



**VENTURA COUNTY
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2013 AND 2012

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ventura County Community College District
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Ventura County Community College District (the District) as of and for the years ended June 30, 2013 and 2012, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 financial position of the business-type activities of the District as of June 30, 2013 and 2012, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 62 for the year ended June 30, 2013. These changes require a restatement of the beginning net position of the District as discussed in Note 15. 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 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 47 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vannineh, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013



Ventura County Community College District

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DR. JAMILLAH MOORE
CHANCELLOR

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Ventura County Community College District (the District) as of June 30, 2013. 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, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net 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 California Community Colleges Systems Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2012-2013 fiscal year, the reported FTES were 25,036 as compared to 26,458 in the 2011-2012 fiscal year. The fully funded cap for fiscal year 2012-2013 is 24,700 as compared to 24,502 for 2011-2012.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$18.5 million in the 2012-2013 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, 2013 AND 2012

- Costs for employee salaries decreased by 6.1 percent or \$5.6 million in the 2012-2013 fiscal year and costs associated with employee benefits decreased by 6.4 percent or \$2.6 million.
- During the 2012-2013 fiscal year, the District provided \$61.6 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

The District issued \$85 million in general obligation bonds on August 12, 2002, with an additional \$80 million on October 26, 2005, and \$191.3 million on October 28, 2008, which represents the last issuance of the \$356.3 million approved by the voters in the March 2002 local election for construction and renovation projects and equipment throughout the District. These projects were approved by the voters within the District's boundaries and will be completed over the coming three to five years.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012

THE DISTRICT AS A WHOLE

Net Position

Table 1

(Amounts in thousands)

	2013	2012*	2011
ASSETS			
Current Assets			
Cash and investments	\$ 126,636	\$ 125,928	\$ 166,663
Accounts receivable (net)	20,355	27,485	26,611
Other current assets	2,366	2,459	2,008
Total Current Assets	<u>149,357</u>	<u>155,872</u>	<u>195,282</u>
Capital Assets (net)	<u>553,754</u>	<u>544,905</u>	<u>513,242</u>
Total Assets	<u><u>\$ 703,111</u></u>	<u><u>\$ 700,777</u></u>	<u><u>\$ 708,524</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 23,062	\$ 21,605	\$ 32,658
Current portion of long-term obligations	5,062	3,146	3,289
Total Current Liabilities	<u>28,124</u>	<u>24,751</u>	<u>35,947</u>
Long-Term Obligations	<u>323,138</u>	<u>326,201</u>	<u>322,367</u>
Total Liabilities	<u>351,262</u>	<u>350,952</u>	<u>358,314</u>
NET POSITION			
Net investment in capital assets	228,997	220,479	192,343
Restricted	86,802	97,542	122,818
Unrestricted	36,050	31,804	35,049
Total Net Position	<u>351,849</u>	<u>349,825</u>	<u>350,210</u>
Total Liabilities and Net Position	<u><u>\$ 703,111</u></u>	<u><u>\$ 700,777</u></u>	<u><u>\$ 708,524</u></u>

* As restated.

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

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 13.

Table 2

(Amounts in thousands)

	2013	2012	2011
Operating Revenues			
Tuition and fees	\$ 19,655	\$ 17,995	\$ 17,011
Auxiliary sales and charges/Other operating	7,652	9,501	10,479
Total Operating Revenues	<u>27,307</u>	<u>27,496</u>	<u>27,490</u>
Operating Expenses			
Salaries and benefits	124,252	132,421	135,605
Supplies and maintenance	27,361	36,662	34,942
Student financial aid	44,545	49,190	38,850
Depreciation	13,776	12,407	9,510
Total Operating Expenses	<u>209,934</u>	<u>230,680</u>	<u>218,907</u>
Loss on Operations	<u>(182,627)</u>	<u>(203,184)</u>	<u>(191,417)</u>
Nonoperating Revenues (Expenses)			
State apportionments	53,874	59,397	72,887
Property taxes	70,092	64,153	64,141
Grants and contracts	56,139	61,249	53,335
State revenues	4,935	4,216	5,463
Net interest expense	(11,603)	(16,355)	(15,296)
Other nonoperating revenues	10,027	6,706	7,054
Total Nonoperating Revenue	<u>183,464</u>	<u>179,366</u>	<u>187,584</u>
Other Revenues			
State and local capital income	<u>1,187</u>	<u>519</u>	<u>3,130</u>
Change in Net Position	<u>\$ 2,024</u>	<u>\$ (23,299)</u>	<u>\$ (703)</u>

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. We noted a slight increase in the property taxes levied and received from property within the county. We also noted a decrease in State apportionment primarily due to funding triggers included in the 2012-2013 State enacted budget.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

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

Interest income of \$.6 million was offset by interest expense of \$12.2 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately \$.4 million over the 2011-2012 fiscal year due to a decrease in the balance of cash held at the County Treasury and lower interest rate. Interest expense has remained steady with the prior year.

Expenses are reported by their functional categories as follows:

Table 3

(Amounts in thousands)

	Salaries	Employee Benefits	Supplies and Materials	Student Financial Aid	Equipment and Repairs	Depreciation	Total
Academic support	\$ 11,352	\$ 3,522	\$ 352	\$ -	\$ 29	\$ -	\$ 15,255
Administrative support	11,305	9,282	8,306	-	1,132	-	30,025
Ancillary and auxiliary	2,285	822	6,803	-	36	-	9,946
Community services	657	197	159	-	12	-	1,025
Instructional	46,584	19,251	2,014	-	694	-	68,543
Instructional support	1,893	902	372	-	85	-	3,252
Plant operations	4,650	2,157	5,074	-	237	-	12,118
Student aid	-	-	218	44,546	-	-	44,764
Student services	8,158	2,873	1,300	-	215	-	12,546
Postemployment benefits	-	(1,642)	-	-	-	-	(1,642)
Depreciation	-	-	-	-	-	13,776	13,776
Physical property	4	-	416	-	(94)	-	326
Total	\$ 86,888	\$ 37,364	\$ 25,014	\$ 44,546	\$ 2,346	\$ 13,776	\$ 209,934

