



**VENTURA COUNTY
COMMUNITY COLLEGE DISTRICT**

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

JUNE 30, 2017

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

OF VENTURA COUNTY

VENTURA, CALIFORNIA

JUNE 30, 2017

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Bernardo M. Perez	Chair	2020
Mr. Arturo D. Hernández	Vice Chair	2018
Mr. Stephen P. Blum	Member	2018
Mr. Larry Kennedy	Member	2020
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Dr. Bernard Luskin	Interim Chancellor
Dr. David El Fattal	Vice Chancellor, Business and Administrative Services
Mr. Rick Post	Interim Vice Chancellor, Educational Services and Institutional Effectiveness
Mr. Michael Shanahan	Vice Chancellor, Human Resources
Mr. Dave Fuhrmann	Associate Vice Chancellor, Information Technology

ORGANIZATION

The Ventura County Community College District was established in 1962 and is comprised of an area of approximately 882 square miles located in Ventura County. There were no changes in the boundaries of the District during the year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Ventura County Community College District
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Ventura County Community College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified accrual basis of accounting of the governmental fund types, fiduciary fund types, and proprietary fund types of the District as of June 30, 2017, and the respective changes in financial position—modified accrual basis of accounting and cash flows, thereof for the year then ended in accordance with the basis of accounting as described in Notes 1 and 2.

Emphasis of Matter - Basis of Accounting

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

Purpose of This Report

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

Varrinck, Trina, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2017

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

GENERAL FUNDS

JUNE 30, 2017

	General Unrestricted	General Restricted	Total
ASSETS			
Cash and cash equivalents	\$ 49,600	\$ -	\$ 49,600
Investments	67,213,229	20,854,388	88,067,617
Accounts receivable	4,286,317	2,698,186	6,984,503
Student receivable, net	760,229	308,156	1,068,385
Due from other funds	235,094	-	235,094
Prepaid expenditures	212,567	34,325	246,892
Total Assets	\$ 72,757,036	\$ 23,895,055	\$ 96,652,091
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 8,163,442	\$ 2,767,418	\$ 10,930,860
Due to other funds	-	183,258	183,258
Other current liabilities	29,638	-	29,638
Unearned revenue	9,159,014	15,529,474	24,688,488
Total Liabilities	17,352,094	18,480,150	35,832,244
FUND BALANCES			
Reserved	237,567	5,414,905	5,652,472
Unreserved			
Designated	19,639,458	-	19,639,458
Undesignated	35,527,917	-	35,527,917
Total Fund Balances	55,404,942	5,414,905	60,819,847
Total Liabilities and Fund Balances	\$ 72,757,036	\$ 23,895,055	\$ 96,652,091

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED ACCRUAL BASIS
GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Unrestricted</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
State revenues	150,415,758	81,979,791	(68,435,967)
Local revenues	7,828,332	83,586,661	75,758,329
Total Revenues	<u>158,244,090</u>	<u>165,566,452</u>	<u>7,322,362</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	63,928,429	63,119,744	808,685
Classified salaries	28,746,994	28,251,800	495,194
Employee benefits	43,277,998	45,401,930	(2,123,932)
Books and supplies	3,778,729	2,107,802	1,670,927
Services and operating expenditures	23,469,180	14,581,277	8,887,903
Capital outlay	10,576,132	1,713,613	8,862,519
Total Expenditures	<u>173,777,462</u>	<u>155,176,166</u>	<u>18,601,296</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,533,372)</u>	<u>10,390,286</u>	<u>25,923,658</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	227,415	175,000	(52,415)
Transfers out	(10,982,945)	(16,159,129)	(5,176,184)
Other sources	-	-	-
Other uses	(1,890)	-	1,890
Total Other Financing Sources (Uses)	<u>(10,757,420)</u>	<u>(15,984,129)</u>	<u>(5,226,709)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (26,290,792)</u>	<u>(5,593,843)</u>	<u>\$ 20,696,949</u>
FUND BALANCE, BEGINNING OF YEAR		60,998,785	
FUND BALANCE, END OF YEAR		<u>\$ 55,404,942</u>	

