



**VENTURA COUNTY  
COMMUNITY COLLEGE  
DISTRICT**

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2014 AND 2013**

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S 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, 2014 and 2013, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 opinion.

## **Opinion**

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, 2014 and 2013, 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.

## **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 12 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 accompanying 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 accompanying 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014, 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.

*Vannich, Tunc, Day & Co., LLP*

Rancho Cucamonga, California  
December 2, 2014



# 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, 2014. 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, 2014. 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 District follows the Business-Type Activity (BTA) model for financial statement reporting purposes as recommended by the California Community Colleges Systems Office for all State community colleges.

## ***FINANCIAL HIGHLIGHTS***

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2013-2014 fiscal year, the reported FTES were 25,311 as compared to 25,036 in the 2012-2013 fiscal year. The fully funded cap for fiscal year 2013-2014 is 25,311 as compared to 24,700 for 2012-2013.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$20.3 million in the 2013-2014 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, 2014 AND 2013**

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- Costs for employee salaries increased by 5.7 percent or \$4.9 million in the 2013-2014 fiscal year and costs associated with employee benefits remained steady.
- During the 2013-2014 fiscal year, the District provided \$59 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND 2013

### *THE DISTRICT AS A WHOLE*

#### Net Position

**Table 1**

(Amounts in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012*</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 119,988	\$ 126,636	\$ 125,928
Accounts receivable (net)	21,529	20,355	27,485
Other current assets	4,002	2,366	2,459
Total Current Assets	<u>145,519</u>	<u>149,357</u>	<u>155,872</u>
Capital Assets (net)	<u>558,958</u>	<u>553,754</u>	<u>544,905</u>
Total Assets	<u>\$ 704,477</u>	<u>\$ 703,111</u>	<u>\$ 700,777</u>
<b>DEFERRED OUTFLOWS OF RESERVES</b>			
Deferred charge on refunding	<u>4,092</u>	<u>-</u>	<u>-</u>
	<u>\$ 708,569</u>	<u>\$ 703,111</u>	<u>\$ 700,777</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 23,913	\$ 23,062	\$ 21,605
Current portion of long-term obligations	7,299	5,062	3,146
Total Current Liabilities	<u>31,212</u>	<u>28,124</u>	<u>24,751</u>
Long-Term Obligations	<u>325,515</u>	<u>323,138</u>	<u>326,201</u>
Total Liabilities	<u>356,727</u>	<u>351,262</u>	<u>350,952</u>
<b>NET POSITION</b>			
Net investment in capital assets	229,681	228,997	220,479
Restricted	72,663	86,802	97,542
Unrestricted	49,498	36,050	31,804
Total Net Position	<u>351,842</u>	<u>351,849</u>	<u>349,825</u>
Total Liabilities and Net Position	<u>\$ 708,569</u>	<u>\$ 703,111</u>	<u>\$ 700,777</u>

\* As restated.

Cash and investments consist primarily of funds held in the Ventura County Treasury. Funds are invested in accordance with Board Policy, which emphasizes prudence, safety, liquidity, and return on investment. The Statement of Cash Flows contained with these financial statements provides greater detail regarding the sources and uses of cash, and the net change in cash during fiscal years 2013-2014 and 2012-2013.



# **VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND 2013**

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The majority of the accounts receivable balance is from State sources for apportionment, which totaled approximately \$16.4 million at June 30, 2014.

Capital assets had a net increase of \$5.2 million. The District had additions of \$19.1 million related to construction in progress. Depreciation expense of \$14.4 million was recognized during 2013-2014. The capital asset section of this discussion and analysis provides greater detail.

In 2014, the District issued a refunding bond to retire the remaining Series A and partially retire Series B. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference, which totaled \$4.1 million at June 30, 2014, is deferred and amortized to interest expense.

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

The majority of long-term obligations consist of bonds payable related to the issuance of the District's general obligations bonds, which totaled \$329.3 million at June 30, 2014.

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND 2013

### 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 14.

**Table 2**

(Amounts in thousands)

	2014	2013	2012
Operating Revenues			
Tuition and fees	\$ 18,711	\$ 19,655	\$ 17,995
Auxiliary sales and charges/Other operating	6,597	7,652	9,501
Total Operating Revenues	<u>25,308</u>	<u>27,307</u>	<u>27,496</u>
Operating Expenses			
Salaries and benefits	129,098	124,252	132,421
Supplies and maintenance	28,353	27,361	36,662
Student financial aid	41,406	44,545	49,190
Depreciation	14,442	13,776	12,407
Total Operating Expenses	<u>213,299</u>	<u>209,934</u>	<u>230,680</u>
Loss on Operations	<u>(187,991)</u>	<u>(182,627)</u>	<u>(203,184)</u>
Nonoperating Revenues (Expenses)			
State apportionments	67,350	53,874	59,397
Property taxes	69,527	70,092	64,153
Grants and contracts	54,607	56,139	61,249
State revenues	5,066	4,935	4,216
Net interest expense	(17,082)	(11,603)	(16,355)
Other nonoperating revenues	6,745	10,027	6,706
Total Nonoperating Revenue	<u>186,213</u>	<u>183,464</u>	<u>179,366</u>
Other Revenues			
State and local capital income	<u>1,771</u>	<u>1,187</u>	<u>519</u>
Change in Net Position	<u>\$ (7)</u>	<u>\$ 2,024</u>	<u>\$ (23,299)</u>

The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to students registering for classes and the additional \$190 per unit fee that is charged to non-resident students.

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND 2013

The principal components of the District's nonoperating revenue are State apportionment, property taxes, and grants and contracts. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from enrollment fees and local property taxes. We noted an increase in State apportionment due to Cost of Living Adjustment (COLA) included in the 2014 State enacted budget and meeting FTES growth targets. Property tax revenue remained steady.

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 \$0.5 million was offset by interest expense of \$17.6 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately \$0.2 million over the 2012-2013 fiscal year due to a decrease in the balance of cash held at the County Treasury and lower interest rate. Interest expense increased by \$5.3 million as the prior year's interest expense was reduced by \$4.7 million due to the adoption of capitalizing interest expense as part of construction costs, pursuant to GASB Statement No. 62.