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

Changes in Cash Position

Table 4

(Amounts in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash Provided by (Used in)			
Operating activities	\$ (170,068)	\$ (196,550)	\$ (186,826)
Noncapital financing activities	183,131	178,388	182,196
Capital financing activities	(13,049)	(23,628)	(57,018)
Investing activities	694	1,056	2,719
Net Increase (Decrease) in Cash	<u>708</u>	<u>(40,734)</u>	<u>(58,929)</u>
Cash, Beginning of Year	125,928	166,662	225,591
Cash, End of Year	<u>\$ 126,636</u>	<u>\$ 125,928</u>	<u>\$ 166,662</u>

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had \$553.8 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2012, our net capital assets were \$544.9 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2013-2014 fiscal year and beyond with primary funding through our general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012

Table 5

(Amounts in millions)

	Balance Beginning of Year, as Restated	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 178.9	\$ 21.6	\$ (29.8)	\$ 170.7
Buildings and improvements	443.5	29.8	-	473.3
Equipment and vehicles	23.0	1.1	-	24.1
Subtotal	645.4	52.5	(29.8)	668.1
Accumulated depreciation	(100.5)	(13.8)	-	(114.3)
	<u>\$ 544.9</u>	<u>\$ 38.7</u>	<u>\$ (29.8)</u>	<u>\$ 553.8</u>

Obligations

At the end of the 2012-2013 fiscal year, the District had \$324.8 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.

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 324.3	\$ 3.2	\$ (2.7)	\$ 324.8
Notes payable	0.1	-	(0.1)	-
	324.4	3.2	(2.8)	324.8
Other liabilities	4.9	10.4	(11.9)	3.4
Total Long-Term Obligations	<u>\$ 329.3</u>	<u>\$ 13.6</u>	<u>\$ (14.7)</u>	<u>\$ 328.2</u>
Amount due within one year				<u>\$ 5.1</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012

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 2012-2013 fiscal year on August 13, 2013.

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

In fiscal year 2012-2013, the District served 25,036 FTES, of which approximately 336 were unfunded. As a result of declining revenue over the past several years, the number of students (FTES) for which the District is funded has also declined considerably. The District continues to emphasize enrollment management with the effect of reducing unfunded FTES while continuing to meet our primary mission.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 93,823	\$ 91,564
Cash and cash equivalents - restricted	13,562	2,704
Investments - unrestricted	28,430,704	16,852,264
Investments - restricted	98,098,247	108,981,143
Accounts receivable, net	19,771,641	26,551,062
Student loans receivable, net	583,141	934,022
Prepaid expenses	234,940	247,989
Inventories	1,392,666	1,827,093
Net OPEB assets	377,487	-
Deferred cost on issuance	360,533	384,568
Total Current Assets	<u>149,356,744</u>	<u>155,872,409</u>
NONCURRENT ASSETS		
Nondepreciable capital assets	170,685,008	178,940,419
Capital assets, net of depreciation	383,068,871	365,964,664
Total Noncurrent Assets	<u>553,753,879</u>	<u>544,905,083</u>
TOTAL ASSETS	<u>703,110,623</u>	<u>700,777,492</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	9,659,626	9,349,640
Accrued interest payable	5,912,287	5,944,496
Deferred revenue	7,487,054	6,307,711
Other current liabilities	3,000	3,287
Accrued compensated absences	702,087	726,079
Bonds and notes payable	4,360,000	2,419,881
Total Current Liabilities	<u>28,124,054</u>	<u>24,751,094</u>
NONCURRENT LIABILITIES		
Accrued compensated absences payable	1,948,405	1,999,570
Bonds and notes payable	320,396,994	322,006,672
Other long-term obligations	792,214	2,195,137
Total Noncurrent Liabilities	<u>323,137,613</u>	<u>326,201,379</u>
TOTAL LIABILITIES	<u>351,261,667</u>	<u>350,952,473</u>
NET POSITION		
Net investment in capital assets	228,996,885	220,478,530
Restricted for:		
Debt service	10,730,943	6,822,579
Capital projects	69,417,578	84,677,735
Educational programs	6,241,209	5,498,204
Other activities	412,525	543,884
Unrestricted	36,049,816	31,804,087
Total Net Position	<u>\$ 351,848,956</u>	<u>\$ 349,825,019</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
OPERATING REVENUES		
Student Tuition and Fees	\$ 36,729,622	\$ 31,277,910
Less: Scholarship discount and allowance	(17,074,418)	(13,283,087)
Net tuition and fees	<u>19,655,204</u>	<u>17,994,823</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	7,178,205	7,934,304
Cafeteria	162,765	1,270,503
Other Operating Revenues	310,576	296,467
TOTAL OPERATING REVENUES	<u>27,306,750</u>	<u>27,496,097</u>
OPERATING EXPENSES		
Salaries	86,887,759	92,504,447
Employee benefits	37,363,920	39,916,436
Supplies, materials, and other operating expenses and services	25,014,230	29,109,611
Student financial aid	44,545,650	49,189,512
Equipment, maintenance, and repairs	2,346,579	7,552,876
Depreciation	13,775,808	12,406,862
TOTAL OPERATING EXPENSES	<u>209,933,946</u>	<u>230,679,744</u>
OPERATING LOSS	<u>(182,627,196)</u>	<u>(203,183,647)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	53,873,622	59,397,397
Local property taxes, levied for general purposes	49,807,845	49,108,340
Taxes levied for other specific purposes	20,283,980	15,044,524
Federal grants	46,793,048	51,658,397
State grants	9,346,040	9,590,522
State taxes and other revenues	4,934,981	4,215,730
Investment income	580,000	997,580
Interest expense on capital related debt	(12,237,580)	(17,426,074)
Investment income on capital asset-related debt, net	54,700	73,189
Transfer from fiduciary funds	138,579	84,529
Transfer to fiduciary funds	(296,734)	(545,844)
Other nonoperating revenue	10,185,385	7,167,756
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>183,463,866</u>	<u>179,366,046</u>
INCOME (LOSS) BEFORE OTHER REVENUES	<u>836,670</u>	<u>(23,817,601)</u>
State revenues, capital	95,002	64,409
Local revenues, capital	1,092,265	454,340
TOTAL OTHER REVENUES	<u>1,187,267</u>	<u>518,749</u>
CHANGE IN NET POSITION	<u>2,023,937</u>	<u>(23,298,852)</u>
NET POSITION, BEGINNING OF YEAR	349,825,019	350,209,588
PRIOR PERIOD RESTATEMENT (See Note 15)	-	22,914,283
NET POSITION, END OF YEAR	<u>\$ 351,848,956</u>	<u>\$ 349,825,019</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 19,780,865	\$ 13,753,656
Payments to vendors for supplies and services	(27,141,771)	(38,490,395)
Payments to or on behalf of employees	(125,812,511)	(132,125,163)
Payments for scholarships and grants	(44,545,650)	(49,189,512)
Auxiliary enterprise sales and charges	7,651,546	9,501,274
Net Cash Flows From Operating Activities	<u>(170,067,521)</u>	<u>(196,550,140)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	60,653,518	54,986,384
Grants and contracts	56,923,323	63,304,082
Property taxes - nondebt related	49,807,845	49,108,340
State taxes and other apportionments	5,045,655	4,074,922
Other nonoperating	10,700,529	6,913,854
Net Cash Flows From Noncapital Financing Activities	<u>183,130,870</u>	<u>178,387,582</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(22,635,397)	(25,167,360)
State revenue - capital projects	95,002	64,409
Local revenue - capital projects	1,092,265	454,340
Property taxes - related to capital debt	20,283,980	15,044,524
Proceeds from capital debt	3,056,536	57,974,530
Principal paid on capital debt	(2,726,095)	(54,447,083)
Interest paid on capital debt	(12,269,789)	(17,624,829)
Interest received on capital asset-related debt	54,700	73,189
Net Cash Flows From Capital Financing Activities	<u>(13,048,798)</u>	<u>(23,628,280)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	<u>694,110</u>	<u>1,056,057</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	708,661	(40,734,781)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>125,927,675</u>	<u>166,662,456</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 126,636,336</u>	<u>\$ 125,927,675</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (182,627,196)	\$ (203,183,647)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation expense	13,775,808	12,406,862
Changes in Assets and Liabilities:		
Receivables, net	350,881	1,302,248
Inventories	434,427	(132,068)
Prepaid expenses	(340,403)	(319,369)
Accounts payable and accrued liabilities	352,701	(599,450)
Accrued interest payable	(32,209)	(198,755)
Deferred revenue	(503,450)	(5,990,048)
OPEB obligation	(1,265,123)	523,082
Compensated absences/Load banking	(212,957)	(358,995)
Total Adjustments	<u>12,559,675</u>	<u>6,633,507</u>
Net Cash Used By Operating Activities	<u>\$ (170,067,521)</u>	<u>\$ (196,550,140)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 107,385	\$ 94,268
Cash in county treasury	126,528,951	125,833,407
Total Cash and Cash Equivalents	<u>\$ 126,636,336</u>	<u>\$ 125,927,675</u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 2,646,711</u>	<u>\$ 2,599,418</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
	<u>Trust</u>	<u>Trust</u>
ASSETS		
Investments	\$ 7,062,532	\$ 6,653,470
Accounts receivable	4,109	6,204
Student loan receivable	139,366	149,680
Total Assets	<u>7,206,007</u>	<u>6,809,354</u>
LIABILITIES		
Accounts payable	75,116	42,600
Deferred revenue	68,416	77,953
Total Liabilities	<u>143,532</u>	<u>120,553</u>
NET POSITION		
Unreserved	7,062,475	6,688,801
Total Net Position	<u><u>\$ 7,062,475</u></u>	<u><u>\$ 6,688,801</u></u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
	<u>Trust</u>	<u>Trust</u>
ADDITIONS		
Local revenues	\$ 1,983,178	\$ 1,896,708
DEDUCTIONS		
Academic salaries	17,524	532
Classified salaries	129,016	162,626
Employee benefits	14,222	12,771
Books and supplies	470,088	546,592
Services and operating expenditures	590,410	555,035
Capital outlay	173,321	97,464
Total Deductions	<u>1,394,581</u>	<u>1,375,020</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers from primary government	296,734	545,844
Operating transfers to primary government	(138,579)	(84,529)
Other uses	(373,078)	(356,477)
Total Other Financing Sources (Uses)	<u>(214,923)</u>	<u>104,838</u>
Change in Net Position	373,674	626,526
Net Position - Beginning	6,688,801	6,062,275
Net Position - Ending	<u>\$ 7,062,475</u>	<u>\$ 6,688,801</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. The District has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