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

General Restricted			Total		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 6,258,878	\$ 4,040,085	\$ (2,218,793)	\$ 6,258,878	\$ 4,040,085	\$ (2,218,793)
42,242,328	27,861,160	(14,381,168)	192,658,086	109,840,951	(82,817,135)
4,186,460	4,157,496	(28,964)	12,014,792	87,744,157	75,729,365
<u>52,687,666</u>	<u>36,058,741</u>	<u>(16,628,925)</u>	<u>210,931,756</u>	<u>201,625,193</u>	<u>(9,306,563)</u>
8,615,137	6,977,362	1,637,775	72,543,566	70,097,106	2,446,460
13,358,076	11,398,635	1,959,441	42,105,070	39,650,435	2,454,635
7,883,127	6,780,076	1,103,051	51,161,125	52,182,006	(1,020,881)
5,673,630	2,152,389	3,521,241	9,452,359	4,260,191	5,192,168
11,584,310	5,499,710	6,084,600	35,053,490	20,080,987	14,972,503
4,463,162	2,616,648	1,846,514	15,039,294	4,330,261	10,709,033
<u>51,577,442</u>	<u>35,424,820</u>	<u>16,152,622</u>	<u>225,354,904</u>	<u>190,600,986</u>	<u>34,753,918</u>
<u>1,110,224</u>	<u>633,921</u>	<u>(476,303)</u>	<u>(14,423,148)</u>	<u>11,024,207</u>	<u>25,447,355</u>
1,186,352	1,069,131	(117,221)	1,413,767	1,244,131	(169,636)
(2,025,950)	(1,786,429)	239,521	(13,008,895)	(17,945,558)	(4,936,663)
-	1,535,803	1,535,803	-	1,535,803	1,535,803
<u>(574,386)</u>	<u>(1,948,362)</u>	<u>(1,373,976)</u>	<u>(576,276)</u>	<u>(1,948,362)</u>	<u>(1,372,086)</u>
<u>(1,413,984)</u>	<u>(1,129,857)</u>	<u>284,127</u>	<u>(12,171,404)</u>	<u>(17,113,986)</u>	<u>(4,942,582)</u>
<u>\$ (303,760)</u>	<u>(495,936)</u>	<u>\$ (192,176)</u>	<u>\$ (26,594,552)</u>	<u>(6,089,779)</u>	<u>\$ 20,504,773</u>
	5,910,841			66,909,626	
	<u>\$ 5,414,905</u>			<u>\$ 60,819,847</u>	

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

SPECIAL REVENUE FUNDS

JUNE 30, 2017

	Child Development	Other Special Revenue	Total
ASSETS			
Investments	\$ 268,227	\$ 145,901	\$ 414,128
Accounts receivable	12,897	-	12,897
Student receivable	27,575	-	27,575
Total Assets	<u>\$ 308,699</u>	<u>\$ 145,901</u>	<u>\$ 454,600</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 937	\$ 937
Due to other funds	10	-	10
Unearned revenue	6,600	-	6,600
Total Liabilities	<u>6,610</u>	<u>937</u>	<u>7,547</u>
FUND BALANCES			
Unreserved			
Designated	302,089	144,964	447,053
Total Liabilities and Fund Balances	<u>\$ 308,699</u>	<u>\$ 145,901</u>	<u>\$ 454,600</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
MODIFIED ACCRUAL BASIS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Child Development</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State revenues	\$ 63,798	\$ 69,554	\$ 5,756
Local revenues	570,000	664,479	94,479
Total Revenues	<u>633,798</u>	<u>734,033</u>	<u>100,235</u>
EXPENDITURES			
Current Expenditures			
Classified salaries	441,110	473,693	(32,583)
Employee benefits	187,312	174,286	13,026
Books and supplies	18,000	12,363	5,637
Services and operating expenditures	46,623	12,955	33,668
Capital outlay	-	3,336	(3,336)
Total Expenditures	<u>693,045</u>	<u>676,633</u>	<u>16,412</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(59,247)</u>	<u>57,400</u>	<u>116,647</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	118,573	-	(118,573)
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>118,573</u>	<u>-</u>	<u>(118,573)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 59,326</u>	<u>57,400</u>	<u>\$ (1,926)</u>
FUND BALANCE, BEGINNING OF YEAR		244,689	
FUND BALANCE, END OF YEAR		<u>\$ 302,089</u>	

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

Other Special Revenue			Total		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 63,798	\$ 69,554	\$ 5,756
166,000	238,209	72,209	736,000	902,688	166,688
<u>166,000</u>	<u>238,209</u>	<u>72,209</u>	<u>799,798</u>	<u>972,242</u>	<u>172,444</u>
17,482	18,090	(608)	458,592	491,783	(33,191)
7,895	7,902	(7)	195,207	182,188	13,019
3,800	134	3,666	21,800	12,497	9,303
10,756	13,412	(2,656)	57,379	26,367	31,012
-	-	-	-	3,336	(3,336)
<u>39,933</u>	<u>39,538</u>	<u>395</u>	<u>732,978</u>	<u>716,171</u>	<u>16,807</u>
126,067	198,671	72,604	66,820	256,071	189,251
-	-	-	118,573	-	(118,573)
(125,000)	(175,000)	(50,000)	(125,000)	(175,000)	(50,000)
<u>(125,000)</u>	<u>(175,000)</u>	<u>(50,000)</u>	<u>(6,427)</u>	<u>(175,000)</u>	<u>(168,573)</u>
<u>\$ 1,067</u>	23,671	<u>\$ 22,604</u>	<u>\$ 60,393</u>	81,071	<u>\$ 20,678</u>
	121,293			365,982	
	<u>\$ 144,964</u>			<u>\$ 447,053</u>	