Expenses are reported by their functional categories as follows:

**Table 3**

(Amounts in thousands)

	<b>Salaries</b>	<b>Employee Benefits</b>	<b>Supplies and Materials</b>	<b>Student Financial Aid</b>	<b>Equipment and Repairs</b>	<b>Depreciation</b>	<b>Total</b>
Academic support	\$ 12,142	\$ 4,316	\$ 358	\$ -	\$ 10	\$ -	\$ 16,826
Administrative support	11,919	8,939	8,007	-	64	-	28,929
Ancillary and auxiliary	2,147	835	6,377	-	2	-	9,361
Community services	513	179	106	-	1	-	799
Instructional	49,516	17,013	2,354	-	116	-	68,999
Instructional support	1,909	700	413	-	13	-	3,035
Plant operations	4,712	2,372	5,921	-	32	-	13,037
Student aid	-	-	-	41,406	-	-	41,406
Student services	8,845	2,929	1,922	-	55	-	13,751
Physical property	105	7	253	-	2,349	-	2,714
Depreciation	-	-	-	-	-	14,442	14,442
<b>Total</b>	<b>\$ 91,808</b>	<b>\$ 37,290</b>	<b>\$ 25,711</b>	<b>\$ 41,406</b>	<b>\$ 2,642</b>	<b>\$ 14,442</b>	<b>\$ 213,299</b>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014 AND 2013**

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**Changes in Cash Position**

**Table 4**

(Amounts in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash Provided by (Used in)			
Operating activities	\$ (178,168)	\$ (170,068)	\$ (196,550)
Noncapital financing activities	184,310	183,131	178,388
Capital financing activities	(13,293)	(13,049)	(23,628)
Investing activities	<u>503</u>	<u>694</u>	<u>1,056</u>
Net Increase (Decrease) in Cash	(6,648)	708	(40,734)
Cash, Beginning of Year	<u>126,636</u>	<u>125,928</u>	<u>166,662</u>
Cash, End of Year	<u><u>\$ 119,988</u></u>	<u><u>\$ 126,636</u></u>	<u><u>\$ 125,928</u></u>

The Statement of Cash Flows on pages 15 and 16 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, 2014, the District had \$559 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2013, our net capital assets were \$553.8 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 2014-2015 fiscal year and beyond with primary funding through our general obligation bond.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014 AND 2013**

**Table 5**

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 170.7	\$ 19.1	\$ (19.9)	\$ 169.9
Buildings and improvements	473.3	19.9	-	493.2
Equipment and vehicles	24.1	0.6	-	24.7
Subtotal	668.1	39.6	(19.9)	687.8
Accumulated depreciation	(114.3)	(14.5)	-	(128.8)
	<u>\$ 553.8</u>	<u>\$ 25.1</u>	<u>\$ (19.9)</u>	<u>\$ 559.0</u>

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

**Obligations**

At the end of the 2013-2014 fiscal year, the District had \$329.3 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Ventura County Community College District boundaries.

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

**Table 6**

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 324.8	\$ 73.7	\$ (69.2)	\$ 329.3
Other liabilities	3.4	0.1	-	3.5
Total Long-Term Obligations	<u>\$ 328.2</u>	<u>\$ 73.8</u>	<u>\$ (69.2)</u>	<u>\$ 332.8</u>
Amount due within one year				<u>\$ 7.3</u>

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

# **VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND 2013**

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### ***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 2013-2014 fiscal year on October 14, 2014.

Within the Unrestricted General Fund, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize postretirement benefits.

### ***ECONOMIC FACTORS AFFECTING THE FUTURE OF THE VENTURA COUNTY COMMUNITY COLLEGE DISTRICT***

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 85 percent of the total unrestricted sources of revenue received within the General Fund.

In fiscal year 2013-2014, the District served 25,311 FTES. There were no unfunded FTES. The District continues to emphasize enrollment management to help reduce the risks associated with unfunded FTES while continuing to meet our primary mission.

### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT  
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 61,800	\$ 93,823
Cash and cash equivalents - restricted	-	13,562
Investments - unrestricted	35,796,993	28,430,704
Investments - restricted	84,129,389	98,098,247
Accounts receivable, net	20,839,821	19,771,641
Student receivable, net	689,739	583,141
Prepaid expenses	257,028	234,940
Inventories	-	1,392,666
Net OPEB assets	3,744,868	377,487
Deferred cost on issuance	-	360,533
<b>Total Current Assets</b>	<u>145,519,638</u>	<u>149,356,744</u>
<b>NONCURRENT ASSETS</b>		
Nondepreciable capital assets	169,857,689	170,685,008
Capital assets, net of depreciation	389,099,918	383,068,871
<b>Total Noncurrent Assets</b>	<u>558,957,607</u>	<u>553,753,879</u>
<b>TOTAL ASSETS</b>	<u>704,477,245</u>	<u>703,110,623</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	4,091,879	-
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	8,884,685	9,659,626
Accrued interest payable	5,793,883	5,912,287
Unearned revenue	9,230,893	7,487,054
Other current liabilities	3,212	3,000
Accrued compensated absences	698,766	702,087
Bonds and notes payable	6,600,000	4,360,000
<b>Total Current Liabilities</b>	<u>31,211,439</u>	<u>28,124,054</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences payable	2,096,297	1,948,405
Bonds and notes payable	322,676,270	320,396,994
Other long-term obligations	742,900	792,214
<b>Total Noncurrent Liabilities</b>	<u>325,515,467</u>	<u>323,137,613</u>
<b>TOTAL LIABILITIES</b>	<u>356,726,906</u>	<u>351,261,667</u>
<b>NET POSITION</b>		
Net investment in capital assets	229,681,337	228,996,885
Restricted for:		
Debt service	12,650,228	10,730,943
Capital projects	52,919,279	69,417,578
Educational programs	6,709,434	6,241,209
Other activities	383,581	412,525
Unrestricted	49,498,359	36,049,816
<b>Total Net Position</b>	<u>\$ 351,842,218</u>	<u>\$ 351,848,956</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, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 36,319,498	\$ 36,729,622
Less: Scholarship discount and allowance	(17,607,926)	(17,074,418)
Net tuition and fees	<u>18,711,572</u>	<u>19,655,204</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	6,093,137	7,178,205
Cafeteria	164,745	162,765
Other Operating Revenues	338,733	310,576
<b>TOTAL OPERATING REVENUES</b>	<u>25,308,187</u>	<u>27,306,750</u>
<b>OPERATING EXPENSES</b>		
Salaries	91,808,398	86,887,759
Employee benefits	37,289,805	37,363,920
Supplies, materials, and other operating expenses and services	25,711,006	25,014,230
Student financial aid	41,406,454	44,545,650
Equipment, maintenance, and repairs	2,641,965	2,346,579
Depreciation	14,441,764	13,775,808
<b>TOTAL OPERATING EXPENSES</b>	<u>213,299,392</u>	<u>209,933,946</u>
<b>OPERATING LOSS</b>	<u>(187,991,205)</u>	<u>(182,627,196)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	67,349,928	53,873,622
Local property taxes, levied for general purposes	50,908,034	49,807,845
Taxes levied for other specific purposes	18,619,001	20,283,980
Federal grants	43,963,344	46,793,048
State grants	10,643,982	9,346,040
State taxes and other revenues	5,066,216	4,934,981
Investment income	424,603	580,000
Interest expense on capital related debt	(17,555,539)	(12,237,580)
Investment income on capital asset-related debt, net	48,569	54,700
Loss on disposal of capital assets	(62,329)	-
Transfer from fiduciary funds	172,215	138,579
Transfer to fiduciary funds	(265,637)	(296,734)
Other nonoperating revenue	6,900,487	10,185,385
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>186,212,874</u>	<u>183,463,866</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES</b>	<u>(1,778,331)</u>	<u>836,670</u>
State revenues, capital	955,436	95,002
Local revenues, capital	816,157	1,092,265
<b>TOTAL OTHER REVENUES</b>	<u>1,771,593</u>	<u>1,187,267</u>
<b>CHANGE IN NET POSITION</b>	<u>(6,738)</u>	<u>2,023,937</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>351,848,956</u>	<u>349,825,019</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 351,842,218</u>	<u>\$ 351,848,956</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 19,164,068	\$ 19,780,865
Payments to vendors for supplies and services	(33,490,465)	(27,141,771)
Payments to or on behalf of employees	(129,031,758)	(125,812,511)
Payments for scholarships and grants	(41,406,454)	(44,545,650)
Auxiliary enterprise sales and charges	6,596,615	7,651,546
<b>Net Cash Flows From Operating Activities</b>	<u>(178,167,994)</u>	<u>(170,067,521)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	65,433,389	60,653,518
Grants and contracts	56,163,621	56,923,323
Property taxes - nondebt related	50,908,034	49,807,845
State taxes and other apportionments	5,035,604	5,045,655
Other nonoperating	6,769,226	10,700,529
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>184,309,874</u>	<u>183,130,870</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(20,577,478)	(22,635,397)
State revenue - capital projects	955,436	95,002
Local revenue - capital projects	816,157	1,092,265
Property taxes - related to capital debt	18,619,001	20,283,980
Proceeds from capital debt	73,675,069	3,056,536
Principal paid on capital debt	(69,155,793)	(2,726,095)
Interest paid on capital debt	(17,673,943)	(12,269,789)
Interest received on capital asset-related debt	48,569	54,700
<b>Net Cash Flows From Capital Financing Activities</b>	<u>(13,292,982)</u>	<u>(13,048,798)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	<u>502,948</u>	<u>694,110</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(6,648,154)	708,661
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>126,636,336</u>	<u>125,927,675</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 119,988,182</u>	<u>\$ 126,636,336</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$(187,991,205)	\$ (182,627,196)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation expense	14,441,764	13,775,808
Changes in Assets and Liabilities:		
Receivables, net	(106,598)	350,881
Inventories	1,392,666	434,427
Prepaid expenses	(3,028,936)	(340,403)
Deferred charge on refunding	(4,091,879)	-
Accounts payable and accrued liabilities	275,661	352,701
Accrued interest payable	(118,404)	(32,209)
Unearned revenue	963,680	(503,450)
OPEB obligation	-	(1,265,123)
Compensated absences/Load banking	95,257	(212,957)
Total Adjustments	<u>9,823,211</u>	<u>12,559,675</u>
<b>Net Cash Used By Operating Activities</b>	<u><u>\$(178,167,994)</u></u>	<u><u>\$ (170,067,521)</u></u>
 <b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>		
Cash in banks	\$ 61,800	\$ 107,385
Cash in county treasury	119,926,382	126,528,951
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 119,988,182</u></u>	<u><u>\$ 126,636,336</u></u>
 <b>NONCASH TRANSACTIONS</b>		
On behalf payments for benefits	<u><u>\$ 2,739,856</u></u>	<u><u>\$ 2,646,711</u></u>

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
	<u>Trust</u>	<u>Trust</u>
<b>ASSETS</b>		
Investments	\$ 7,361,684	\$ 7,062,532
Accounts receivable	4,494	4,109
Student receivable	137,853	139,366
<b>Total Assets</b>	<u>7,504,031</u>	<u>7,206,007</u>
<b>LIABILITIES</b>		
Accounts payable	19,271	75,116
Unearned revenue	89,436	68,416
<b>Total Liabilities</b>	<u>108,707</u>	<u>143,532</u>
<b>NET POSITION</b>		
Unreserved	<u>7,395,324</u>	<u>7,062,475</u>
<b>Total Net Position</b>	<u><u>\$ 7,395,324</u></u>	<u><u>\$ 7,062,475</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
	<u>Trust</u>	<u>Trust</u>
<b>ADDITIONS</b>		
Local revenues	\$ 2,079,468	\$ 1,983,178
<b>DEDUCTIONS</b>		
Academic salaries	13,456	17,524
Classified salaries	159,208	129,016
Employee benefits	23,544	14,222
Books and supplies	489,036	470,088
Services and operating expenditures	654,813	590,410
Capital outlay	161,418	173,321
<b>Total Deductions</b>	<u>1,501,475</u>	<u>1,394,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers from primary government	265,637	296,734
Transfers to primary government	(172,215)	(138,579)
Other sources	490	-
Other uses	(339,056)	(373,078)
<b>Total Other Financing Sources (Uses)</b>	<u>(245,144)</u>	<u>(214,923)</u>
<b>Change in Net Position</b>	332,849	373,674
<b>Net Position - Beginning</b>	<u>7,062,475</u>	<u>6,688,801</u>
<b>Net Position - Ending</b>	<u>\$ 7,395,324</u>	<u>\$ 7,062,475</u>

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### **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, 2014 AND 2013**

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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, 2014 AND 2013

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### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2014 and 2013, 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 \$8,459,501 and \$8,386,621 for the years ended June 30, 2014 and 2013, respectively.

### **Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2014.

### **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.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### **Accrued Liabilities and Long-Term Obligations**

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

### **Debt Issuance Costs, Premiums, and Discounts**

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

### **Deferred Charge on Refunding**

Deferred charge 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.

### **Unearned Revenue**

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

### **Noncurrent Liabilities**

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



# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### 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 \$72,662,522 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.