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

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2013 and 2012, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$8,386,621 and \$8,396,461 for the years ended June 30, 2013 and 2012, respectively.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2013.

Inventories

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

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

Deferred Amount on Refunding

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

Compensated Absences

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Deferred Revenue

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

Noncurrent Liabilities

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

Net 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 – net of related debt.

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.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$86,802,255 of restricted net position.

State Apportionments

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net 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, SEOG Grants, Federal Work-Study programs, and Stafford Direct Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the related *Compliance Supplement*.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2013, was \$2,646,711 for CalSTRS and \$0 for CalPERS. These amounts are reflected in the District's audited financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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.

Changes in Accounting Principles

In March 2012, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 establishes standards of financial accounting and reporting for capitalizing interest cost as a part of the historical cost of acquiring certain assets. For the purposes of applying this Statement, interest cost includes interest recognized on obligations having explicit interest rates and interest imputed on certain types of payables, as well as interest related to capital leases.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions 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 Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

Comparative Financial Information

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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, 2013, consist of the following:

Primary government	\$ 126,636,336
Fiduciary funds	7,062,532
Total Deposits and Investments	<u>\$ 133,698,868</u>
Cash on hand and in banks	\$ 82,385
Cash in revolving	25,000
Investments	133,591,483
Total Deposits and Investments	<u>\$ 133,698,868</u>

Interest Rate Risk

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

Specific Identification

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>
Ventura County Investment Pool	<u>\$ 133,348,441</u>	<u>276</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2013</u>
Ventura County Investment Pool	<u>\$ 133,348,441</u>	N/A	AAAf

