

	(As restated)			Balance June 30, 2018	Due in One Year
	Balance July 1, 2017	Additions	Deductions		
Bonds Payable					
General obligation bonds, 2002 Series C	\$ 55,262,912	\$ 4,057,681	\$ 2,315,000	\$ 57,005,593	\$ 3,035,000
2011 Refunding Bonds	39,620,000	-	2,910,000	36,710,000	3,045,000
2014 Refunding Bonds	57,730,000	-	2,145,000	55,585,000	2,445,000
2015 Refunding Bonds	162,850,000	-	970,000	161,880,000	1,010,000
Premium on refunding bonds	23,782,522	-	1,638,851	22,143,671	-
Total Bonds Payable	339,245,434	4,057,681	9,978,851	333,324,264	9,535,000
Other Liabilities					
Compensated absences	3,105,476	353,509	-	3,458,985	864,746
Load banking	725,408	11,506	-	736,914	-
Aggregate net OPEB liability	175,957,114	16,387,163	16,566,610	175,777,667	-
Aggregate net pension obligation	139,036,082	25,626,017	-	164,662,099	-
Total Other Liabilities	318,824,080	42,378,195	16,566,610	344,635,665	864,746
Total Long-Term Obligations	\$ 658,069,514	\$ 46,435,876	\$ 26,545,461	\$ 677,959,929	\$ 10,399,746

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 compensated absences, load banking, aggregate net OPEB liability, and aggregate net pension obligation will be paid by the fund for which the employee worked.

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, 2018, \$356,347,814 had been issued and \$311,180,593 was outstanding. Interest rates on the bonds range from 2.0 percent to 7.5 percent.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted		Bonds
					Outstanding July 1, 2017	Issued	Interest Addition	Redeemed	Outstanding June 30, 2018
10/28/2008	2002 C	8/1/2028	3.77 - 7.50%	\$ 191,347,814	\$ 55,262,912	\$ -	\$ 4,057,681	\$ 2,315,000	\$ 57,005,593
7/14/2011	2011 Refunding	8/1/2027	2.50 - 5.00%	49,905,000	39,620,000	-	-	2,910,000	36,710,000
1/16/2014	2014 Refunding	8/1/2030	3.00 - 5.00%	61,860,000	57,730,000	-	-	2,145,000	55,585,000
3/18/2015	2015 Refunding	8/1/2033	2.00 - 5.00%	166,100,000	162,850,000	-	-	970,000	161,880,000
					\$ 315,462,912	\$ -	\$ 4,057,681	\$ 8,340,000	\$ 311,180,593

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The general obligation bonds mature through 2029 as follows:

2002 Series C

Fiscal Year	Principal	Accreted	Total
	Including Accreted Interest to Date	Interest	
2019	\$ 2,951,750	\$ 83,250	\$ 3,035,000
2020	3,402,634	397,366	3,800,000
2021	3,847,399	777,601	4,625,000
2022	4,242,782	1,247,218	5,490,000
2023	4,691,934	1,843,066	6,535,000
2024-2028	28,381,318	21,703,682	50,085,000
2029	9,487,776	11,067,224	20,555,000
Total	<u>\$ 57,005,593</u>	<u>\$ 37,119,407</u>	<u>\$ 94,125,000</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.

As of June 30, 2018, the principal balance outstanding is \$36,710,000. The general obligation refunding bonds mature through 2028 as follows:

2011 Refunding Bonds

Fiscal Year	Principal	Current	Total
		Interest to Maturity	
2019	\$ 3,045,000	\$ 1,651,563	\$ 4,696,563
2020	3,180,000	1,527,062	4,707,062
2021	3,330,000	1,390,863	4,720,863
2022	3,465,000	1,245,881	4,710,881
2023	3,515,000	1,080,625	4,595,625
2024-2028	20,175,000	2,606,125	22,781,125
Total	<u>\$ 36,710,000</u>	<u>\$ 9,502,119</u>	<u>\$ 46,212,119</u>

In January 2014, the District issued \$61,860,000 of general obligation refunding bonds. The net proceeds from the issuance provided for the refunding of the remaining 2002 Series A bonds in the amount of \$6,825,000 and the partial refunding of \$57,725,000 of the 2002 Series B bonds.

