



**VENTURA COUNTY
COMMUNITY COLLEGE DISTRICT**

**SPECIAL REPORT
FOR
BOARD OF TRUSTEES
AND
MANAGEMENT ONLY**

JUNE 30, 2018

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

OF VENTURA COUNTY

VENTURA, CALIFORNIA

JUNE 30, 2018

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
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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

ORGANIZATION

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 year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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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 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 the modified accrual basis of accounting described in Notes 1 and 2; this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified accrual basis of accounting of the District as of June 30, 2018, and the respective changes in financial position—modified accrual basis of accounting and cash flows, thereof for the year then ended in accordance with the basis of accounting as described in Notes 1 and 2.

Emphasis of Matter - Basis of Accounting

We draw attention to Notes 1 and 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Purpose of This Report

This report is intended solely for the information of the Board of Trustees and management of the Ventura County Community College District and is not intended to be and should not be used by anyone other than these specified parties.

Vaughan, Tuma, Day & Co, LLP

Rancho Cucamonga, California
December 3, 2018

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

GENERAL FUNDS

JUNE 30, 2018

	General Unrestricted	General Restricted	Total
ASSETS			
Cash and cash equivalents	\$ 49,700	\$ -	\$ 49,700
Investments	83,668,923	14,359,527	98,028,450
Accounts receivable	10,078,698	4,258,423	14,337,121
Student receivable, net	3,243,366	463,671	3,707,037
Due from other funds	1,975,215	-	1,975,215
Prepaid expenditures	407,575	21,954	429,529
Total Assets	\$ 99,423,477	\$ 19,103,575	\$ 118,527,052
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 9,930,816	\$ 1,373,100	\$ 11,303,916
Due to other funds	-	1,450,018	1,450,018
Other current liabilities	29,040	-	29,040
Unearned revenue	17,392,699	11,240,493	28,633,192
Total Liabilities	27,352,555	14,063,611	41,416,166
FUND BALANCES			
Reserved	457,275	5,039,964	5,497,239
Unreserved			
Designated	20,464,942	-	20,464,942
Undesignated	51,148,705	-	51,148,705
Total Fund Balances	72,070,922	5,039,964	77,110,886
Total Liabilities and Fund Balances	\$ 99,423,477	\$ 19,103,575	\$ 118,527,052

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED ACCRUAL BASIS
GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Unrestricted</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
State revenues	159,384,069	86,283,476	(73,100,593)
Local revenues	8,473,658	87,810,569	79,336,911
Total Revenues	<u>167,857,727</u>	<u>174,094,045</u>	<u>6,236,318</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	64,018,889	63,771,038	247,851
Classified salaries	29,702,954	28,805,219	897,735
Employee benefits	51,549,003	50,056,874	1,492,129
Books and supplies	3,918,675	2,007,024	1,911,651
Services and operating expenditures	24,737,705	14,326,312	10,411,393
Capital outlay	11,937,831	2,204,921	9,732,910
Total Expenditures	<u>185,865,057</u>	<u>161,171,388</u>	<u>24,693,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,007,330)</u>	<u>12,922,657</u>	<u>30,929,987</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,400	130,869	125,469
Transfers out	(12,088,002)	(5,827,396)	6,260,606
Other sources	9,446,611	9,450,000	3,389
Other uses	(936,709)	(10,150)	926,559
Total Other Financing Sources (Uses)	<u>(3,572,700)</u>	<u>3,743,323</u>	<u>7,316,023</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (21,580,030)</u>	<u>16,665,980</u>	<u>\$ 38,246,010</u>
FUND BALANCE, BEGINNING OF YEAR		<u>55,404,942</u>	
FUND BALANCE, END OF YEAR		<u>\$ 72,070,922</u>	