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

CAPITAL PROJECT FUNDS

JUNE 30, 2017

	Capital Outlay	Bond Construction	Total
ASSETS			
Investments	\$ 32,999,840	\$ 2,318,849	\$ 35,318,689
Accounts receivable	2,740	10,167	12,907
Student receivable	53,113	-	53,113
Prepaid expenses	27,225	-	27,225
Total Assets	\$ 33,082,918	\$ 2,329,016	\$ 35,411,934
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,417,982	\$ 52,572	\$ 1,470,554
Unearned revenue	5,634,101	-	5,634,101
Total Liabilities	7,052,083	52,572	7,104,655
FUND BALANCES			
Reserved	26,030,835	2,276,444	28,307,279
Total Liabilities and Fund Balances	\$ 33,082,918	\$ 2,329,016	\$ 35,411,934

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – MODIFIED ACCRUAL BASIS
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Outlay	Bond Construction	Total
REVENUES			
State revenues	\$ 2,325,163	\$ -	\$ 2,325,163
Local revenues	1,818,832	42,566	1,861,398
Total Revenues	<u>4,143,995</u>	<u>42,566</u>	<u>4,186,561</u>
EXPENDITURES			
Current Expenditures			
Books and supplies	96,830	1,327	98,157
Services and operating expenditures	694,824	29,113	723,937
Capital outlay	15,982,743	2,120,336	18,103,079
Total Expenditures	<u>16,774,397</u>	<u>2,150,776</u>	<u>18,925,173</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(12,630,402)</u>	<u>(2,108,210)</u>	<u>(14,738,612)</u>
OTHER FINANCING SOURCES			
Transfers in	13,175,851	-	13,175,851
Other sources	2,740	-	2,740
Total Other Financing Sources	<u>13,178,591</u>	<u>-</u>	<u>13,178,591</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	548,189	(2,108,210)	(1,560,021)
FUND BALANCE, BEGINNING OF YEAR	<u>25,482,646</u>	<u>4,384,654</u>	<u>29,867,300</u>
FUND BALANCE, END OF YEAR	<u>\$ 26,030,835</u>	<u>\$ 2,276,444</u>	<u>\$ 28,307,279</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

DEBT SERVICE FUNDS

JUNE 30, 2017

	Bond Interest and Redemption
ASSETS	
Investments	\$ 18,913,564
Accounts receivable	40,650
Total Assets	<u>\$ 18,954,214</u>
 FUND BALANCE	
Reserved	<u>\$ 18,954,214</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – MODIFIED ACCRUAL BASIS
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Bond Interest and Redemption
REVENUES	
State revenues	\$ 146,338
Local revenues	19,963,746
Total Revenues	<u>20,110,084</u>
EXPENDITURES	
Current Expenditures	
Debt service - principal	7,175,000
Debt service - interest and other	11,548,425
Total Expenditures	<u>18,723,425</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,386,659
FUND BALANCE, BEGINNING OF YEAR	17,567,555
FUND BALANCE, END OF YEAR	<u>\$ 18,954,214</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUND TYPES

COMBINING BALANCE SHEET – MODIFIED ACCRUAL BASIS

TRUST FUNDS

JUNE 30, 2017

	Associated Students Organization	Student Representation Fees	Student Center Fees
ASSETS			
Investments	\$ 974,709	\$ 157,224	\$ 4,890,262
Accounts receivable	2,097	333	10,703
Student receivable, net	62,054	15,752	91,508
Due from other funds	-	-	-
Prepaid expenses	-	-	-
Fixed assets	-	-	4,283
Total Assets	\$ 1,038,860	\$ 173,309	\$ 4,996,756
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 8,746	\$ 410	\$ 3,740
Due to other funds	-	-	-
Unearned revenue	152,900	25,166	128,932
Total Liabilities	161,646	25,576	132,672
FUND BALANCES			
Reserved	-	-	-
Unreserved			
Designated	877,214	147,733	4,864,084
Total Fund Balances	877,214	147,733	4,864,084
Total Liabilities and Fund Balances	\$ 1,038,860	\$ 173,309	\$ 4,996,756