The economic gain calculated as the sum of the project funds proceeds and the net present value savings was approximately \$5,308,000.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

As of June 30, 2018, the principal balance outstanding is \$55,585,000. The general obligation refunding bonds mature through 2031 as follows:

2014 Refunding Bonds

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 2,445,000	\$ 2,660,525	\$ 5,105,525
2020	2,770,000	2,530,150	5,300,150
2021	3,120,000	2,382,900	5,502,900
2022	3,490,000	2,217,650	5,707,650
2023	3,875,000	2,033,525	5,908,525
2024-2028	24,520,000	6,685,500	31,205,500
2029-2031	15,365,000	1,071,625	16,436,625
Total	\$ 55,585,000	\$ 19,581,875	\$ 75,166,875

In March 2015, the District issued \$166,100,000 of general obligation refunding bonds. The net proceeds from the issuance provided for the partial refunding of \$156,925,000 of the 2002 Series C bonds.

This was an advance refunding of the 2002 Series C bonds 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 provided for the redemption of the partial outstanding principal of the 2002 Series C bonds on August 1, 2018.

Because the transaction qualifies as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The economic gain calculated as the sum of the project funds proceeds and the net present value savings was approximately \$20,629,000.

As of June 30, 2018, the principal balance outstanding is \$161,880,000. The general obligation refunding bonds mature through 2034 as follows:

2015 Refunding Bonds

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 1,010,000	\$ 6,734,687	\$ 7,744,687
2020	1,050,000	6,688,237	7,738,237
2021	1,100,000	6,634,487	7,734,487
2022	1,155,000	6,578,112	7,733,112
2023	1,215,000	6,518,863	7,733,863
2024-2028	7,045,000	31,596,065	38,641,065
2029-2033	112,135,000	21,602,969	133,737,969
2034	37,170,000	743,400	37,913,400
Total	\$ 161,880,000	\$ 87,096,820	\$ 248,976,820

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Compensated Absences

At June 30, 2018, the liability for compensated absences was \$3,458,985.

Load Banking

At June 30, 2018, the liability for load banking was \$736,914.

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported an aggregate net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

<u>OPEB Plan</u>	<u>Aggregate Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 174,970,906	\$ 14,422,111	\$ (106,058)
Medicare Premium Payment (MPP) Program	806,761	-	(73,389)
Total	<u>\$ 175,777,667</u>	<u>\$ 14,422,111</u>	<u>\$ (179,447)</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Benefit Trust Company.

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	703
Active employees	<u>534</u>
	<u>1,237</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Ventura County Community College District Futuris Trust

The Ventura County Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Ventura County Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses.

Contributions

The contribution requirements of Plan members and the District are established by agreements between the District and the bargaining units and may be amended. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016-2017, the District contributed \$14,261,582 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	23%
Fixed income	50%
International equity	20%
Real estate	7%

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.33 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Net OPEB Liability of the District

The District's net OPEB liability of \$174,970,906 was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2017, were as follows:

Total OPEB liability	\$ 194,715,076
Plan fiduciary net position	<u>19,744,170</u>
District's net OPEB liability	<u>\$ 174,970,906</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>10%</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	7.00 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study as of October 2016.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	9.3%
Fixed income	4.8%
International equity	8.8%
Real estate	8.0%
Cash	1.0%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 192,659,487	\$ 17,582,523	\$ 175,076,964
Service cost	3,218,645	-	3,218,645
Interest	13,098,526	-	13,098,526
Contributions - employer	-	14,261,582	(14,261,582)
Net investment income	-	2,231,639	(2,231,639)
Benefit payments	(14,261,582)	(14,261,582)	-
Administrative expense	-	(69,992)	69,992
Net change in total OPEB liability	2,055,589	2,161,647	(106,058)
Balance at June 30, 2018	<u>\$ 194,715,076</u>	<u>\$ 19,744,170</u>	<u>\$ 174,970,906</u>

There were no changes of assumptions or changes to benefit terms since the previous valuation.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (6.0%)	\$ 195,784,859
Current discount rate (7.0%)	174,970,906
1% increase (8.0%)	157,473,029

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.0%)	\$ 156,969,947
Current healthcare cost trend rate (4.0%)	174,970,906
1% increase (5.0%)	196,008,188

Deferred Outflows of Resources Related to OPEB

At June 30, 2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of \$14,422,111.

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to the OPEB

At June 30, 2018, the District reported a liability of \$806,761 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating community college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.1918 percent and 0.1881, respectively, resulting in a net increase in the proportionate share of 0.0037 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$(73,389).