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

General Restricted			Total		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 6,646,269	\$ 4,215,006	\$ (2,431,263)	\$ 6,646,269	\$ 4,215,006	\$ (2,431,263)
45,900,064	32,965,824	(12,934,240)	205,284,133	119,249,300	(86,034,833)
4,217,922	4,071,168	(146,754)	12,691,580	91,881,737	79,190,157
<u>56,764,255</u>	<u>41,251,998</u>	<u>(15,512,257)</u>	<u>224,621,982</u>	<u>215,346,043</u>	<u>(9,275,939)</u>
8,980,136	7,464,377	1,515,759	72,999,025	71,235,415	1,763,610
16,345,767	12,276,126	4,069,641	46,048,721	41,081,345	4,967,376
9,626,371	7,713,772	1,912,599	61,175,374	57,770,646	3,404,728
5,286,138	2,028,523	3,257,615	9,204,813	4,035,547	5,169,266
9,969,651	7,371,900	2,597,751	34,707,356	21,698,212	13,009,144
3,175,865	2,177,688	998,177	15,113,696	4,382,609	10,731,087
<u>53,383,928</u>	<u>39,032,386</u>	<u>14,351,542</u>	<u>239,248,985</u>	<u>200,203,774</u>	<u>39,045,211</u>
<u>3,380,327</u>	<u>2,219,612</u>	<u>(1,160,715)</u>	<u>(14,627,003)</u>	<u>15,142,269</u>	<u>29,769,272</u>
830,231	1,055,427	225,196	835,631	1,186,296	350,665
(4,330,257)	(3,345,662)	984,595	(16,418,259)	(9,173,058)	7,245,201
-	-	-	9,446,611	9,450,000	3,389
<u>(548,889)</u>	<u>(304,318)</u>	<u>244,571</u>	<u>(1,485,598)</u>	<u>(314,468)</u>	<u>1,171,130</u>
<u>(4,048,915)</u>	<u>(2,594,553)</u>	<u>1,454,362</u>	<u>(7,621,615)</u>	<u>1,148,770</u>	<u>8,770,385</u>
<u>\$ (668,588)</u>	<u>(374,941)</u>	<u>\$ 293,647</u>	<u>\$ (22,248,618)</u>	<u>16,291,039</u>	<u>\$ 38,539,657</u>
	<u>5,414,905</u>			<u>60,819,847</u>	
	<u>\$ 5,039,964</u>			<u>\$ 77,110,886</u>	

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

SPECIAL REVENUE FUNDS

JUNE 30, 2018

	Child Development	Other Special Revenue	Total
ASSETS			
Investments	\$ 324,970	\$ 180,420	\$ 505,390
Accounts receivable	5,694	2,694	8,388
Student receivable	24,871	-	24,871
Total Assets	\$ 355,535	\$ 183,114	\$ 538,649
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,099	\$ 1,302	\$ 2,401
Due to other funds	10	-	10
Unearned revenue	7,914	-	7,914
Total Liabilities	9,023	1,302	10,325
FUND BALANCES			
Unreserved			
Designated	346,512	181,812	528,324
Total Liabilities and Fund Balances	\$ 355,535	\$ 183,114	\$ 538,649

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
MODIFIED ACCRUAL BASIS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Child Development</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State revenues	\$ 64,103	\$ 71,894	\$ 7,791
Local revenues	648,000	689,542	41,542
Total Revenues	<u>712,103</u>	<u>761,436</u>	<u>49,333</u>
EXPENDITURES			
Current Expenditures			
Classified salaries	507,065	506,966	99
Employee benefits	192,875	192,848	27
Books and supplies	18,500	14,270	4,230
Services and operating expenditures	13,937	13,929	8
Total Expenditures	<u>732,377</u>	<u>728,013</u>	<u>4,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,274)</u>	<u>33,423</u>	<u>53,697</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	51,000	11,000	(40,000)
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>51,000</u>	<u>11,000</u>	<u>(40,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 30,726</u>	44,423	<u>\$ 13,697</u>
FUND BALANCE, BEGINNING OF YEAR		<u>302,089</u>	
FUND BALANCE, END OF YEAR		<u>\$ 346,512</u>	

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

Other Special Revenue			Total		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 64,103	\$ 71,894	\$ 7,791
166,000	185,461	19,461	814,000	875,003	61,003
<u>166,000</u>	<u>185,461</u>	<u>19,461</u>	<u>878,103</u>	<u>946,897</u>	<u>68,794</u>
12,661	9,893	2,768	519,726	516,859	2,867
5,621	900	4,721	198,496	193,748	4,748
1,800	323	1,477	20,300	14,593	5,707
13,920	12,497	1,423	27,857	26,426	1,431
<u>34,002</u>	<u>23,613</u>	<u>10,389</u>	<u>766,379</u>	<u>751,626</u>	<u>14,753</u>
131,998	161,848	29,850	111,724	195,271	83,547
-	-	-	51,000	11,000	(40,000)
(125,000)	(125,000)	-	(125,000)	(125,000)	-
<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(74,000)</u>	<u>(114,000)</u>	<u>(40,000)</u>
<u>\$ 6,998</u>	36,848	<u>\$ 29,850</u>	<u>\$ 37,724</u>	81,271	<u>\$ 43,547</u>
	144,964			447,053	
	<u>\$ 181,812</u>			<u>\$ 528,324</u>	