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 4 - ACCOUNTS RECEIVABLES

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

	Primary Government	
	2013	2012
Federal Government		
Categorical aid	\$ 791,905	\$ 1,045,298
State Government		
Apportionment	15,507,490	21,067,169
Categorical aid	210,074	278,340
Lottery	1,857,939	1,903,018
Mandated cost claims	6,673,514	6,964,775
State construction claims	-	65,595
Local Sources		
Interest	183,716	297,826
RDA	-	771,760
Other local sources	1,220,517	1,122,056
Accounts receivable	26,445,155	33,515,837
Less reserve	(6,673,514)	(6,964,775)
Accounts receivable, net	\$ 19,771,641	\$ 26,551,062
Student loan receivables	\$ 2,296,248	\$ 2,365,708
Less reserve	(1,713,107)	(1,431,686)
Student loan receivables, net	\$ 583,141	\$ 934,022
	Fiduciary Funds	
	2013	2012
Local Sources		
Interest	\$ 3,985	\$ 6,154
Other local sources	124	50
Total	\$ 4,109	\$ 6,204
Student loan receivables	\$ 139,366	\$ 149,680

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2013, was as follows:

	Balance Beginning of Year as Restated	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 120,475,827	\$ -	\$ -	\$ 120,475,827
Construction in progress	58,464,592	21,568,307	29,823,718	50,209,181
Total Capital Assets Not Being Depreciated	178,940,419	21,568,307	29,823,718	170,685,008
Capital Assets Being Depreciated				
Buildings and improvements	388,758,982	26,486,979	-	415,245,961
Site improvements	54,756,730	3,336,740	-	58,093,470
Furniture and equipment	20,420,167	671,089	-	21,091,256
Vehicles	2,562,358	385,207	-	2,947,565
Total Capital Assets Being Depreciated	466,498,237	30,880,015	-	497,378,252
Total Capital Assets	645,438,656	52,448,322	29,823,718	668,063,260
Less Accumulated Depreciation				
Buildings and improvements	65,567,489	9,562,781	-	75,130,270
Site improvements	16,027,084	2,824,416	-	18,851,500
Furniture and equipment	16,738,546	1,253,242	-	17,991,788
Vehicles	2,200,454	135,369	-	2,335,823
Total Accumulated Depreciation	100,533,573	13,775,808	-	114,309,381
Net Capital Assets	\$ 544,905,083	\$ 38,672,514	\$ 29,823,718	\$ 553,753,879

Depreciation expense for the year was \$13,775,808.

Interest expense on capital related debt for the year ended June 30, 2013, was \$16,972,030. Of this amount, \$4,734,450 was capitalized.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

Capital asset activity for the District for the fiscal year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Additions	Deductions	*GASB Statement No. 62 Restatement	Balance End of Year as Restated
Capital Assets Not Being Depreciated					
Land	\$ 120,475,827	\$ -	\$ -	\$ -	\$ 120,475,827
Construction in progress	127,779,721	19,629,346	100,237,721	11,293,246	58,464,592
Total Capital Assets Not Being Depreciated	248,255,548	19,629,346	100,237,721	11,293,246	178,940,419
Capital Assets Being Depreciated					
Buildings and improvements	277,985,966	99,032,707	-	11,740,309	388,758,982
Site improvements	53,290,552	1,205,014	-	261,164	54,756,730
Furniture and equipment	18,971,359	1,448,808	-	-	20,420,167
Vehicles	2,485,241	77,117	-	-	2,562,358
Total Capital Assets Being Depreciated	352,733,118	101,763,646	-	12,001,473	466,498,237
Total Capital Assets	600,988,666	121,392,992	100,237,721	23,294,719	645,438,656
Less Accumulated Depreciation					
Buildings and improvements	57,833,461	7,381,769	-	352,259	65,567,489
Site improvements	13,283,506	2,715,401	-	28,177	16,027,084
Furniture and equipment	14,594,488	2,144,058	-	-	16,738,546
Vehicles	2,034,820	165,634	-	-	2,200,454
Total Accumulated Depreciation	87,746,275	12,406,862	-	380,436	100,533,573
Net Capital Assets	\$ 513,242,391	\$ 108,986,130	\$ 100,237,721	\$ 22,914,283	\$ 544,905,083

* As restated. See Note 15 for more information.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2013</u>	<u>2012</u>
Accrued payroll and benefits		\$ 2,135,194	\$ 2,217,946
Construction		3,510,048	3,520,841
Student liability		2,421,785	2,036,527
Other		1,592,599	1,574,326
	Total	<u>\$ 9,659,626</u>	<u>\$ 9,349,640</u>

		<u>Fiduciary Funds</u>	
		<u>2013</u>	<u>2012</u>
Student liability		\$ 3,633	\$ 413
Other		71,483	42,187
	Total	<u>\$ 75,116</u>	<u>\$ 42,600</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2013</u>	<u>2012</u>
Federal categorical aid		\$ 7,493	\$ 4,563
FEMA		24,368	24,367
State categorical aid		1,124,391	1,405,552
Lottery		1,338,700	1,039,345
Apportionment		2,138,014	917,797
RDA		661,897	152,676
Schedule maintenance		136,188	231,190
Other State		364,245	674,807
Enrollment fees/student fees		1,532,921	1,758,141
Other local		158,837	99,273
	Total	<u>\$ 7,487,054</u>	<u>\$ 6,307,711</u>

		<u>Fiduciary Funds</u>	
		<u>2013</u>	<u>2012</u>
Enrollment fees/student fees		\$ 12,941	\$ 13,598
Other local		55,475	64,355
	Total	<u>\$ 68,416</u>	<u>\$ 77,953</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2013, there were no interfund receivable and payable balances between the government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2013 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to \$138,579. The amount transferred to the fiduciary funds from the primary government amounted to \$296,734.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2013 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	\$ 7,825,000	\$ -	\$ 1,000,000	\$ 6,825,000	\$ 305,000
General obligation bonds, 2002 Series B	62,080,000	-	780,000	61,300,000	975,000
General obligation bonds, 2002 Series C	199,577,254	3,056,536	500,000	202,133,790	700,000
General obligation bonds, 2011 Refunding Bonds	49,905,000	-	-	49,905,000	2,380,000
Premium on refunding bonds	4,899,418	-	306,214	4,593,204	-
Notes payable	139,881	-	139,881	-	-
Total Bonds and Notes Payable	<u>324,426,553</u>	<u>3,056,536</u>	<u>2,726,095</u>	<u>324,756,994</u>	<u>4,360,000</u>
Other Liabilities					
Compensated absences	2,725,649	-	75,157	2,650,492	702,087
Load banking	930,014	-	137,800	792,214	-
Net OPEB obligation	1,265,123	10,420,614	11,685,737	-	-
Total Other Liabilities	<u>4,920,786</u>	<u>10,420,614</u>	<u>11,898,694</u>	<u>3,442,706</u>	<u>702,087</u>
Total Long-Term Obligations	<u>\$ 329,347,339</u>	<u>\$ 13,477,150</u>	<u>\$ 14,624,789</u>	<u>\$ 328,199,700</u>	<u>\$ 5,062,087</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

The changes in the District's long-term obligations during the 2012 fiscal year consisted of the following:

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

Description of Debt

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

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$356,347,814. At June 30, 2013, \$356,347,817 had been issued and \$320,163,790 was outstanding. Interest rates on the bonds range from 2.5 percent to 7.5 percent.