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	\$ 893,141
Current discount rate (3.58%)	806,761
1% increase (4.58%)	722,738

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 729,032
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	806,761
1% increase (4.7% Part A and 5.1% Part B)	883,714

NOTE 11 - RISK MANAGEMENT

Property and Liability 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2018, 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

The District is a member of Protected Insurance Program for Schools and Community Colleges (PIPS), a finite risk-sharing program for workers' compensation coverage. PIPS was created to provide an alternative for workers' compensation coverage normally provided utilizing traditional self-insurance, guarantee cost, deductible or other available programs. Each year the PIPS Board of Directors reviews and approves the subsequent program year structure which can consist of purchased or retained layers of excess coverage.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2018, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 101,906,025	\$ 32,024,886	\$ 7,382,033	\$ 10,614,963
CalPERS	62,756,074	20,497,716	1,396,059	11,420,078
Total	<u>\$ 164,662,099</u>	<u>\$ 52,522,602</u>	<u>\$ 8,778,092</u>	<u>\$ 22,035,041</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were \$8,327,416.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	\$ 101,906,025
State's proportionate share of net pension liability associated with the District	60,286,743
Total	<u>\$ 162,192,768</u>

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.1102 percent and 0.1106 percent, respectively, resulting in a net decrease in the proportionate share of 0.0004 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$10,614,963. In addition, the District recognized pension expense and revenue of \$6,068,440 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,327,416	\$ -
Net change in proportionate share of net pension liability	4,441,331	2,890,586
Differences between projected and actual earnings on the pension plan investment	-	2,714,042
Differences between expected and actual experience in the measurement of the total pension liability	376,858	1,777,405
Changes in assumptions	18,879,281	-
Total	<u>\$ 32,024,886</u>	<u>\$ 7,382,033</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (2,256,283)
2020	1,707,340
2021	246,187
2022	(2,411,286)
Total	<u>\$ (2,714,042)</u>

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2019	\$ 3,352,586
2020	3,352,586
2021	3,352,586
2022	3,352,585
2023	2,448,864
Thereafter	3,170,272
Total	<u>\$ 19,029,479</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 149,630,397
Current discount rate (7.10%)	101,906,025
1% increase (8.10%)	63,174,463

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
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The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the total District contributions were \$5,491,092.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$62,756,074. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.2629 percent and 0.2512 percent, respectively, resulting in a net increase in the proportionate share of 0.0117 percent.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

For the year ended June 30, 2018, the District recognized pension expense of \$11,420,078. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,491,092	\$ -
Net change in proportionate share of net pension liability	1,420,890	657,184
Differences between projected and actual earnings on the pension plan investments	2,170,931	-
Differences between expected and actual experience in the measurement of the total pension liability	2,248,291	-
Changes of assumptions	9,166,512	738,875
Total	<u>\$ 20,497,716</u>	<u>\$ 1,396,059</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (58,824)
2020	2,504,784
2021	913,773
2022	(1,188,802)
Total	<u>\$ 2,170,931</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 3,804,787
2020	4,023,669
2021	3,611,178
Total	<u>\$ 11,439,634</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 92,334,295
Current discount rate (7.15%)	62,756,074
1% increase (8.15%)	38,218,463

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,346,355 (9.328 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. No contributions were made for CalPERS for the year ended June 30, 2018. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating 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, 2018.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018.

Construction Commitments

As of June 30, 2018, 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 Gym Renovation	\$ 477,785	June 2019
Oxnard College Library and Learning Resource Center Renovation	1,253	October 2018
Ventura College Maintenance and Operations Renovation	22,345	June 2019
Ventura College Studio Arts Building	4,100	January 2019
	<u>\$ 505,483</u>	

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

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

<u>Primary Government</u>	
Net Position - Beginning	\$ 254,166,568
Inclusion of aggregate net OPEB liability from the adoption of GASB Statement No. 75	<u>(186,242,524)</u>
Net Position - Beginning, as Restated	<u>\$ 67,924,044</u>

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 3,218,645
Interest	13,098,526
Benefit payments	<u>(14,261,582)</u>
Net changes in total OPEB liability	2,055,589
Total OPEB Liability - beginning	<u>192,659,487</u>
Total OPEB Liability - ending (a)	<u><u>\$ 194,715,076</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 14,261,582
Net investment income	2,231,639
Benefit payments	(14,261,582)
Administrative expense	<u>(69,992)</u>
Net change in plan fiduciary net position	2,161,647
Plan fiduciary net position - beginning	<u>17,582,523</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 19,744,170</u></u>
District's net OPEB liability - ending (a) - (b)	<u><u>\$ 174,970,906</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>10.14%</u>
Covered-employee payroll	<u>\$ 90,330,722</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>193.7%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	12.33%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Year ended June 30, ¹	
District's proportion of the net OPEB liability	<u>0.1918%</u>
District's proportionate share of the net OPEB liability	<u>\$ 806,761</u>
District's covered-employee payroll	<u>N/A¹</u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.01%</u>