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

CAPITAL PROJECT FUNDS

JUNE 30, 2018

	<u>Capital Outlay</u>	<u>Bond Construction</u>	<u>Total</u>
ASSETS			
Investments	\$ 35,416,527	\$ 1,865,577	\$ 37,282,104
Accounts receivable	25,125	11,260	36,385
Student receivable	116,425	-	116,425
Prepaid expenses	17,636	-	17,636
Total Assets	<u>\$ 35,575,713</u>	<u>\$ 1,876,837</u>	<u>\$ 37,452,550</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 898,760	\$ 3,437	\$ 902,197
Unearned revenue	5,271,141	-	5,271,141
Total Liabilities	<u>6,169,901</u>	<u>3,437</u>	<u>6,173,338</u>
FUND BALANCES			
Reserved	<u>29,405,812</u>	<u>1,873,400</u>	<u>31,279,212</u>
Total Liabilities and Fund Balances	<u>\$ 35,575,713</u>	<u>\$ 1,876,837</u>	<u>\$ 37,452,550</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – MODIFIED ACCRUAL BASIS
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Capital Outlay	Bond Construction	Total
REVENUES			
State revenues	\$ 2,709,232	\$ -	\$ 2,709,232
Local revenues	2,188,209	26,117	2,214,326
Total Revenues	<u>4,897,441</u>	<u>26,117</u>	<u>4,923,558</u>
EXPENDITURES			
Current Expenditures			
Books and supplies	22,725	-	22,725
Services and operating expenditures	702,757	2,264	705,021
Capital outlay	5,698,528	426,897	6,125,425
Total Expenditures	<u>6,424,010</u>	<u>429,161</u>	<u>6,853,171</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,526,569)</u>	<u>(403,044)</u>	<u>(1,929,613)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,901,455	-	4,901,455
Transfers out	(869)	-	(869)
Other sources	960	-	960
Total Other Financing Sources (Uses)	<u>4,901,546</u>	<u>-</u>	<u>4,901,546</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>3,374,977</u>	<u>(403,044)</u>	<u>2,971,933</u>
FUND BALANCE, BEGINNING OF YEAR	<u>26,030,835</u>	<u>2,276,444</u>	<u>28,307,279</u>
FUND BALANCE, END OF YEAR	<u>\$ 29,405,812</u>	<u>\$ 1,873,400</u>	<u>\$ 31,279,212</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

DEBT SERVICE FUNDS

JUNE 30, 2018

	Bond Interest and Redemption
ASSETS	
Investments	\$ 20,108,214
Accounts receivable	84,174
Total Assets	<u>\$ 20,192,388</u>
 FUND BALANCE	
Reserved	<u>\$ 20,192,388</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – MODIFIED ACCRUAL BASIS
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Bond Interest and Redemption
REVENUES	
State revenues	\$ 146,741
Local revenues	20,739,158
Total Revenues	<u>20,885,899</u>
EXPENDITURES	
Current Expenditures	
Debt service - principal	8,340,000
Debt service - interest and other	11,307,725
Total Expenditures	<u>19,647,725</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,238,174
FUND BALANCE, BEGINNING OF YEAR	<u>18,954,214</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,192,388</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

TRUST FUNDS

JUNE 30, 2018

	<u>Associated Students Organization</u>	<u>Student Representation Fees</u>	<u>Student Center Fees</u>
ASSETS			
Investments	\$ 1,265,995	\$ 165,110	\$ 5,345,170
Accounts receivable	5,202	649	22,580
Student receivable, net	128,342	24,158	144,014
Due from other funds	-	-	-
Fixed assets	5,260	-	2,772
Total Assets	<u>\$ 1,404,799</u>	<u>\$ 189,917</u>	<u>\$ 5,514,536</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 7,606	\$ -	\$ 14,760
Due to other funds	-	-	-
Unearned revenue	257,410	42,152	239,149
Total Liabilities	<u>265,016</u>	<u>42,152</u>	<u>253,909</u>
FUND BALANCES			
Reserved	-	-	-
Unreserved			
Designated	1,139,783	147,765	5,260,627
Total Fund Balances	<u>1,139,783</u>	<u>147,765</u>	<u>5,260,627</u>
Total Liabilities and Fund Balances	<u>\$ 1,404,799</u>	<u>\$ 189,917</u>	<u>\$ 5,514,536</u>