The notes payable were issued in 2001 in the amount of \$4,248,885 to fund energy-retrofitting projects throughout the District. The notes were paid off in the 2013 fiscal year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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, 2012	Issued	Interest Addition	Redeemed	Outstanding June 30, 2013
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$ 85,000,000	\$ 7,825,000	\$ -	\$ -	\$ 1,000,000	\$ 6,825,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	62,080,000	-	-	780,000	61,300,000
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	199,577,254	-	3,056,536	500,000	202,133,790
7/14/2011	2011 Refunding	8/1/2027	2.50 - 5.00%	49,905,000	49,905,000	-	-	-	49,905,000
					<u>\$319,387,254</u>	<u>\$ -</u>	<u>\$3,056,536</u>	<u>\$ 2,280,000</u>	<u>\$ 320,163,790</u>

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 305,000	\$ 341,050	\$ 646,050
2015	325,000	325,300	650,300
2016	340,000	308,675	648,675
2017	360,000	291,175	651,175
2018	385,000	272,550	657,550
2019-2023	2,265,000	1,037,175	3,302,175
2024-2028	2,845,000	372,413	3,217,413
Total	<u>\$ 6,825,000</u>	<u>\$ 2,948,338</u>	<u>\$ 9,773,338</u>

The general obligation bonds mature through 2031 as follows:

2002 Series B

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 975,000	\$ 2,967,575	\$ 3,942,575
2015	1,185,000	2,924,375	4,109,375
2016	1,415,000	2,872,375	4,287,375
2017	1,660,000	2,810,875	4,470,875
2018	1,925,000	2,739,175	4,664,175
2019-2023	14,510,000	11,892,263	26,402,263
2024-2028	23,375,000	7,042,875	30,417,875
2029-2031	16,255,000	1,286,625	17,541,625
Total	<u>\$ 61,300,000</u>	<u>\$ 34,536,138</u>	<u>\$ 95,836,138</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

The general obligation bonds mature through 2034 as follows:

2002 Series C	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
<u>Fiscal Year</u>				
2014	\$ 684,992	\$ 15,008	\$ 8,630,875	\$ 9,330,875
2015	839,907	60,093	8,630,875	9,530,875
2016	867,868	112,132	8,630,875	9,610,875
2017	1,354,029	265,971	8,630,875	10,250,875
2018	1,820,632	494,368	8,630,875	10,945,875
2019-2023	13,435,329	10,049,671	43,154,375	66,639,375
2024-2028	19,640,355	30,444,645	43,154,375	93,239,375
2029-2033	122,750,678	13,989,322	31,886,663	168,626,663
2034	40,740,000	-	1,120,350	41,860,350
Total	<u>\$ 202,133,790</u>	<u>\$ 55,431,210</u>	<u>\$ 162,470,138</u>	<u>\$ 420,035,138</u>

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

This was an advance refunding resulting in a legal defeasance of the previously issued bonds. An Escrow Fund was established to fund continued payment of the principal and interest as it becomes due. The Escrow Agreement provided for the redemption of the remaining outstanding principal of the Series A bonds on August 1, 2012.

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 fund proceeds and the net present value savings was approximately \$4,115,000.

As of June 30, 2013, the principal balance outstanding is \$49,905,000. The general obligation refunding bonds mature through 2028 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2014	\$ 2,380,000	\$ 2,175,263	\$ 4,555,263
2015	2,540,000	2,076,862	4,616,862
2016	2,605,000	1,973,963	4,578,963
2017	2,760,000	1,865,362	4,625,362
2018	2,910,000	1,758,163	4,668,163
2019-2023	16,535,000	6,895,993	23,430,993
2024-2028	20,175,000	2,606,125	22,781,125
Total	<u>\$ 49,905,000</u>	<u>\$ 19,351,731</u>	<u>\$ 69,256,731</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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

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

Plan Description

The Ventura County Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Ventura County Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 655 retirees and beneficiaries currently receiving benefits, 4 terminated Plan members entitled to but not receiving benefits, and 848 active full-time Plan members.

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal year 2012-2013, the District contributed \$10,949,220 to the Plan of which \$10,099,220 was used for current premiums, and \$850,000 was contributed to an irrevocable trust.

Annual OPEB Cost and Net OPEB Asset

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

Annual required contribution	\$ 10,420,614
Contributions made by District	(10,099,220)
Contributions made to Irrevocable Trust	(850,000)
Change in value of Irrevocable Trust	<u>(1,114,004)</u>
Decrease in net OPEB obligation	<u>(1,642,610)</u>
Net OPEB obligation, beginning of year	1,265,123
Net OPEB asset, end of year	<u><u>\$ (377,487)</u></u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
2011	\$ 10,679,700	\$ 17,492,963	164%	\$ 742,041
2012	10,679,700	10,175,724	95%	1,265,123
2013	10,420,614	10,949,220	105%	(377,487)

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 147,511,370
Actuarial Value of Plan Assets *	<u>13,250,452</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 134,260,918</u></u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	9.0%
Covered Payroll	<u>\$ 73,415,704</u>
UAAL as Percentage of Covered Payroll	<u><u>183%</u></u>

* Asset Valuation as of June 30, 2013

The above noted actuarial accrued liability was based on the February 20, 2013, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

In the February 20, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return, based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Medical, Dental, and Vision Programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period is 24 years. The actuarial value of assets was not determined in this actuarial valuation. The actuarial value of assets was not determined in this actuarial valuation. At June 30, 2013, the irrevocable trust held assets in the amount of \$13,250,452.