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
CalSTRS		
District's proportion of the net pension liability	0.1102%	0.1106%
District's proportionate share of the net pension liability	\$ 101,906,025	\$ 89,414,449
State's proportionate share of the net pension liability associated with the District	60,286,743	50,902,051
Total	<u>\$ 162,192,768</u>	<u>\$ 140,316,500</u>
District's covered-employee payroll	<u>\$ 56,814,197</u>	<u>\$ 54,828,500</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>179.37%</u>	<u>163.08%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>
CalPERS		
District's proportion of the net pension liability	0.2629%	0.2512%
District's proportionate share of the net pension liability	\$ 62,756,074	\$ 49,621,633
District's covered-employee payroll	<u>\$ 33,516,525</u>	<u>\$ 30,093,070</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>187.24%</u>	<u>164.89%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

<u>2016</u>	<u>2015</u>
<u>0.1156%</u>	<u>0.1049%</u>
\$ 77,813,038	\$ 61,304,866
<u>41,154,519</u>	<u>37,018,525</u>
<u>\$ 118,967,557</u>	<u>\$ 98,323,391</u>
<u>\$ 51,527,128</u>	<u>\$ 49,030,897</u>
<u>151.01%</u>	<u>125.03%</u>
<u>74%</u>	<u>77%</u>
<u>0.2578%</u>	<u>0.2626%</u>
\$ 38,000,018	\$ 29,810,138
\$ 28,604,180	\$ 27,545,954
<u>132.85%</u>	<u>108.22%</u>
<u>79%</u>	<u>83%</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
CalSTRS		
Contractually required contribution	\$ 8,327,416	\$ 7,147,226
Contributions in relation to the contractually required contribution	<u>8,327,416</u>	<u>7,147,226</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 57,709,051</u>	<u>\$ 56,814,197</u>
Contributions as a percentage of covered-employee payroll	<u>14.43%</u>	<u>12.58%</u>
CalPERS		
Contractually required contribution	\$ 5,491,092	\$ 4,654,775
Contributions in relation to the contractually required contribution	<u>5,491,092</u>	<u>4,654,775</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 35,355,689</u>	<u>\$ 33,516,525</u>
Contributions as a percentage of covered-employee payroll	<u>15.531%</u>	<u>13.888%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

<u>2016</u>	<u>2015</u>
\$ 5,883,098	\$ 4,575,609
<u>5,883,098</u>	<u>4,575,609</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 54,828,500</u>	<u>\$ 51,527,128</u>
<u>10.73%</u>	<u>8.88%</u>

\$ 3,565,126	\$ 3,366,998
<u>3,565,126</u>	<u>3,366,998</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 30,093,070</u>	<u>\$ 28,604,180</u>
<u>11.847%</u>	<u>11.771%</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuation.

Changes of Assumptions - There were no changes of assumptions since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2018

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. Arturo D. Hernández	Chair	2018
Mr. Stephen P. Blum	Vice Chair	2018
Mr. Larry Kennedy	Member	2020
Ms. Dianne B. McKay	Member	2018
Mr. Bernardo M. Perez	Member	2020

ADMINISTRATION

Dr. Greg Gillespie	Chancellor
Dr. David El Fattal	Vice Chancellor, Business and Administrative Services
Vacant	Vice Chancellor, Educational Services and Institutional Effectiveness
Mr. Michael Shanahan	Vice Chancellor, Human Resources
Vacant	Associate Vice Chancellor, Information Technology

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
HIGHER EDUCATION ACT				
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways Passed through from California State University Northridge	84.031C		\$ 879,175	\$ 221,721
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	A17-0013-S003	66,272	-
Title V, Hispanic Serving Institutions Passed through from California State University Channel Islands	84.031S		853,314	121,313
Title V, Hispanic Serving Institutions - CSUCI Project	84.031C	1516.0072.01, 1516.0072.002	36,539	-
		1314.0049.01, 1314.0049.02, 1314.0049.03		
Title V, Hispanic Serving Institutions - CSUCI Project Total Higher Education Act	84.031S		125,178	-
			<u>1,960,478</u>	<u>343,034</u>
TRIO - Upward Bound	84.047A		121,348	-
ADULT EDUCATION AND FAMILY LITERACY ACT				
Passed through from California Department of Education Workforce Innovation and Opportunity Act - Title II	84.002A	17-7266-00	166,893	-
STUDENT FINANCIAL ASSISTANCE CLUSTER				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		544,068	-
Federal Direct Student Loans (Direct Loans)	84.268		2,883,779	-
Federal Work-Study Program (FWS)	84.033		458,012	-
Federal Pell Grant Program (PELL)	84.063		37,209,113	-
Student Financial Aid Administrative Costs	84.063		121,449	-
Total Student Financial Assistance Cluster			<u>41,216,421</u>	<u>-</u>
CAREER AND TECHNICAL EDUCATION ACT				
Passed through from California Community College Chancellor's Office Perkins Title I, Part C	84.048A	17-C01-065	744,042	-
Career Technical Education (CTE) Transitions	84.048A	17-C01-065	124,041	-
Total Career and Technical Education Act			<u>868,083</u>	<u>-</u>
VOCATIONAL REHABILITATION ACT				
Passed through from Department of Rehabilitation Workability III	84.126A	29919	183,858	-
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>44,517,081</u>	<u>343,034</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through from California Community College Chancellor's Office Foster Kinship Care Education	93.658	[1]	112,339	-
Passed through from California Community College Chancellor's Office Temporary Assistance for Needy Families (TANF)	93.558	[1]	134,933	-