### Property Taxes

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

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### **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, 2014, was \$2,739,856 for CalSTRS and \$0 for CalPERS. These amounts are reflected in the District's audited financial statements.

### **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.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### Change in Accounting Principles

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.

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 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 District has implemented the provisions of this Statement for the year ended June 30, 2014.

### New Accounting Pronouncements

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.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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- 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.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and 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.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

### **Comparative Financial Information**

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

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

#### **Policies and Practices**

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

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

**General Authorizations**

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

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

**Authorized Under Debt Agreements**

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

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**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2014, consist of the following:

Primary government	\$ 119,988,182
Fiduciary funds	7,361,684
Total Deposits and Investments	<u>\$ 127,349,866</u>
Cash on hand and in banks	\$ 36,800
Cash in revolving	25,000
Investments	127,288,066
Total Deposits and Investments	<u>\$ 127,349,866</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County investment 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>\$ 127,039,923</u>	<u>290</u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

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**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Ventura County pool is not required to be rated. However, as of June 30, 2014, the County portfolio was rated by Standard and Poor's. 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, 2014</u>
Ventura County Investment Pool	<u>\$ 127,039,923</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, 2014, 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, 2014 AND 2013**

**NOTE 4 - ACCOUNTS RECEIVABLES**

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

	Primary Government	
	2014	2013
Federal Government		
Categorical aid	\$ 1,109,421	\$ 791,905
State Government		
Apportionment	16,390,885	15,507,490
Categorical aid	149,566	210,074
Lottery	1,878,948	1,857,939
Mandated cost claims	6,673,514	6,673,514
Other State	9,603	-
Local Sources		
Interest	105,371	183,716
RDA	-	-
Other local sources	1,196,027	1,220,517
Accounts receivable	27,513,335	26,445,155
Less reserve	(6,673,514)	(6,673,514)
Accounts receivable, net	\$ 20,839,821	\$ 19,771,641
Student receivables	\$ 2,475,726	\$ 2,296,248
Less reserve	(1,785,987)	(1,713,107)
Student receivables, net	\$ 689,739	\$ 583,141
	Fiduciary Funds	
	2014	2013
Local Sources		
Interest	\$ 4,390	\$ 3,985
Other local sources	104	124
Total	\$ 4,494	\$ 4,109
Student receivables	\$ 137,853	\$ 139,366

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2014, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Nondepreciable Capital Assets</b>				
Land	\$ 120,475,827	\$ -	\$ -	\$ 120,475,827
Construction in progress	50,209,181	19,075,476	19,902,795	49,381,862
Total Nondepreciable Capital Assets	<u>170,685,008</u>	<u>19,075,476</u>	<u>19,902,795</u>	<u>169,857,689</u>
<b>Depreciable Capital Assets</b>				
Buildings and improvements	415,245,961	18,408,280	4,625	433,649,616
Site improvements	58,093,470	1,494,515	-	59,587,985
Furniture and equipment	21,091,256	632,345	-	21,723,601
Vehicles	2,947,565	-	62,329	2,885,236
Total Depreciable Capital Assets	<u>497,378,252</u>	<u>20,535,140</u>	<u>66,954</u>	<u>517,846,438</u>
Total Capital Assets	<u>668,063,260</u>	<u>39,610,616</u>	<u>19,969,749</u>	<u>687,704,127</u>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	75,130,270	10,311,348	4,625	85,436,993
Site improvements	18,851,500	2,924,257	-	21,775,757
Furniture and equipment	17,991,788	1,119,552	-	19,111,340
Vehicles	2,335,823	86,607	-	2,422,430
Total Accumulated Depreciation	<u>114,309,381</u>	<u>14,441,764</u>	<u>4,625</u>	<u>128,746,520</u>
Net Capital Assets	<u>\$ 553,753,879</u>	<u>\$ 25,168,852</u>	<u>\$ 19,965,124</u>	<u>\$ 558,957,607</u>

Depreciation expense for the year was \$14,441,764.

Interest expense on capital related debt for the year ended June 30, 2014, was \$18,322,523. Of this amount, \$766,984 was capitalized.

## VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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
<b>Nondepreciable Capital Assets</b>				
Land	\$ 120,475,827	\$ -	\$ -	\$ 120,475,827
Construction in progress	58,464,592	21,568,307	29,823,718	50,209,181
Total Nondepreciable Capital Assets	178,940,419	21,568,307	29,823,718	170,685,008
<b>Depreciable Capital Assets</b>				
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 Depreciable Capital Assets	466,498,237	30,880,015	-	497,378,252
Total Capital Assets	645,438,656	52,448,322	29,823,718	668,063,260
<b>Less Accumulated Depreciation</b>				
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, 2014 AND 2013**

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2014</u>	<u>2013</u>
Accrued payroll and benefits		\$ 2,106,382	\$ 2,135,194
Construction		2,578,062	3,510,048
Student liability		2,737,524	2,421,785
Other		1,462,717	1,592,599
	Total	<u>\$ 8,884,685</u>	<u>\$ 9,659,626</u>

  

		<u>Fiduciary Funds</u>	
		<u>2014</u>	<u>2013</u>
Student liability		\$ 7,068	\$ 3,633
Other		12,203	71,483
	Total	<u>\$ 19,271</u>	<u>\$ 75,116</u>

**NOTE 7 - UNEARNED REVENUE**

Unearned revenue for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2014</u>	<u>2013</u>
Federal categorical aid		\$ 6,648	\$ 7,493
FEMA		-	24,368
State categorical aid		1,554,190	1,124,391
Lottery		1,638,313	1,338,700
Apportionment		1,104,870	2,138,014
RDA		1,568,575	661,897
Schedule maintenance		350,292	136,188
Other State		573,230	364,245
Other grants		234,475	-
Enrollment fees/student fees		2,092,015	1,532,921
Other local		108,285	158,837
	Total	<u>\$ 9,230,893</u>	<u>\$ 7,487,054</u>

  

		<u>Fiduciary Funds</u>	
		<u>2014</u>	<u>2013</u>
Enrollment fees/student fees		\$ 16,196	\$ 12,941
Other local		73,240	55,475
	Total	<u>\$ 89,436</u>	<u>\$ 68,416</u>

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### *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, 2014, there were no interfund receivable and payable balances between the primary government and the fiduciary funds.