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

Student Financial Aid	Scholarship and Loan	Student Clubs	Other Trust	Total
\$ 12,394	\$ 792,263	\$ 137,685	\$ 2,021,242	\$ 9,739,859
493,404	3,080	100	21	525,036
40,695	4,848	-	26,499	368,556
8,044	-	-	-	8,044
-	-	2,104	-	10,136
<u>\$ 554,537</u>	<u>\$ 800,191</u>	<u>\$ 139,889</u>	<u>\$ 2,047,762</u>	<u>\$10,651,631</u>
\$ 20,863	\$ 8,545	\$ 1,870	\$ 28,246	\$ 81,890
533,231	-	-	-	533,231
-	-	-	-	538,711
<u>554,094</u>	<u>8,545</u>	<u>1,870</u>	<u>28,246</u>	<u>1,153,832</u>
443	-	-	-	443
-	791,646	138,019	2,019,516	9,497,356
<u>443</u>	<u>791,646</u>	<u>138,019</u>	<u>2,019,516</u>	<u>9,497,799</u>
<u>\$ 554,537</u>	<u>\$ 800,191</u>	<u>\$ 139,889</u>	<u>\$ 2,047,762</u>	<u>\$10,651,631</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – MODIFIED ACCRUAL BASIS**

TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Associated Students Organization</u>	<u>Student Representation Fees</u>	<u>Student Center Fees</u>
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
State revenues	-	-	-
Local revenues	657,391	88,212	463,426
Total Revenues	<u>657,391</u>	<u>88,212</u>	<u>463,426</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	-
Classified salaries	23,275	-	39,493
Employee benefits	1,735	-	1,548
Books and supplies	146,718	529	2,725
Services and operating expenditures	91,323	79,630	379
Capital outlay	20,340	8,021	22,738
Total Expenditures	<u>283,391</u>	<u>88,180</u>	<u>66,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>374,000</u>	<u>32</u>	<u>396,543</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,728	-	-
Transfers out	(104,394)	-	-
Other uses	(9,765)	-	-
Total Other Financing Sources (Uses)	<u>(111,431)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	262,569	32	396,543
FUND BALANCE, BEGINNING OF YEAR	877,214	147,733	4,864,084
FUND BALANCE, END OF YEAR	<u>\$ 1,139,783</u>	<u>\$ 147,765</u>	<u>\$ 5,260,627</u>

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

Student Financial Aid	Scholarship and Loan	Student Clubs	Other Trust	Total
\$40,636,960	\$ -	\$ -	\$ -	\$40,636,960
3,954,737	-	-	79	3,954,816
115	521,893	46,291	1,056,574	2,833,902
<u>44,591,812</u>	<u>521,893</u>	<u>46,291</u>	<u>1,056,653</u>	<u>47,425,678</u>
-	-	-	1,772	1,772
-	-	183	111,533	174,484
-	-	17	10,680	13,980
-	188	43,581	422,351	616,092
-	2,131	82,785	451,783	708,031
-	-	5,688	72,763	129,550
-	<u>2,319</u>	<u>132,254</u>	<u>1,070,882</u>	<u>1,643,909</u>
<u>44,591,812</u>	<u>519,574</u>	<u>(85,963)</u>	<u>(14,229)</u>	<u>45,781,769</u>
3,119,176	5,000	110,394	74,554	3,311,852
(5,000)	-	(26,649)	(46,000)	(182,043)
<u>(47,710,873)</u>	<u>(415,363)</u>	<u>-</u>	<u>(5,500)</u>	<u>(48,141,501)</u>
<u>(44,596,697)</u>	<u>(410,363)</u>	<u>83,745</u>	<u>23,054</u>	<u>(45,011,692)</u>
(4,885)	109,211	(2,218)	8,825	770,077
5,328	682,435	140,237	2,010,691	8,727,722
<u>\$ 443</u>	<u>\$ 791,646</u>	<u>\$ 138,019</u>	<u>\$ 2,019,516</u>	<u>\$ 9,497,799</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND TYPES