[1] Pass-Through Entity Identifying 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, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
CHILD CARE DEVELOPMENT FUND (CCDF) CLUSTER				
Passed through from Yosemite Community College District				
Child Care and Development Grant	93.575	17-18-609571	\$ 54,755	\$ -
Passed through from Chabot-Las Positas Community College District				
CA Early Childhood Mentor Program	93.575	CN160169, CN170146	9,165	-
Total CCDF Cluster			<u>63,920</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>311,192</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR				
Veteran's Employment and Training Services	17.804		<u>6,452</u>	<u>-</u>
NATIONAL SCIENCE FOUNDATION				
Passed through from Sinclair Community College District				
The STEM Guitar Project*	47.076	SCC-1700531	8,150	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 44,842,875</u>	<u>\$ 343,034</u>

[1] Pass-Through Entity Identifying 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, 2018**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
ADN Enroll. Growth	\$ 296,600	\$ -	\$ 296,600
ADN A+R+R	114,000	-	114,000
Biotech Supply Chain Project	20,000	-	20,000
Cal Grant B	3,845,002	51,820	3,896,822
Cal Grant C	57,505	410	57,915
CalWorks	736,394	-	736,394
CA Apprenticeship Initiative	343,947	-	343,947
Community College Completion Grant	640,500	-	640,500
Cooperative Agency Resource Education (CARE)	356,508	-	356,508
Student Success and Support (Credit) 16-17	-	1,715,143	1,715,143
Student Success and Support (Credit) 17-18	6,016,819	-	6,016,819
Disabled Students Programs and Services (DSPS)	3,021,751	-	3,021,751
Prior Year Categorical (DSPS)	-	180,786	180,786
ESL/Basic Skills 16-17	-	179,158	179,158
ESL/Basic Skills 17-18	796,457	-	796,457
Basic Skills and Stdnt Outcems Trnsfrm Pgm (BSSOTP)	-	3,575,735	3,575,735
Education Futures Initiative	30,000	-	30,000
Emergency Aid for Dreamers	119,439	-	119,439
Extended Opportunity Prog and Svc (EOPS)	2,518,371	-	2,518,371
Foster Kinship Care Education	146,280	-	146,280
Foster Youth Success Init	8,500	-	8,500
FSS Mesa	74,515	-	74,515
Campus Safety	59,646	-	59,646
Guided Pathways Grant	755,467	-	755,467
Hunger Free Campus	56,567	-	56,567
Full-Time Student Success Grant (FTSSG) 16-17	-	171,230	171,230
Full-Time Student Success Grant (FTSSG) 17-18	1,923,000	-	1,923,000
IELM - 15-16	-	48,745	48,745
IELM - 16-17	-	433,888	433,888
IELM - 17-18	369,634	-	369,634
Restricted Lottery	1,175,843	2,581,684	3,757,527
CA Career Pathways VCOE Round 2	-	436,019	436,019
CA Career Pathways VCOE Round 2 Yr 2	-	209,000	209,000
Self Employment Pathways GIG Grant	30,000	-	30,000
SCCRC Culinary Arts	12,000	-	12,000
SCCRC Career Strategist Badge Proj	4,000	-	4,000
Staff Diversity 16-17	-	21,691	21,691
Staff Diversity 17-18	50,000	-	50,000
Student Equity 16-17	-	714,546	714,546