#### **Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2014 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to \$172,215. The amount transferred to the fiduciary funds from the primary government amounted to \$265,637.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 9 - LONG-TERM OBLIGATIONS**

**Long-Term Obligations Summary**

The changes in the District's long-term obligations during the 2014 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds, 2002 Series A	\$ 6,825,000	\$ -	\$ 6,825,000	\$ -	\$ -
General obligation bonds, 2002 Series B	61,300,000	-	58,700,000	2,600,000	1,185,000
General obligation bonds, 2002 Series C	202,133,790	3,254,814	700,000	204,688,604	900,000
2011 Refunding Bonds	49,905,000	-	2,380,000	47,525,000	2,540,000
2014 Refunding Bonds	-	61,860,000	-	61,860,000	1,975,000
Premium on refunding bonds	4,593,204	8,560,255	550,793	12,602,666	-
Total Bonds and Notes Payable	<u>324,756,994</u>	<u>73,675,069</u>	<u>69,155,793</u>	<u>329,276,270</u>	<u>6,600,000</u>
<b>Other Liabilities</b>					
Compensated absences	2,650,492	144,571	-	2,795,063	698,766
Load banking	792,214	-	49,314	742,900	-
Total Other Liabilities	<u>3,442,706</u>	<u>144,571</u>	<u>49,314</u>	<u>3,537,963</u>	<u>698,766</u>
Total Long-Term Obligations	<u>\$ 328,199,700</u>	<u>\$ 73,819,640</u>	<u>\$ 69,205,107</u>	<u>\$ 332,814,233</u>	<u>\$ 7,298,766</u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

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
<b>Bonds and Notes Payable</b>					
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>
<b>Other Liabilities</b>					
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>

**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.

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, 2014, \$356,347,814 had been issued and \$316,673,604 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, 2014 AND 2013**

**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, 2013	Issued	Interest Addition	Redeemed	Outstanding June 30, 2014	
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$ 85,000,000	\$ 6,825,000	\$ -	\$ -	\$ 6,825,000	\$ -	
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	61,300,000	-	-	58,700,000	2,600,000	
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	202,133,790	-	3,254,814	700,000	204,688,604	
7/14/2011	2011 Refunding	8/1/2027	2.50 - 5.00%	49,905,000	49,905,000	-	-	2,380,000	47,525,000	
1/16/2014	2014 Refunding	8/1/2030	3.00 - 5.00%	61,860,000	-	61,860,000	-	-	61,860,000	
					<u>\$320,163,790</u>	<u>\$ 61,860,000</u>	<u>\$ 3,254,814</u>	<u>\$ 68,605,000</u>	<u>\$ 316,673,604</u>	

The general obligation bonds mature through 2016 as follows:

**2002 Series B**

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ 1,185,000	\$ 80,300	\$ 1,265,300
2016	1,415,000	28,300	1,443,300
Total	<u>\$ 2,600,000</u>	<u>\$ 108,600</u>	<u>\$ 2,708,600</u>

The general obligation bonds mature through 2034 as follows:

**2002 Series C**

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2015	\$ 879,507	\$ 20,493	\$ 8,630,875	\$ 9,530,875
2016	911,086	68,914	8,630,875	9,610,875
2017	1,425,211	194,789	8,630,875	10,250,875
2018	1,920,478	394,522	8,630,875	10,945,875
2019	2,362,960	672,040	8,630,875	11,665,875
2020-2024	15,787,283	12,172,717	43,154,375	71,114,375
2025-2029	24,477,079	38,652,921	43,154,375	106,284,375
2030-2034	156,925,000	-	24,376,138	181,301,138
Total	<u>\$ 204,688,604</u>	<u>\$ 52,176,396</u>	<u>\$ 153,839,263</u>	<u>\$ 410,704,263</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.



**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
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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, 2014, the principal balance outstanding is \$47,525,000. 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>
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	3,045,000	1,651,563	4,696,563
2020-2024	17,150,000	6,145,681	23,295,681
2025-2028	16,515,000	1,704,875	18,219,875
Total	<u>\$ 47,525,000</u>	<u>\$ 17,176,469</u>	<u>\$ 64,701,469</u>

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

This was an advance refunding of the 2002 Series B bonds resulting in a legal defeasance of the previously issued bonds. An Escrow Fund was established to fund continued payment of the principal and interest as it becomes due. The Escrow Agreement provided for the redemption of the remaining outstanding principal of the Series B bonds on August 1, 2015.

Because the transaction qualifies as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The economic gain calculated as the sum of the project funds proceeds and the net present value savings was approximately \$5,308,000.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

As of June 30, 2014, the principal balance outstanding is \$61,860,000. The general obligation refunding bonds mature through 2031 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2015	\$ 1,975,000	\$ 2,988,216	\$ 4,963,216
2016	300,000	2,927,650	3,227,650
2017	1,855,000	2,875,275	4,730,275
2018	2,145,000	2,775,275	4,920,275
2019	2,445,000	2,660,525	5,105,525
2020-2024	17,555,000	10,993,375	28,548,375
2025-2029	24,715,000	5,454,625	30,169,625
2030-2031	10,870,000	473,350	11,343,350
Total	<u>\$ 61,860,000</u>	<u>\$ 31,148,291</u>	<u>\$ 93,008,291</u>

***NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
(OPEB) 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 678 retirees and beneficiaries currently receiving benefits, four terminated Plan members entitled to but not receiving benefits, and 807 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 2013-2014, the District contributed \$11,985,009 to the Plan of which \$10,885,009 was used for current premiums, and \$1,100,000 was contributed to an irrevocable trust.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### 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	(10,885,009)
Contributions made to Irrevocable Trust	(1,100,000)
Change in value of Irrevocable Trust	<u>(1,802,986)</u>
Increase in net OPEB asset	(3,367,381)
Net OPEB asset, beginning of year	<u>(377,487)</u>
Net OPEB asset, end of year	<u><u>\$ (3,744,868)</u></u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**Trend Information**

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB (Asset)/Obligation
2012	\$ 10,679,700	\$ 10,175,724	95%	\$ 1,265,123
2013	10,420,614	10,949,220	105%	(377,487)
2014	10,420,614	11,985,009	115%	(3,744,868)

**Funding Status and Funding Progress**

Actuarial Accrued Liability (AAL)	\$ 147,511,370
Actuarial Value of Plan Assets *	16,171,438
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 131,339,932</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	11.0%
Covered Payroll	<u>\$ 107,272,617</u>
UAAL as Percentage of Covered Payroll	<u>122%</u>

\* Asset Valuation as of June 30, 2014

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, 2014 AND 2013

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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 23 years. The actuarial value of assets was not determined in this actuarial valuation. At June 30, 2014, the irrevocable trust held assets in the amount of \$16,171,438.