**COMBINING BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2018**

	Enterprise Funds				Internal Service Fund
	Food Service				
	Moorpark	Oxnard	Ventura	Total	
ASSETS					
Cash and cash equivalents	\$ 2,000	\$ 3,000	\$ 6,000	\$ 11,000	\$ -
Investments	370,329	506,435	174,146	1,050,910	5,684,987
Accounts receivable	3,539	508	941	4,988	16,885
Total Assets	\$ 375,868	\$ 509,943	\$ 181,087	\$ 1,066,898	\$ 5,701,872
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 742,377
FUND EQUITY					
Retained earnings	375,868	509,943	181,087	1,066,898	4,959,495
Total Liabilities and Fund Equity	\$ 375,868	\$ 509,943	\$ 181,087	\$ 1,066,898	\$ 5,701,872

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>Food Service</u>				
	<u>Moorpark</u>	<u>Oxnard</u>	<u>Ventura</u>	<u>Total</u>	
OPERATING REVENUES					
Sales revenues	\$ 48,088	\$ 20,313	\$ 32,112	\$ 100,513	\$ -
Other operating	16,667	16,666	16,667	50,000	410,873
Charges to other funds	-	-	-	-	14,725,267
Total Operating Revenues	<u>64,755</u>	<u>36,979</u>	<u>48,779</u>	<u>150,513</u>	<u>15,136,140</u>
OPERATING EXPENSES					
Classified salaries	4,544	-	10,992	15,536	-
Employee benefits	79	-	424	503	14,388,442
Services and other operating expenditures	-	-	-	-	26,239
Capital outlay	-	-	-	-	3,567
Total Operating Expenses	<u>4,623</u>	<u>-</u>	<u>11,416</u>	<u>16,039</u>	<u>14,418,248</u>
Operating Income	<u>60,132</u>	<u>36,979</u>	<u>37,363</u>	<u>134,474</u>	<u>717,892</u>
NONOPERATING REVENUES (EXPENSES)					
Transfers in	-	-	-	-	75,000
Transfers out	(4,633)	-	-	(4,633)	-
Total Nonoperating Revenues (Expenses)	<u>(4,633)</u>	<u>-</u>	<u>-</u>	<u>(4,633)</u>	<u>75,000</u>
NET INCOME	55,499	36,979	37,363	129,841	792,892
RETAINED EARNINGS, BEGINNING OF YEAR	<u>320,369</u>	<u>472,964</u>	<u>143,724</u>	<u>937,057</u>	<u>4,166,603</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 375,868</u>	<u>\$ 509,943</u>	<u>\$ 181,087</u>	<u>\$ 1,066,898</u>	<u>\$ 4,959,495</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND TYPES

**COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Enterprise Funds</u>				Internal Service Fund
	<u>Food Service</u>				
	<u>Moorpark</u>	<u>Oxnard</u>	<u>Ventura</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	\$ 60,132	\$ 36,979	\$ 37,363	\$ 134,474	\$ 717,892
Adjustments to reconcile operating income to net cash flows from operating activities					
Changes in assets and liabilities					
Accounts receivable	476	193	67	736	6,897
Accounts payable	(607)	-	-	(607)	9,417
Net Cash Flows From Operating Activities	<u>60,001</u>	<u>37,172</u>	<u>37,430</u>	<u>134,603</u>	<u>734,206</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Transfers out	(4,633)	-	-	(4,633)	-
Transfers in	-	-	-	-	75,000
Net Cash Flows From Investing Activities	<u>(4,633)</u>	<u>-</u>	<u>-</u>	<u>(4,633)</u>	<u>75,000</u>
Net change in cash and cash equivalents	55,368	37,172	37,430	129,970	809,206
Cash and cash equivalents - Beginning	316,961	472,263	142,716	931,940	4,875,781
Cash and cash equivalents - Ending	<u>\$ 372,329</u>	<u>\$ 509,435</u>	<u>\$ 180,146</u>	<u>\$ 1,061,910</u>	<u>\$ 5,684,987</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. 39. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

In June 1999, GASB approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, followed by Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. These statements were implemented over a phase (based on size of the government) through fiscal years ending in 2004. The District has implemented those changes. We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Ventura County Community College District for the year ended June 30, 2018, and have issued our report thereon dated December 3, 2018.

These financial statements have been prepared specifically for the Board of Trustees and management of the Ventura County Community College District to provide an analysis of the financial position and results of operations had the District not implemented GASB Statements No. 34 and No. 35. Fund financial statements are included in this report to present the operations of the individual funds used by the District. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. The District has no component units.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund types and fiduciary fund types are reported using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on general long-term debt, which is recognized when due.