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ -	\$ 292,224	\$ -	\$ -	\$ 292,224	\$ 292,224
-	113,456	-	-	113,456	113,456
20,000	-	-	10,000	10,000	10,000
3,890,665	6,157	-	-	3,896,822	3,896,822
57,915	-	-	-	57,915	57,915
736,394	-	15,933	-	720,461	720,461
-	10,298	-	-	10,298	10,298
640,500	-	-	179,429	461,071	461,071
383,508	-	30,740	-	352,768	352,768
1,715,143	-	1,431	-	1,713,712	1,713,712
6,016,819	-	-	741,006	5,275,813	5,275,813
3,021,751	-	43,041	-	2,978,710	2,978,710
180,786	-	-	155,425	25,361	25,361
179,158	-	61	-	179,097	179,097
1,007,397	-	-	891,771	115,626	115,626
950,644	453,991	-	59,293	1,345,342	1,345,342
-	-	-	-	-	-
119,439	-	-	-	119,439	119,439
2,518,371	-	7,283	-	2,511,088	2,511,088
124,905	2,500	-	-	127,405	127,405
8,500	-	81	-	8,419	8,419
29,806	36,904	-	-	66,710	66,710
59,646	-	-	59,646	-	-
755,467	-	-	755,467	-	-
56,567	-	-	45,749	10,818	10,818
170,900	-	1,200	-	169,700	169,700
1,923,000	-	-	180,500	1,742,500	1,742,500
48,745	-	-	2,189	46,556	46,556
433,888	-	-	78,138	355,750	355,750
369,634	-	-	234,696	134,938	134,938
3,603,860	614,467	-	2,873,536	1,344,791	1,344,791
-	171,570	-	-	171,570	171,570
-	31,562	-	-	31,562	31,562
10,000	-	-	9,572	428	428
-	4,761	-	-	4,761	4,761
-	-	-	-	-	-
21,691	-	-	-	21,691	21,691
50,000	-	-	50,000	-	-
714,546	-	635	-	713,911	713,911

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Student Equity 17-18	\$ 2,508,046	\$ -	\$ 2,508,046
Student Financial Aid Administration Allowance	1,217,611	-	1,217,611
Tech Asst Prvdr COE Labor Mkt Rsrch	-	197,949	197,949
Tech Asst Prvdr COE Labor Mkt FY18	70,000	-	70,000
CTE Data Unlocked	-	121,632	121,632
CCC Innovation Maker 3 Grant	-	12,028	12,028
Maker Implementation Grant	250,000	-	250,000
Prop 39 Clean Energy Workforce Program Grant-KCCD	106,970	-	106,970
CDE- CA Career Pathways Trust Yr 1	-	1,435,764	1,435,764
CDE- CA Career Pathways Trust Yr 2	-	1,912,726	1,912,726
CDE- CA Career Pathways Trust Yr 3	-	841,712	841,712
CDE- CA Career Pathways Trust Yr 4	1,099,737	-	1,099,737
CTE Enhancement Fund 40% Regional Share	-	-	-
CTE Enhancement Fund 60% Local Shr	-	-	-
IEPI PRT Grant	-	33,130	33,130
Strong Workforce Program FY17	-	1,945,665	1,945,665
Strong Workforce Program FY18	2,502,136	-	2,502,136
SWP Regional Share w/SCCRC FY17	-	971,193	971,193
SWP Regional Share w/SCCRC FY18	956,193	-	956,193
Veteran Resource Center	174,736	-	174,736
Total	<u>\$32,464,174</u>	<u>\$17,791,654</u>	<u>\$50,255,828</u>

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 2,508,046	\$ -	\$ -	\$ 875,298	\$ 1,632,748	\$ 1,632,748
1,217,611	-	835	-	1,216,776	1,216,776
77,949	119,424	-	-	197,373	197,373
-	11,044	-	-	11,044	11,044
121,632	-	-	79,821	41,811	41,811
12,028	-	-	-	12,028	12,028
42,672	185,794	-	359	228,107	228,107
-	58,971	-	-	58,971	58,971
1,435,764	-	23,429	-	1,412,335	1,412,335
1,912,726	-	18,935	-	1,893,791	1,893,791
841,712	-	3,661	-	838,051	838,051
1,099,737	-	4,712	-	1,095,025	1,095,025
706	-	-	-	706	706
9,008	-	324	-	8,684	8,684
33,130	-	3,143	-	29,987	29,987
1,945,665	-	-	519,646	1,426,019	1,426,019
2,647,025	-	-	1,981,552	665,473	665,473
627,693	337,500	-	485,379	479,814	479,814
-	-	-	-	-	-
174,736	-	-	166,086	8,650	8,650
<u>\$ 44,527,485</u>	<u>\$ 2,450,623</u>	<u>\$ 155,444</u>	<u>\$ 10,434,558</u>	<u>\$ 36,388,106</u>	<u>\$ 36,388,106</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2018**