### ***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, 2014, 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 2014, 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, 2014 AND 2013

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### ***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. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. 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**

Due to the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. 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 2013-2014 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, 2014, 2013, and 2012, were \$4,045,049, \$3,875,557, and \$4,084,960, 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. As a result of the PEPRA, changes have been made to the defined benefit pension plan effective January 1, 2013. 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, 2014 AND 2013

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### **Funding Policy**

As a result of the implementation of the PEPRRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. 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 2013-2014 was 11.442 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, 2014, 2013, and 2012, were \$3,151,808, \$3,018,261, and \$3,088,177, 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, 2014, 2013, and 2012, which amounted to \$2,739,856, \$2,646,711, and \$2,599,418, respectively, (5.541 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, 2014, 2013, and 2012. 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, 2014 AND 2013**

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**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, 2014.

**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, 2014.

**Construction Commitments**

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Moorpark College Planning and Development (indirect)	\$ 417,912	06/30/17
Moorpark College CW Planning and Development (indirect)	589	06/30/17
Moorpark College Parking Structure	737,714	12/31/14
Oxnard College Planning and Development (indirect)	364,445	06/30/17
Oxnard College CW Planning and Development (indirect)	2,194	06/30/17
Oxnard College LRC Renovation	131,418	12/30/16
Oxnard College Dental Hygiene Expansion/Renovation	4,328,796	12/31/15
Ventura College Planning and Development (indirect)	221,073	06/30/17
Ventura College CW Planning and Development (indirect)	337	06/30/17
Ventura College Applied Science Building	7,168,431	12/30/15
Ventura College M and O Renovation	2,377,187	12/30/16
Ventura College Electrical Systems Upgrade	8,782	12/30/16
Ventura College Studio Arts Building	111,220	12/30/16
Ventura College INF Piped Utility Systems	2,816	12/30/16
Fire/Sheriff Planning and Development Costs (Indirect)	118,473	06/30/17
	<u>\$ 15,991,387</u>	

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



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***REQUIRED SUPPLEMENTARY INFORMATION***

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**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2014**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b - a] / c)</b>
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	16,171,438 **	147,511,370	131,339,932	11.0%	107,272,617	122%

\* Asset Valuation as of June 30, 2012.

\*\* Asset Valuation as of June 30, 2014.

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*SUPPLEMENTARY INFORMATION*

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# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2014**

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The Ventura County Community College District was established in 1962 and is comprised of an area of approximately 882 square miles located in Ventura County. There were no changes in the boundaries of the District during the current year. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Arturo D. Hernández	Chair	2014
Ms. Dianne B. McKay	Vice Chair	2014
Mr. Stephen P. Blum	Member	2014
Mr. Larry Kennedy	Member	2016
Mr. Bernardo M. Perez	Member	2016

### ADMINISTRATION

Dr. Jamillah Moore	Chancellor
Mr. Brian Fahnestock	Vice Chancellor, Business and Administrative Services
Mr. Michael Shanahan	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, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>HIGHER EDUCATION ACT</b>			
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C		\$ 1,668,092
Title V, Hispanic Serving Institutions	84.031S		<u>1,431,649</u>
<b>Total Higher Education Act</b>			<u>3,099,741</u>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		407,494
Federal Direct Student Loans (Direct Loans)	84.268		4,719,177
Federal College Work Study (FWS)	84.033		399,693
Federal Pell Grant (PELL)	84.063		33,786,232
Student Financial Aid Administrative Costs	84.063		92,848
<b>Total Student Financial Assistance Cluster</b>			<u>39,405,444</u>
<b>CAREER AND TECHNICAL EDUCATION ACT</b>			
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Perkins IV, Title I, Part C	84.048	13-C01-065	711,823
Career Technical Education (CTE) Transitions	84.048A	13-112-681,682,683	<u>129,960</u>
<b>Total Career and Technical Education Act</b>			<u>841,783</u>
<b>VOCATIONAL REHABILITATION ACT CLUSTER</b>			
<b>Passed through from Department of Rehabilitation</b>			
Workability III	84.126A	28827	<u>188,742</u>
<b>Total Vocational Rehabilitation Act Cluster</b>			<u>188,742</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			
			<u>43,535,710</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Foster Kinship Care Education	93.658	[1]	159,725
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	146,083
<b>Passed through from Yosemite Community College District</b>			
Child Care and Development Grant	93.575	12-13- 4089,3207,4149	54,474
<b>Passed through from Chabot-Las Positas Community</b>			
<b>College District</b>			
CA Early Childhood Mentor Program-Chabot	93.575	CN130165	3,200
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>363,482</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, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through from Oxnard Housing Authority</b>			
Teen Parent Program	14.870	5821-12-HO	\$ 19,946
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>19,946</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Workforce Investment Act</b>			
<b>Passed through from Ventura County</b>			
Economic Development Collaborative	17.278	[1]	9,188
Veteran's Employment and Training Services	17.804		17,327
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>26,515</u>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			
<b>Passed through from American Library Association</b>			
NEH: Muslim Journey's: Let's Talk About It	45.164	2060	3,907
			<u>3,907</u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
<b>Passed through from Santa Clarita Community College District</b>			
Project Create**	47.076	1002653	7,771
<b>Passed through from Sinclair County Community College District</b>			
NSF (ATE) Guitar Project**	47.076	1454	2,843
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<u>10,614</u>
<b>TOTAL FEDERAL PROGRAMS</b>			<u>\$43,960,174</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, 2014**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
ADN Enroll. Growth 12-14 Yr 2 of 2	\$ 373,600	\$ -	\$ 373,600
Adult Ed Contortium Planning AB86	401,754	-	401,754
Faculty Entrepreneurship Champion - Mini Grant Solano County	4,200	-	4,200
Cal Grant B	2,131,960	34,115	2,166,075
Cal Grant C	32,849	-	32,849
CalWorks 13-14	603,565	-	603,565
Cooperative Agency Resource Education (CARE) 13-14	226,319	-	226,319
Student Success and Support (Credit) 13-14	1,879,541	-	1,879,541
Disabled Students Programs and Services (DSPS) 13-14	1,821,348	-	1,821,348
Prior Year Categorical (DSPS)	-	38,785	38,785
ESL/Basic Skills 11/12	-	144,773	144,773
ESL/Basic Skills 12/13	-	220,932	220,932
ESL/Basic Skills 13/14	292,667	-	292,667
Extended Opportunity Prog and Svc (EOPS) 13-14	1,718,702	-	1,718,702
Foster Kinship Care Education	160,992	-	160,992
FSS Mesa 13-14	50,500	-	50,500
IELM	306,229	307,972	614,201
Restricted Lottery	710,819	1,338,700	2,049,519
SB70 CTE Community Collaborative Yr 5 (Phase V)	-	132,325	132,325
SB70 CTE Community Collaborative Yr 6 (Phase VI)	-	342,408	342,408
Staff Diversity	10,422	-	10,422
Student Financial Aid Administration Allowance 13-14	1,157,022	-	1,157,022
Total	<u>\$ 11,882,489</u>	<u>\$ 2,560,010</u>	<u>\$ 14,442,499</u>