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

Student Financial Aid	Scholarship and Loan	Student Clubs	Other Trust	Total
\$ 26,992	\$ 680,383	\$ 140,162	\$ 2,013,642	\$ 8,883,374
23,354	1,376	-	21	37,884
14,835	5,073	-	23,217	212,439
3,853	-	-	-	3,853
-	-	-	1,930	1,930
-	-	3,156	-	7,439
<u>\$ 69,034</u>	<u>\$ 686,832</u>	<u>\$ 143,318</u>	<u>\$ 2,038,810</u>	<u>\$ 9,146,919</u>
\$ 8,027	\$ 4,397	\$ 3,081	\$ 28,119	\$ 56,520
55,679	-	-	-	55,679
-	-	-	-	306,998
<u>63,706</u>	<u>4,397</u>	<u>3,081</u>	<u>28,119</u>	<u>419,197</u>
5,328	-	-	-	5,328
-	682,435	140,237	2,010,691	8,722,394
<u>5,328</u>	<u>682,435</u>	<u>140,237</u>	<u>2,010,691</u>	<u>8,727,722</u>
<u>\$ 69,034</u>	<u>\$ 686,832</u>	<u>\$ 143,318</u>	<u>\$ 2,038,810</u>	<u>\$ 9,146,919</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUND TYPES

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

TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Associated Students Organization</u>	<u>Student Representation Fees</u>	<u>Student Center Fees</u>
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
State revenues	-	-	-
Local revenues	636,542	88,363	425,932
Total Revenues	<u>636,542</u>	<u>88,363</u>	<u>425,932</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	-
Classified salaries	17,532	-	32,453
Employee benefits	539	-	1,291
Books and supplies	138,233	159	-
Services and operating expenditures	67,923	81,245	-
Capital outlay	5,522	-	13,763
Total Expenditures	<u>229,749</u>	<u>81,404</u>	<u>47,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>406,793</u>	<u>6,959</u>	<u>378,425</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,781	-	-
Transfers out	(53,971)	-	-
Other sources	-	-	-
Other uses	(6,927)	-	-
Total Other Financing Sources (Uses)	<u>(59,117)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	347,676	6,959	378,425
FUND BALANCE, BEGINNING OF YEAR	529,538	140,774	4,485,659
FUND BALANCE, END OF YEAR	<u>\$ 877,214</u>	<u>\$ 147,733</u>	<u>\$ 4,864,084</u>

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

Student Financial Aid	Scholarship and Loan	Student Clubs	Other Trust	Total
\$ 36,755,998	\$ -	\$ -	\$ -	\$ 36,755,998
3,426,358	-	-	347	3,426,705
119	499,476	57,597	1,295,681	3,003,710
<u>40,182,475</u>	<u>499,476</u>	<u>57,597</u>	<u>1,296,028</u>	<u>43,186,413</u>
-	-	-	6,498	6,498
-	-	-	102,100	152,085
-	-	-	10,703	12,533
-	88	39,973	541,329	719,782
-	5,000	43,246	1,113,043	1,310,457
-	-	2,939	87,085	109,309
<u>-</u>	<u>5,088</u>	<u>86,158</u>	<u>1,860,758</u>	<u>2,310,664</u>
<u>40,182,475</u>	<u>494,388</u>	<u>(28,561)</u>	<u>(564,730)</u>	<u>40,875,749</u>
1,653,656	28,474	50,363	538,658	2,272,932
-	(1,000)	(16,233)	(2,807)	(74,011)
-	-	-	115	115
<u>(41,836,012)</u>	<u>(453,094)</u>	<u>-</u>	<u>(2,700)</u>	<u>(42,298,733)</u>
<u>(40,182,356)</u>	<u>(425,620)</u>	<u>34,130</u>	<u>533,266</u>	<u>(40,099,697)</u>
119	68,768	5,569	(31,464)	776,052
5,209	613,667	134,668	2,042,155	7,951,670
<u>\$ 5,328</u>	<u>\$ 682,435</u>	<u>\$ 140,237</u>	<u>\$ 2,010,691</u>	<u>\$ 8,727,722</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND TYPES