NOTE 11 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of \$250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to \$25,000,000 per occurrence, all subject to various deductibles. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2013, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2013, the District participated in the JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active members are required to contribute 8.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$3,875,557, \$4,084,960, and \$4,240,719, respectively, and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the CalSTRS on behalf of all community colleges in the State.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the CalPERS a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 11.417 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$3,018,261, \$3,088,177, and \$3,148,619, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, which amounted to \$2,646,711, \$2,599,418, and \$2,182,106, respectively, (5.176 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 years ended June 30, 2013, 2012, and 2011. 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 nonoperating revenue and employee benefit expense.

Deferred Compensation

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

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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, 2013.

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, 2013.

Construction Commitments

As of June 30, 2013, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECT</u>	Remaining Construction Commitment	Expected Date of Completion
Moorpark College Planning and Development (indirect)	\$ 77	06/30/17
Moorpark College CW Planning and Development (indirect)	1,721	06/30/17
Moorpark College Infrastructure	5,285	12/31/14
Moorpark College Library Renovation	56,954	12/31/14
Moorpark College Parking Structure	7,668,671	12/31/14
Moorpark College Piped Utility Systems	160,500	12/31/14
Oxnard College Planning and Development (indirect)	5,066,110	06/30/17
Oxnard College CW Planning and Development (indirect)	1,890	06/30/17
Oxnard College LRC Renovation	121,114	06/30/16
OC Dental Hygiene Expansion/Renovation	231,235	12/31/15
VC Planning and Development (indirect)	290,613	06/30/17
VC CW Planning and Development (indirect)	1,813	06/30/17
VC Applied Science Building	221,853	12/30/15
VC Maintenance and Operations Renovation	185,112	06/30/17
VC Electrical Systems Upgrade	91,976	06/30/17
VC Renovate Theater Building	102,671	12/31/13
VC Studio Arts Building	109,393	06/30/16
VC INF Piped Utility Systems	2,816	06/30/17
Fire/Sheriff Planning and Development Costs (indirect)	141,167	06/30/17
	<u>\$ 14,460,971</u>	

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2013.

Effective in fiscal year 2012-2013, the District was required to capitalize interest as part of the historical cost of constructing certain business-type activity assets. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by \$22,914,283.

Primary Government	
Net Position - Beginning	\$ 350,209,588
Restatement of capital assets for implementation of GASB Statement No. 62	<u>22,914,283</u>
Net Position - Beginning, as Restated	<u><u>\$ 373,123,871</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
April 9, 2009	\$ -	\$ 173,733,730	\$ 173,733,730	0.0%	\$ 59,630,560	291%
February 16, 2011	11,286,448 *	146,646,320	135,359,872	7.7%	68,603,076	197%
February 20, 2013	13,250,452 **	147,511,370	134,260,918	9.0%	73,415,704	183%

* Asset Valuation as of June 30, 2012.

** Asset Valuation as of June 30, 2013.

SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2013

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. Bernardo M. Perez	Chair	2016
Ms. Dianne B. McKay	Vice Chair	2014
Mr. Stephen P. Blum	Member	2014
Mr. Arturo D. Hernández	Member	2014
Mr. Larry Kennedy	Member	2016

ADMINISTRATION

Dr. Jamillah Moore	Chancellor
Ms. Susan F. Johnson	Vice Chancellor, Business and Administrative Services
Ms. Annette Loria	Interim Vice Chancellor, Human Resources
Mr. Dave Fuhrmann	Associate Vice Chancellor, Information Technology

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
HIGHER EDUCATION ACT			
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C		\$ 1,000,084
Title V, Hispanic Serving Institutions	84.031S		1,221,360
Total Higher Education Act			<u>2,221,444</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		797,081
Federal Direct Student Loans (Direct Loans)	84.268		7,407,892
Federal College Work Study (FWS)	84.033		616,180
Federal Pell Grant (PELL)	84.063		34,207,146
Student Financial Aid Administrative Costs	84.063		147,183
Total Student Financial Assistance Cluster			<u>43,175,482</u>
CAREER AND TECHNICAL EDUCATION ACT			
Passed through from California Community Colleges			
Chancellor's Office			
Perkins IV, Title I, Part C	84.048	12-C01-065	689,187
Career Technical Education (CTE) Transitions	84.243	12-112-681-682-683	139,961
Total Career and Technical Education Act			<u>829,148</u>
VOCATIONAL REHABILITATION ACT CLUSTER			
Passed through from Department of Rehabilitation			
Workability III	84.126A	27988	146,171
Total Vocational Rehabilitation Act Cluster			<u>146,171</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>46,372,245</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from California Community Colleges			
Chancellor's Office			
Foster Kinship Care Education	93.658	[1]	145,374
Passed through from California Community Colleges			
Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	149,711
Passed through from Yosemite Community College District			
Child Care and Development Grant	93.575	12-13-4089 / 12-13-3207 / 12-13-4149	63,689
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>358,774</u>

[1] Pass-Through Number not available.

** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF COMMERCE			
Passed through from Foundation for California Community Colleges			
ARRA SBA Recovery Act "California Connects" - MESA Program	11.557	06-43-B10541	\$ 969
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>969</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through from Oxnard Housing Authority			
Teen Parent Program	14.870	5821-07-HO	19,666
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>19,666</u>
U.S. DEPARTMENT OF LABOR			
WIA Cluster			
Passed through from Ventura County			
Economic Development Collaborative	17.258	PC230000000314	2,813
TOTAL U.S. DEPARTMENT OF LABOR			<u>2,813</u>
NATIONAL SCIENCE FOUNDATION			
Passed through from Santa Clarita Community College District			
Project Create**	47.076	1002653	7,631
Passed through from Butler County Community College District			
NSF (ATE) Guitar Project**	47.076	03-01-5-3410-857-00	13,796
TOTAL NATIONAL SCIENCE FOUNDATION			<u>21,427</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 46,775,894</u>

[1] Pass-Through Number not available.

** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
ADN Enroll. Growth 10-12 Yr 2	\$ -	\$ 88,671	\$ 88,671
ADN Enroll. Growth 12-14 Yr 1	284,824	-	284,824
Cal Grant B	1,895,451	13,841	1,909,292
Cal Grant C	22,408	144	22,552
CalWorks 12-13	492,441	-	492,441
CalWorks Region 6 Support	4,800	-	4,800
Cooperative Agency Resource Education (CARE) 12-13	228,647	-	228,647
Student Success and Support (Credit) 12-13	877,427	-	877,427
Disabled Students Programs and Services (DSPS) 12-13	1,530,464	-	1,530,464
Prior Year Categorical (DSPS)	-	43,541	43,541
ESL/Basic Skills 10/11	-	126,837	126,837
ESL/Basic Skills 11/12	-	269,141	269,141
ESL/Basic Skills 12/13	270,000	-	270,000
Extended Opportunity Prog and Svc (EOPS) 12-13	1,395,643	-	1,395,643
EWD: Workplace Learning Res. Ctr. 11-12	-	71,858	71,858
EWD: Workplace Learning Res. Ctr. 12-13	205,000	-	205,000
Foster Kinship Care Education	146,904	-	146,904
FSS Mesa 12-13	50,500	-	50,500
IELM	-	405,914	405,914
Restricted Lottery	752,597	1,039,345	1,791,942
SB70 CTE Community Collaborative Yr 4 (Phase IV)	-	259,960	259,960
SB70 CTE Community Collaborative Yr 5 (Phase V)	-	348,000	348,000
SB70 CTE Community Collaborative Yr 6 (Phase VI)	348,000	-	348,000
Staff Diversity	10,895	37	10,932
Student Financial Aid Administration Allowance 12-13	1,119,811	-	1,119,811
Total	<u>\$ 9,635,812</u>	<u>\$ 2,667,289</u>	<u>\$ 12,303,101</u>

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 37,769	\$ 50,902	\$ -	\$ 88,671	\$ 88,671
239,252	45,118	-	284,370	284,370
1,902,342	6,950	-	1,909,292	1,909,292
22,552	-	-	22,552	22,552
506,441	-	22,241	484,200	484,200
-	1,884	-	1,884	1,884
228,647	-	2	228,645	228,645
877,427	-	14,137	863,290	863,290
1,530,464	-	5,121	1,525,343	1,525,343
43,541	-	32,785	10,756	10,756
126,837	-	14	126,823	126,823
269,141	-	144,774	124,367	124,367
270,000	-	220,932	49,068	49,068
1,395,643	-	184	1,395,459	1,395,459
66,392	-	-	66,392	66,392
123,000	62,045	-	185,045	185,045
125,051	22,978	2,655	145,374	145,374
30,300	20,197	-	50,497	50,497
405,914	-	307,972	97,942	97,942
1,177,334	635,050	1,338,700	473,684	473,684
259,960	-	18,456	241,504	241,504
313,200	-	97,525	215,675	215,675
261,000	-	255,408	5,592	5,592
10,932	-	-	10,932	10,932
1,119,811	-	2,185	1,117,626	1,117,626
<u>\$ 11,342,950</u>	<u>\$ 845,124</u>	<u>\$ 2,463,091</u>	<u>\$ 9,724,983</u>	<u>\$ 9,724,983</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2013**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Audited Data</u>
A. Summer Intersession (Summer 2012 only)			
1. Noncredit	-	-	-
2. Credit	1,571	-	1,571
B. Summer Intersession (Summer 2013 - Prior to July 1, 2013)			
1. Noncredit	-	-	-
2. Credit	1	-	1
C. Primary Terms Exclusive of Summer Intersessions			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,453	-	19,453
(b) Daily Census Contact Hours	841	-	841
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	254	-	254
(b) Credit	613	-	613
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	2,058	-	2,058
(b) Daily Census Procedure Courses	245	-	245
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>25,036</u>	<u>-</u>	<u>25,036</u>
Supplemental Information			
E. In-Service Training Courses (FTES)	<u>84</u>	<u>-</u>	<u>84</u>
F. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	4	-	4
2. Credit	788	-	788
	<u>792</u>	<u>-</u>	<u>792</u>

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, 2013**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Reported Data	Reported Data	Audit Adjustments	Reported Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 24,395,657	\$ -	\$ 24,395,657	\$ 26,323,574	\$ -	\$ 26,323,574
Other	1300	18,580,960	-	18,580,960	18,880,072	-	18,880,072
Total Instructional Salaries		42,976,617	-	42,976,617	45,203,646	-	45,203,646
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,917,371	-	7,917,371
Other	1400	-	-	-	573,787	-	573,787
Total Noninstructional Salaries		-	-	-	8,491,158	-	8,491,158
Total Academic Salaries		42,976,617	-	42,976,617	53,694,804	-	53,694,804
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	18,511,275	-	18,511,275
Other	2300	-	-	-	1,425,420	-	1,425,420
Total Noninstructional Salaries		-	-	-	19,936,695	-	19,936,695
Instructional Aides							
Regular Status	2200	1,581,392	-	1,581,392	1,583,428	-	1,583,428
Total Instructional Aides		1,581,392	-	1,581,392	1,583,428	-	1,583,428
Total Classified Salaries		1,581,392	-	1,581,392	21,520,123	-	21,520,123
Employee Benefits	3000	14,073,424	-	14,073,424	26,932,200	-	26,932,200
Supplies and Material	4000	-	-	-	1,703,573	-	1,703,573
Other Operating Expenses	5000	730,615	-	730,615	11,455,829	-	11,455,829
Total Expenditures Prior to Exclusions		59,362,048	-	59,362,048	115,306,529	-	115,306,529

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, 2013**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Reported Data	Reported Data	Audit Adjustments	Reported Data
<u>Exclusions</u>							
Activities to Exclude							
Objects to Exclude							
Rents and Leases	5060	\$ -	\$ -	\$ -	\$ 519,293	\$ -	\$ 519,293
Other Operating Expenses and Services	5000	-	-	-	3,183,579	-	3,183,579
Capital Outlay							
Library Books	6000	-	-	-	84,119	-	84,119
Total Equipment		-	-	-	84,119	-	84,119
Total Capital Outlay							
Total Exclusions		-	-	-	3,786,991	-	3,786,991
Total for ECS 84362, 50 Percent Law		\$ 59,362,048	\$ -	\$ 59,362,048	\$ 111,519,538	\$ -	\$ 111,519,538
Percent of CEE (Instructional Salary Cost/Total CEE)		53.23%		53.23%	100.00%		100.00%
50% of Current Expense of Education					\$ 55,759,769		\$ 55,759,769