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 313,824	\$ 59,750	\$ -	\$ -	\$ 373,574	\$ 373,574
200,877	-	-	166,990	33,887	33,887
-	3,689	-	-	3,689	3,689
2,167,518	-	1,443	-	2,166,075	2,166,075
32,849	-	-	-	32,849	32,849
603,565	-	-	2,575	600,990	600,990
226,319	-	-	519	225,800	225,800
1,879,541	-	-	645,604	1,233,937	1,233,937
1,821,348	-	-	13,432	1,807,916	1,807,916
38,785	-	-	26,856	11,929	11,929
144,773	-	-	856	143,917	143,917
220,932	-	-	86,204	134,728	134,728
292,667	-	-	253,726	38,941	38,941
1,718,702	-	-	10,879	1,707,823	1,707,823
93,798	65,927	-	-	159,725	159,725
30,300	20,200	-	-	50,500	50,500
614,201	-	-	326,931	287,270	287,270
1,470,729	718,197	-	1,638,313	550,613	550,613
132,325	-	-	3,347	128,978	128,978
255,408	-	-	12,597	242,811	242,811
10,422	-	-	-	10,422	10,422
1,157,022	-	-	3,674	1,153,348	1,153,348
<u>\$ 13,425,905</u>	<u>\$ 867,763</u>	<u>\$ 1,443</u>	<u>\$ 3,192,503</u>	<u>\$ 11,099,722</u>	<u>\$ 11,099,722</u>



**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2014**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Audited Data</u>
<b>A. Summer Intersession (Summer 2013 only)</b>			
1. Noncredit	-	-	-
2. Credit	1,867	-	1,867
<b>B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms Exclusive of Summer Intersessions</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,128	-	19,128
(b) Daily Census Contact Hours	873	-	873
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	453	-	453
(b) Credit	523	-	523
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	2,291	-	2,291
(b) Daily Census Procedure Courses	176	-	176
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>25,311</u>	<u>-</u>	<u>25,311</u>
<b>Supplemental Information</b>			
<b>E. In-Service Training Courses (FTES)</b>	<u>54</u>	<u>-</u>	<u>54</u>
<b>F. Basic Skills courses and Immigrant Education (FTES)</b>			
1. Noncredit	31	-	31
2. Credit	1,126	-	1,126
	<u>1,157</u>	<u>-</u>	<u>1,157</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, 2014**

	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
<b><u>Academic Salaries</u></b>							
<b>Instructional Salaries</b>							
Contract or Regular	1100	\$ 25,005,815	\$ -	\$ 25,005,815	\$ 27,065,672	\$ -	\$ 27,065,672
Other	1300	20,444,867	-	20,444,867	20,831,755	-	20,831,755
<b>Total Instructional Salaries</b>		45,450,682	-	45,450,682	47,897,427	-	47,897,427
<b>Noninstructional Salaries</b>							
Contract or Regular	1200	-	-	-	8,042,526	-	8,042,526
Other	1400	-	-	-	621,008	-	621,008
<b>Total Noninstructional Salaries</b>		-	-	-	8,663,534	-	8,663,534
<b>Total Academic Salaries</b>		45,450,682	-	45,450,682	56,560,961	-	56,560,961
<b><u>Classified Salaries</u></b>							
<b>Noninstructional Salaries</b>							
Regular Status	2100	-	-	-	19,364,147	-	19,364,147
Other	2300	-	-	-	1,473,094	-	1,473,094
<b>Total Noninstructional Salaries</b>		-	-	-	20,837,241	-	20,837,241
<b>Instructional Aides</b>							
Regular Status	2200	1,762,080	-	1,762,080	1,762,430	-	1,762,430
<b>Total Instructional Aides</b>		1,762,080	-	1,762,080	1,762,430	-	1,762,430
<b>Total Classified Salaries</b>		1,762,080	-	1,762,080	22,599,671	-	22,599,671
Employee Benefits	3000	17,439,289	-	17,439,289	34,270,798	-	34,270,798
Supplies and Material	4000	-	-	-	1,959,627	-	1,959,627
Other Operating Expenses	5000	-	-	-	11,816,133	-	11,816,133
<b>Total Expenditures</b>							
<b>Prior to Exclusions</b>		64,652,051	-	64,652,051	127,207,190	-	127,207,190

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, 2014**

	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
<b><u>Exclusions</u></b>							
<b>Objects to Exclude</b>							
Rents and Leases	5060	\$ -	\$ -	\$ -	\$ 537,309	\$ -	\$ 537,309
Lottery Expenditures							
Employee Benefits	3000	3,246,425	-	3,246,425	6,616,966	-	6,616,966

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	-	-	-	3,320,558	-	3,320,558
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
<b>Total Equipment</b>							
<b>Total Capital Outlay</b>							
<b>Total Exclusions</b>		3,246,425	-	3,246,425	10,474,833	-	10,474,833
<b>Total for ECS 84362, 50 Percent Law</b>		\$ 61,405,626	\$ -	\$ 61,405,626	\$ 116,732,357	\$ -	\$ 116,732,357
<b>Percent of CEE (Instructional Salary Cost/Total CEE)</b>		52.60%		52.60%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					\$ 58,366,179		\$ 58,366,179

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, 2014**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2014.

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, 2014**

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<b>Activity Classification</b>	<b>Object Code</b>				<b>Unrestricted</b>
EPA Proceeds:	8630				\$ 18,641,571
<b>Activity Classification</b>	<b>Activity Code</b>	<b>Salaries and Benefits (Obj 1000-3000)</b>	<b>Operating Expenses (Obj 4000-5000)</b>	<b>Capital Outlay (Obj 6000)</b>	<b>Total</b>
Instructional Activities	1000-5900	\$ 18,641,571			\$ 18,641,571
<b>Total Expenditures for EPA</b>		\$ 18,641,571	-	-	\$ 18,641,571
<b>Revenues Less Expenditures</b>					\$ -

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, 2014**

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

**Total Fund Balance:**

General Fund	\$ 46,803,449	
Special Revenue Funds	484,674	
Capital Project Funds	52,919,279	
Debt Service Funds	18,444,111	
Enterprise Funds	675,508	
Internal Service Funds	2,887,866	
Fiduciary Funds	7,399,376	
<b>Total Fund Balance - All District Funds</b>		<b>\$ 129,614,263</b>

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	687,704,127	
Accumulated depreciation is	(128,746,520)	
Less fixed assets already recorded in the enterprise funds	(4,625)	558,952,982

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

4,091,879

Amounts held in trust on behalf of others (Trust and Agency Funds).