Proprietary fund types are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the related liabilities are incurred.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the County Investment Pool are determined by the program sponsor.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$2,029,281 for the year ended June 30, 2018.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Prepaid Expenditures

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

Capital Assets and Depreciation

The District's capital expenditures have been accounted for as expenditures within the governmental and fiduciary fund types incurring the cost. These assets have not been capitalized within the individual funds and depreciation expense is not recorded. Capital assets are capitalized within the proprietary fund types and certain fiduciary funds, depreciations expense is recorded within the individual fund incurring the expense. Depreciation on capitalized assets is provided on the straight-line basis over the following estimated useful lives:

Vehicles and equipment	2 - 15 years
Improvements	5 - 20 years

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

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 and 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 Full-Time Equivalent Students (FTES) are generated.

Estimates

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

Property Taxes

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

The voters of the District passed a general obligation bond in March 2002 for the acquisition, construction, and rehabilitation of facilities on the three community college campuses and the Camarillo site of District capital assets. As a result of the passage of the bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

Budgets and Budgetary Accounting

Annual budgets are adopted on a modified accrual basis for the District's General Funds and Special Revenue Fund. The District's Board of Trustees adopts a tentative operating budget no later than July 1 in accordance with State law. The Board revises the budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. The Board approves pooled budget categories for operational expenditures (e.g. supplies, operating expenses, and capital outlay). Actual expenditures are charged to the specific expenditure account number. Expenditures cannot legally exceed appropriations by major object account. A public hearing must be conducted to receive comments prior to adoption. The District's Board satisfied these requirements.

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.

Financial Presentation

These financial statements have been prepared specifically for the Board of Trustees and management of the Ventura County Community College District to provide an analysis of the financial position and results of operations of the District's individual funds had the District not implemented GASB Statements No. 34 and No. 35.

Change in Accounting Principles

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

- 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.

New Accounting Pronouncements

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.

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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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.

Investment in County Treasury

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

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

Cash on hand and in banks	\$ 60,700
Investments	172,399,914
Total Deposits and Investments	<u>\$ 172,460,614</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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. 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. The District maintains an investment of \$172,399,914 with the Ventura County Investment Pool with an average weighted maturity of 148 days.

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 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.

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 Federal Deposit Insurance Corporation (FDIC) insured.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 Treasury Investment 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.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Ventura County Treasury Investment Pool	<u>\$ 172,773,374</u>	<u>\$ 172,773,374</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 5 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2018, consist of the following:

	General	Special Revenue	Capital Projects	Debt Service	Fiduciary	Proprietary	Total
Federal Government							
Categorical aid	\$ 1,462,680	\$ -	\$ -	\$ -	\$ 486,747	\$ -	\$ 1,949,427
State Government							
Apportionment	7,320,394	-	-	-	-	-	7,320,394
Categorical aid	1,836,156	-	-	-	-	-	1,836,156
Lottery - restricted and unrestricted	1,354,010	-	-	-	-	-	1,354,010
Other State	144,892	-	-	-	-	-	144,892
Local Sources							
Interest	895,545	-	11,260	84,174	31,511	-	1,022,490
Foundation	330,455	-	-	-	-	-	330,455
Other local	992,989	8,388	25,125	-	6,778	21,873	1,055,153
Accounts receivable	<u>\$ 14,337,121</u>	<u>\$ 8,388</u>	<u>\$ 36,385</u>	<u>\$ 84,174</u>	<u>\$ 525,036</u>	<u>\$ 21,873</u>	<u>\$ 15,012,977</u>
Student receivable	\$ 5,167,516	\$ 24,871	\$ 116,425	\$ -	\$ 937,358	\$ -	\$ 6,246,170
Less: reserve	<u>(1,460,479)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(568,802)</u>	<u>-</u>	<u>(2,029,281)</u>
Student receivable, net	<u>\$ 3,707,037</u>	<u>\$ 24,871</u>	<u>\$ 116,425</u>	<u>\$ -</u>	<u>\$ 368,556</u>	<u>\$ -</u>	<u>\$ 4,216,889</u>

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2018, are as follows:

Funds	Interfund Receivables	Interfund Payables
General Unrestricted	\$ 1,975,215	\$ -
General Restricted	-	1,450,018
Child Development	-	10
Student Financial Aid	8,044	533,231
Total	<u>\$ 1,983,259</u>	<u>\$ 1,983,259</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Transfers