CATEGORIES	<u>*Revised Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	6.45	-	6.45
2. Credit	1,830.52	-	1,830.52
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	-	-	-
2. Credit	1,414.27	-	1,414.27
C. Primary Terms Exclusive of Summer Intersessions			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	17,692.07	-	17,692.07
(b) Daily Census Contact Hours	1,252.99	-	1,252.99
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	112.21	-	112.21
(b) Credit	611.77	-	611.77
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	2,510.07	-	2,510.07
(b) Daily Census Procedure Courses	1,237.35	-	1,237.35
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>26,667.70</u>	<u>-</u>	<u>26,667.70</u>
Supplemental Information			
E. In-Service Training Courses (FTES)	<u>79.72</u>	<u>-</u>	<u>79.72</u>
F. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	54.03	-	54.03
2. Credit	666.22	-	666.22
	<u>720.25</u>	<u>-</u>	<u>720.25</u>
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	<u>1.69</u>	<u>-</u>	<u>1.69</u>

* The 320 report was revised on October 4, 2018.

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, 2018**

	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	\$ 27,419,185	\$ -	\$ 27,419,185	\$ 29,432,650	\$ -	\$ 29,432,650
Other	1300	23,651,422	-	23,651,422	24,113,586	-	24,113,586
Total Instructional Salaries		51,070,607	-	51,070,607	53,546,236	-	53,546,236
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,792,907	-	8,792,907
Other	1400	-	-	-	617,501	-	617,501
Total Noninstructional Salaries		-	-	-	9,410,408	-	9,410,408
Total Academic Salaries		51,070,607	-	51,070,607	62,956,644	-	62,956,644
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	22,722,586	-	22,722,586
Other	2300	-	-	-	2,215,252	-	2,215,252
Total Noninstructional Salaries		-	-	-	24,937,838	-	24,937,838
Instructional Aides							
Regular Status	2200	2,104,289	-	2,104,289	2,111,838	-	2,111,838
Other	2400	-	-	-	-	-	-
Total Instructional Aides		2,104,289	-	2,104,289	2,111,838	-	2,111,838
Total Classified Salaries		2,104,289	-	2,104,289	27,049,676	-	27,049,676
Employee Benefits	3000	24,837,729	-	24,837,729	44,757,946	-	44,757,946
Supplies and Material	4000	-	-	-	1,781,549	-	1,781,549
Other Operating Expenses	5000	-	-	-	12,803,986	-	12,803,986
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		78,012,625	-	78,012,625	149,349,801	-	149,349,801

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED*
 FOR THE YEAR ENDED JUNE 30, 2018

	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							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 4,479,893	\$ -	\$ 4,479,893	\$ 8,662,302	\$ -	\$ 8,662,302
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	200,587	-	200,587
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	4,222,787	-	4,222,787
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	4,222,787	-	4,222,787

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

	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	Revised Data	Reported Data	Audit Adjustments	Revised Data
		Other Operating Expenses and Services Capital Outlay	5000	\$ -	\$ -	\$ -	\$ -
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		4,479,893	-	4,479,893	13,085,676	-	13,085,676
Total for ECS 84362, 50 Percent Law		\$ 73,532,732	\$ -	\$ 73,532,732	\$ 136,264,125	\$ -	\$ 136,264,125
Percent of CEE (Instructional Salary Cost/Total CEE)		53.96%		53.96%	100.00%		100.00%
50% of Current Expense of Education					\$ 68,132,062		\$ 68,132,062

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA)
EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 19,881,177
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 19,881,177	\$ -	\$ -	\$ 19,881,177
Total Expenditures for EPA		\$ 19,881,177	\$ -	\$ -	\$ 19,881,177
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

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

Total Fund Balance:

General Fund	\$ 77,110,886	
Special Revenue Funds	528,324	
Capital Project Funds	31,279,212	
Debt Service Funds	20,192,388	
Enterprise Funds	1,066,898	
Internal Service Funds	4,959,495	
Fiduciary Funds	<u>30,608,328</u>	
Total Fund Balance - All District Funds		\$ 165,745,531

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	739,844,427	
Accumulated depreciation is	<u>(198,330,099)</u>	541,514,328

The District has refunded its general obligation bonds. The difference between the amounts that were sent to escrow agents for the payment of the old debt and the actual remaining debt obligations will be amortized as an adjustment to interest expense. 23,636,580

Amounts held in trust on behalf of others (Trust and Agency Funds). (30,607,885)

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. (4,660,000)

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds.

Deferred outflows of resources related to pensions at year-end consist of:

Pension contributions subsequent to measurement date	13,818,508	
Net change in proportionate share of net pension liability	5,862,221	
Differences between projected and actual earnings on pension plan investments	2,170,931	
Differences between expected and actual experience in the measurement of the total pension liability	2,625,149	
Changes of assumption	<u>28,045,793</u>	
Total Deferred Outflows of Resources Related to Pensions		52,522,602

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:

Net change in proportionate share of net pension liability	\$ (3,547,770)	
Differences between projected and actual earnings on the pension plan investment	(2,714,042)	
Differences between expected and actual experience in the measurement of the total pension liability	(1,777,405)	
Changes of assumptions	<u>(738,875)</u>	
Total Deferred Inflows of Resources Related to Pensions		\$ (8,778,092)

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of OPEB contributions made subsequent to the measurement date.