(7,395,324)

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.

(5,793,883)

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 position is a result of the accumulated contributions in excess of the annual required contribution (ARC).

3,744,868

Long-term obligations at year-end consist of:

Bonds payable	316,673,604	
Premium on refunding bonds	12,602,666	
Load banking	742,900	
Compensated absences	2,795,063	
Less load banking already recorded in funds	(742,900)	
Less compensated absences already recorded in funds	(698,766)	(331,372,567)
<b>Total Net Position</b>		<b>\$ 351,842,218</b>

See accompanying note to supplementary information.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

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**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
<b>CCRAA Strengthening STEM Pathways</b>	84.031C	
California State University - Channel Islands		\$ 73,552
University of California - Santa Barbara		196,513
<b>CCRAA Strengthening STEM Pathways</b>	84.031C	
California State University - Channel Islands		72,126
University of California - Santa Barbara		178,937
		<u>\$ 521,128</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, 2014

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### **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:	\$ 43,963,344
Federal revenue in other funds not included on SEFA	(3,170)
Total Schedule of Expenditures of Federal Awards	<u>\$ 43,960,174</u>



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***INDEPENDENT AUDITOR'S REPORTS***

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

Board of Trustees  
Ventura County Community College District  
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, 2014 and 2013, 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 2, 2014.

**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 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 2, 2014.

## 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.

Vainick, Tume, Day & Co., LLP

Rancho Cucamonga, California  
December 2, 2014



**INDEPENDENT AUDITOR'S 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, 2014. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with 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, 2014.

## 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* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vainick, Tunc, Day & Co., LLP

Rancho Cucamonga, California  
December 2, 2014



## INDEPENDENT AUDITOR'S 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 December 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, 2014.

### 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 December 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our 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 427 Concurrent Enrollment for K-12 Students in Community College Credit Courses - Finding 2014-001 and Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) - Finding 2014-002. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

## 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, 2014.

## 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, 2014, 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 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
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 classes 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 responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

*Vannick, Tunc, Day & Co., LLP*

Rancho Cucamonga, California  
December 2, 2014

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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

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

Identification of major Federal 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>84.048</u>	<u>Perkins IV, Title I, Part C</u>
	<u>Career Technical Education (CTE)</u>
<u>84.048A</u>	<u>Transitions</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	<u>Qualified</u>
Unmodified for all State programs except for the following State programs which were qualified:	

<u>Name of State Program</u>
<u>Concurrent Enrollment for K-12 Students in Community College Credit Courses</u>
<u>Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)</u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2014**

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None reported.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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None reported.

## VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

### STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

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

#### **2014-001 427 CONCURRENT ENROLLMENT FOR K-12 STUDENTS IN COMMUNITY COLLEGE CREDIT COURSES**

##### **Criteria or Specific Requirements**

A community college district may claim FTES for the attendance of K-12 pupils who take courses offered by the district under this concurrent enrollment arrangement only if it complies with the following criteria:

- *Education Code* Sections 48800-48802, 76000-76002, and 84752.
- CCR, Title 5, Sections 51004, 51006, 51021, 53410, 55002, 55100, 58100-58108, 58050, 58051(a) (1), 58051.5, 58052, 58056(a), 58058, 58060, and 59300 et seq.
- Legal Opinions M 98-17 and M 02-20 issued by the Chancellor's Office, California Community Colleges.

Legal Advisory 05-01, "Questions and Answers Re. Concurrent Enrollment" - issued January 5, 2005 by the Chancellor's Office, California Community Colleges.

##### **Condition**

##### ***Significant deficiency: Moorpark College***

Out of 10 students tested, two concurrent enrollment forms could not be located at Moorpark College. As a result, we could not verify if the College obtained verification from the K-12 school district that the student can benefit from advanced scholastic or vocational work.

##### **Questioned Costs**

There were a total of 820 concurrent enrolled high school students at Moorpark College. The above testing revealed a 20 percent error rate. Thus, 164 students would be the questioned costs at Moorpark College.

##### **Effect**

The College has improperly claimed FTES for concurrently enrolled students who do not have the proper documentation on file.

## VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

### STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

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#### Cause

The College does not have controls in place to ensure that a Concurrent Enrollment application is received from each student for each semester attended.

#### Recommendation

The College should implement a process within Admissions and Records that will ensure documents supporting the concurrently enrolled students are maintained and stored.

#### Management Response and Corrective Action Plan

Admissions and Records will implement the following procedures to help ensure documents supporting concurrently enrolled students are maintained and stored. Further, Admissions and Records will perform an internal audit each term.

- Scan and retain Concurrent Enrollment documentation per term in the OnBase document imaging database.
- Run the report from Banner for all concurrently enrolled "Special Admissions" students in attendance and verify the retention of scanned documentation during the semester in which they were received.
- Should a student have been registered without the required School Recommendation form, MOU, or transcripts, the student will be contacted for remediation in the week after Census as any student dropping before that time would not have been reported.

#### 2014-002 474 EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) AND COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)

##### Criteria or Specific Requirements

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". To ensure that EOPS funds are spent appropriately, the EOPS 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 once during each academic year.

##### Condition

##### *Significant deficiency: Moorpark College*

The Moorpark College EOPS advisory committee did not meet during the academic year.

## **VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

### **STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014**

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#### **Questioned Costs**

There are no questioned costs associated with this compliance requirement.

#### **Effect**

The advisory committee may not be able to properly oversee the EOPS Program by not meeting as noted in the guidance.

#### **Cause**

The College does not have controls in place to ensure that the advisory committee meets as required by the program guidance.

#### **Recommendation**

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

#### **Management Response and Corrective Action Plan**

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2014

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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.

### *STATE AWARD FINDINGS*

#### **Student Fees - Instructional and Other Materials - Moorpark College**

##### **2013-001 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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2014

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### **Recommendation**

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

### **Current Status**

Implemented.