Interfund transfers consist of operating and equity transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2018, are as follows:

The General Unrestricted Fund transferred to the General Restricted Fund	\$ 1,055,427
The General Unrestricted Fund transferred to the Capital Outlay Fund	4,639,969
The General Unrestricted Fund transferred to the Student Clubs Fund	20,000
The General Unrestricted Fund transferred to the Other Trust Fund	37,000
The General Unrestricted Fund transferred to the Internal Service Fund	75,000
The General Restricted Fund transferred to the Capital Outlay Fund	226,486
The General Restricted Fund transferred to the Student Financial Aid Fund	3,119,176
The Other Special Revenue Fund transferred to the General Unrestricted Fund	125,000
The Capital Outlay Fund transferred to the General Unrestricted Fund	869
The Associated Students Organization Fund transferred to the Student Clubs Fund	90,394
The Associated Students Organization Fund transferred to the Other Trust Fund	14,000
The Student Financial Aid Fund transferred to the General Unrestricted Fund	5,000
The Student Clubs Fund transferred to the Associated Students Organization Fund	2,728
The Student Clubs Fund transferred to Scholarship and Loan Fund	5,000
The Student Clubs Fund transferred to the Other Trust Fund	18,921
The Other Trust Fund transferred to Child Development Fund	11,000
The Other Trust Fund transferred to Capital Outlay Fund	35,000
The Food Service (Moorpark) Fund transferred to the Other Trust Fund	4,633
Total	<u>\$ 9,485,603</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 7 - ACCOUNTS PAYABLE

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

	General	Special Revenue	Capital Projects	Fiduciary	Proprietary	Total
Accrued payroll and benefits	\$ 3,582,163	\$ -	\$ -	\$ -	\$ 3,756	\$ 3,585,919
Accrued vacation	864,746	-	-	-	-	864,746
Construction	-	-	902,197	-	-	902,197
Student liabilities	3,697,038	-	-	4,968	-	3,702,006
Load banking	-	-	-	-	736,914	736,914
Federal categorical aid	50,181	-	-	16,097	-	66,278
State categorical aid	155,444	-	-	-	-	155,444
Local	2,954,344	2,401	-	60,825	1,707	3,019,277
Total	<u>\$ 11,303,916</u>	<u>\$ 2,401</u>	<u>\$ 902,197</u>	<u>\$ 81,890</u>	<u>\$ 742,377</u>	<u>\$ 13,032,781</u>

NOTE 8 - UNEARNED REVENUE

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

	General	Special Revenue	Capital Projects	Fiduciary	Total
State categorical aid	\$ 7,561,022	\$ -	\$ -	\$ -	\$ 7,561,022
Scheduled maintenance	-	-	4,354,354	-	4,354,354
Lottery - restricted	2,873,536	-	-	-	2,873,536
Other State	24,366	-	-	-	24,366
RDA	2,144,988	-	814,772	-	2,959,760
Enrollment/student fees	15,999,522	7,914	102,015	538,711	16,648,162
Local	29,758	-	-	-	29,758
Total	<u>\$ 28,633,192</u>	<u>\$ 7,914</u>	<u>\$ 5,271,141</u>	<u>\$ 538,711</u>	<u>\$ 34,450,958</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>
Reserved				
Prepaid expenditures	\$ 429,529	\$ -	\$ 17,636	\$ -
Revolving cash	49,700	-	-	-
Restricted programs	5,018,010	-	-	-
Capital outlay	-	-	31,261,576	-
Debt repayment	-	-	-	20,192,388
Total Reserved	<u>5,497,239</u>	<u>-</u>	<u>31,279,212</u>	<u>20,192,388</u>
Unreserved				
Designated				
General reserves	10,018,402	528,324	-	-
Budget rollover	3,046,540	-	-	-
Revenue shortfall contingency	5,000,000	-	-	-
STRS	1,000,000	-	-	-
Energy efficiency	1,400,000	-	-	-
Total Designated	<u>20,464,942</u>	<u>528,324</u>	<u>-</u>	<u>-</u>
Undesignated	<u>51,148,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Unreserved	<u>71,613,647</u>	<u>528,324</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 77,110,886</u>	<u>\$ 528,324</u>	<u>\$ 31,279,212</u>	<u>\$ 20,192,388</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, in the opinion of management, any required reimbursements will not be material.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
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 State Chancellor's Office.