14,422,111

Long-term obligations at year-end consist of:

Bonds payable	311,180,593	
Premium on refunding bonds	22,143,671	
Load banking	736,914	
Compensated absences	3,458,985	
Less load banking already recorded in funds	(736,914)	
Less compensated absences already recorded in funds	(864,746)	
Aggregate net OPEB liability	175,777,667	
Aggregate net pension obligation	<u>164,662,099</u>	<u>(676,358,269)</u>
Total Net Position		\$ <u>77,436,906</u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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 Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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

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.

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 Audited 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.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

Reconciliation of Governmental Funds to the Statement of Net Position

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 government-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	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenses, and Changes in Net Position:		\$ 44,851,966
Student Financial Aid Administrative Costs	84.063	(11,484)
Veterans' Employment and Training Service	17.804	522
Foster Kinship Care Education	93.658	1,871
Total Expenditures of Federal Awards		<u>\$ 44,842,875</u>

INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S 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
Camarillo, California

We have audited, in accordance with the 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, the financial statements of the business-type activities and the aggregate remaining fund information of Ventura County Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 audit 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 the District in a separate letter dated December 3, 2018.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vaughan, Tuma, Day & Co, LLP

Rancho Cucamonga, California
December 3, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Ventura County Community College District
Camarillo, California

Report on Compliance for Each Major Federal Program

We have audited Ventura County Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2018. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vanneth Tume, Day & Co, LLP

Rancho Cucamonga, California
December 3, 2018



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Camarillo, California

Report on State Compliance

We have audited Ventura County Community College District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 the standards and procedures identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

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	Dual Enrollment (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District does not offer Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds program; therefore, the compliance tests within this section were not applicable.

The District reports no To Be Arranged (TBA) Hours for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

The District did not receive any funding through Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vaughan, Tuma, Day & Co, LLP

Rancho Cucamonga, California
December 3, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</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

Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? No

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,345,286
 Auditee qualified as low-risk auditee? Yes

STATE AWARDS

Type of auditor's report issued on compliance for State programs: Unmodified

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

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.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

2017-001 SECTION 426 - STUDENTS ACTIVELY ENROLLED

Criteria or Specific Requirement

- Student Attendance Accounting Manual and related advisories (SAAM), California Community Colleges. (page 1.04 and 3.3)
- Title 5 Section 58004 (application of census procedures)

Background

For attendance accounting purposes, districts are required to clear the rolls of all inactive students as of each course section's drop date. The drop date shall be no later than the end of business of the day immediately preceding the beginning of the census week in weekly census procedure courses, or the day immediately preceding census day in daily census procedure courses, and is the date used to clear the rolls of the inactive enrollment for attendance accounting purposes. For noncredit distance learning courses, the drop date to clear the rolls of inactive students shall be the day prior to each of the two census dates.

Condition

It appears that the colleges are claiming student drops on census day. Further investigation revealed that the District did not have affirmative confirmation that steps were taken by the instructors to clear their rolls of inactive enrollment before the census day. Therefore, the FTES for these students is ineligible for apportionment.

Questioned Costs

The District did a 100 percent audit of all students who dropped on census day. The outcome of this audit revealed the following FTES, which the District removed from their attendance by submitting a revised 320 attendance report. The 320 Recalc noted the following reduction of FTES:

Moorpark:	4.48
Oxnard:	1.95
Ventura:	<u>1.90</u>
TOTAL	8.33 FTES

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

Context

A sample of 40 drops on various days were selected for testing, with two exceptions identified for students who dropped on census day. There were a total of 613 students identified who dropped on census day. The District then did a 100 percent audit of all students who dropped on census day for fiscal year-end June 30, 2017. The Registrars at the campus had back up for all but 77 students to verify they were in class up to census day. Therefore, the 77 students totaling 8.33 FTES were removed from the District's FTES at the time the District submitted the Recalc of the 320 attendance report.

Effect

By the District not having proper attendance procedures for clearing the roll of inactive students before census day and instructors not properly taking roll, the attendance of the college was overstated.

Cause

The oversight controls within the campus' admissions and records process were not operating effectively, resulting in the attendance errors.

Recommendation

The District should update their attendance procedures for clearing the rolls of inactive students on census day in order to prevent any errors from occurring in the future.

Current Status

Implemented.