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2013.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 18,919,348
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 18,919,348			\$ 18,919,348
Total Expenditures for EPA		\$ 18,919,348	-	-	\$ 18,919,348
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, 2013**

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

Total Fund Balance:

General Fund	\$ 34,835,280	
Special Revenue Funds	455,830	
Capital Project Funds	69,417,578	
Debt Service Funds	16,643,230	
Enterprise Funds	6,198,261	
Internal Service Funds	2,463,411	
Fiduciary Funds	7,063,651	
Total Fund Balance - All District Funds		\$ 137,077,241

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	668,063,260	
Accumulated depreciation is	(114,309,381)	
Less fixed assets already recorded in the enterprise funds	<u>(40,023)</u>	553,713,856

Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis. 360,533

Amounts held in trust on behalf of others (Trust and Agency Funds). (7,062,475)

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred. (5,912,287)

In governmental funds, postemployment benefit costs are recognized as expenditures in the period they are paid. In the government-wide financial statements postemployment benefit costs are recognized in the period that they are incurred. The other postemployment benefit net asset is a result of the accumulated contributions in excess of the annual required contribution (ARC). 377,487

Long-term obligations at year-end consist of:

Bonds payable	320,163,790	
Premium on refunding bonds	4,593,204	
Load banking	792,214	
Compensated absences	2,650,492	
Less load banking already recorded in funds	(792,214)	
Less compensated absences already recorded in funds	<u>(702,087)</u>	(326,705,399)
Total Net Position		<u><u>\$ 351,848,956</u></u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

Subrecipients

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	
California State University - Channel Islands		\$ 94,152
University of California - Santa Barbara		135,655
		<u>\$ 229,807</u>

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

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

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

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

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 entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

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

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

Description	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government:	
Unrestricted Federal revenue (Veteran's and other miscellaneous) not included on SEFA	\$ 46,793,048
Total Schedule of Expenditures of Federal Awards	<u>(17,154)</u>
	<u>\$ 46,775,894</u>

INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited, 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, the basic financial statements of the business-type activities of Ventura County Community College District (the District) as of and for the years ended June 30, 2013 and 2012, 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 5, 2013.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 62 for the year ended June 30, 2013. These changes require a restatement of the beginning net position of the District as discussed in Note 15. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audits 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated December 5, 2013.

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.

Vaunineh, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Ventura County Community College District
Ventura, 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 OMB Circular A-133 *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, 2013. The District's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider 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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a 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. Given these limitations, during our audit, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vannine, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, 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 California Community Colleges Chancellor's Office *District Audit Manual* issued in April 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in April 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Basis for Qualified Opinion

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 437 Student Fees - Instructional and Other Materials - Finding 2013-1. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2013.

Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2013, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 431 Gann Limit Calculation
- Section 433 CalWORKS
- Section 435 Open Enrollment
- Section 437 Student Fees – Instructional and Other Materials
- Section 438 Student Fees – Health Fees and Use of Health Fee Funds
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 479 To Be Arranged (TBA) Hours
- Section 490 Proposition 1D State Bond Funded Projects
- Section 491 Proposition 30 Education Protection Account Funds

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

The District reports no attendance within class subject to the TBA hours; therefore, the compliance tests within this section were not applicable.

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

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

Vaurineh, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS

Type of auditors' 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

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u>No</u>
Identification of major programs:	

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

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

Unmodified for all programs except for the following program which was qualified:

Section 437 - Student Fees - Instructional and Other Materials

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

Student Fees - Instructional and Other Materials - Moorpark College

2013-1 Finding

Criteria

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

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

Condition

During our review of the requirements for instructional fees, it was observed that Moorpark College could not provide supporting documentation to justify the instructional materials fee charged to the students for the Fall 2012 Radiographic Clinical Lab Course. The fee appears to have not been communicated to the students through either the Catalog of Courses or the Schedule of Classes. Therefore, the District is not in compliance with the above mentioned criteria.

Questioned Costs

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

Context

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the 2012-2013 Catalog of Courses and Schedule of Classes at Moorpark College.

Cause

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

Recommendation

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

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. Moorpark College has strengthened communications with the campus review committees to ensure that any mandatory instructional materials fees to be assessed to students are in compliance with applicable sections of the California Education Code and Title 5, include appropriate supporting documentation to justify the fees charged, and are communicated clearly to the students through either the Catalog of Courses or the Schedule of Classes.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

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

FEDERAL AWARD FINDINGS

Suspension and Debarment

2012-1 Finding

Programs Affected

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

Compliance Requirement

Suspension and Debarment

Criteria or Specific Requirement

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

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

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

Condition

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

Questioned Costs

None.

Context

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

Effect

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

Cause

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

Recommendation

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

Current Status

Implemented.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

STATE AWARD FINDINGS

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

2012-2 Finding

Criteria or Specific Requirement

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

Condition

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

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

Questioned Costs

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

Recommendation

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

Current Status

Implemented.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

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

2012-3 Finding

Criteria or Specific Requirement

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

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

Condition

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

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

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

Current Status

Implemented.

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

2012-4 Finding

Criteria or Specific Requirement

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

Condition

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

Questioned Costs

There are no questions costs associated with this compliance requirement.

Recommendation

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

Current Status

Implemented.

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

2012-5 Finding

Criteria or Specific Requirement

AB 982 Health Fee Waiver Guidance and *AB 982 Health Fee Waiver Q & A*, Chancellor's Office *Education Code* Section 76355 requires boards to adopt rules and regulations that exempt certain students from the payment of health fees. Under subsection (c), districts **must** exempt students who depend on prayer for healing and students attending community college under an approved apprenticeship program. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions.

Condition

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

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Current Status

Implemented.

Extended Opportunity Programs and Services (EOPS) - Ventura College

2012-6 Finding

Criteria or Specific Requirement

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

Condition

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

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

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

Current Status

Implemented.

Cooperative Agencies Resources for Education (CARE) - Moorpark College

2012-7 Finding

Criteria or Specific Requirement

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

Condition

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

Questioned Costs

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

Recommendation

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

Current Status

Implemented.

To Be Arranged (TBA) Hours

2012-8 Finding

Criteria or Specific Requirement

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

Condition

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

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

Questioned Costs

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

Recommendation

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

Current Status

Implemented.