**COMBINING BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2017**

	Enterprise Funds				Internal Service Fund
	Food Service				
	Moorpark	Oxnard	Ventura	Total	
ASSETS					
Cash and cash equivalents	\$ 2,000	\$ 3,000	\$ 6,000	\$ 11,000	\$ -
Investments	314,961	469,263	136,716	920,940	4,875,781
Accounts receivable	4,015	701	1,008	5,724	23,782
Total Assets	\$ 320,976	\$ 472,964	\$ 143,724	\$ 937,664	\$ 4,899,563
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 607	\$ -	\$ -	\$ 607	\$ 732,960
FUND EQUITY					
Retained earnings	320,369	472,964	143,724	937,057	4,166,603
Total Liabilities and Fund Equity	\$ 320,976	\$ 472,964	\$ 143,724	\$ 937,664	\$ 4,899,563

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND TYPES

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Enterprise Funds				Internal Service Fund
	Food Service				
	Moorpark	Oxnard	Ventura	Total	
OPERATING REVENUES					
Sales revenues	\$ 56,498	\$ 20,573	\$ 40,618	\$ 117,689	\$ -
Other operating	33,333	33,334	33,333	100,000	361,470
Charges to other funds	-	-	-	-	12,721,195
Total Operating Revenues	89,831	53,907	73,951	217,689	13,082,665
OPERATING EXPENSES					
Classified salaries	5,924	-	6,162	12,086	-
Employee benefits	110	-	361	471	14,194,915
Books and supplies	607	-	-	607	4,027
Services and other operating expenditures	-	-	-	-	55,231
Capital outlay	-	-	-	-	4,998
Total Operating Expenses	6,641	-	6,523	13,164	14,259,171
Operating Income (Loss)	83,190	53,907	67,428	204,525	(1,176,506)
NONOPERATING REVENUES (EXPENSES)					
Transfers in	-	-	-	-	1,548,629
Transfers out	(36,974)	-	(10,000)	(46,974)	-
Total Nonoperating Revenues (Expenses)	(36,974)	-	(10,000)	(46,974)	1,548,629
NET INCOME	46,216	53,907	57,428	157,551	372,123
RETAINED EARNINGS, BEGINNING OF YEAR	274,153	419,057	86,296	779,506	3,794,480
RETAINED EARNINGS, END OF YEAR	\$ 320,369	\$ 472,964	\$ 143,724	\$ 937,057	\$ 4,166,603

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND TYPES

**COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>Food Service</u>				
	<u>Moorpark</u>	<u>Oxnard</u>	<u>Ventura</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 83,190	\$ 53,907	\$ 67,428	\$ 204,525	\$(1,176,506)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets and liabilities					
(Increase) decrease in:					
Accounts receivable	(3,227)	(289)	(151)	(3,667)	(12,454)
Increase (decrease) in:					
Accounts payable	607	-	-	607	(3,562)
Net Cash Flows From Operating Activities	<u>80,570</u>	<u>53,618</u>	<u>67,277</u>	<u>201,465</u>	<u>(1,192,522)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Transfers out	(36,974)	-	(10,000)	(46,974)	-
Transfers in	-	-	-	-	1,548,629
Net Cash Flows From Investing Activities	<u>(36,974)</u>	<u>-</u>	<u>(10,000)</u>	<u>(46,974)</u>	<u>1,548,629</u>
Net change in cash and cash equivalents	43,596	53,618	57,277	154,491	356,107
Cash and cash equivalents - Beginning	273,365	418,645	85,439	777,449	4,519,674
Cash and cash equivalents - Ending	<u>\$ 316,961</u>	<u>\$ 472,263</u>	<u>\$ 142,716</u>	<u>\$ 931,940</u>	<u>\$ 4,875,781</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - ORGANIZATION

The Ventura County Community College District (the District) was established in 1962 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of Ventura County. The District operates under a locally elected five-member Board of Trustees form of government which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within Ventura County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

In June 1999, GASB approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, followed by Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. These statements are scheduled for a phased implementation (based on size of the government) through fiscal years ending in 2004. The District has implemented those changes. We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Ventura County Community College District for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017.

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

Financial Reporting Entity

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2017, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the County Investment Pool are determined by the program sponsor.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,954,990 for the year ended June 30, 2017.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Prepaid Expenditures

Prepaid expenditures represent payments made to vendors and others for services that will benefit periods beyond June 30, 2017.

Capital Assets and Depreciation

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

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

Compensated Absences

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

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

Unearned Revenue

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

State Apportionments

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

Estimates

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

Property Taxes

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

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

Budgets and Budgetary Accounting

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,365,431 (8.828 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2017. 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.

Financial Presentation

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

Change in Accounting Principles

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has implemented the provisions of this Statement as of June 30, 2017.

New Accounting Pronouncements

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

- Simplifying certain aspects of the alternative measurement method for OPEB;
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Investment in County Treasury

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, consist of the following:

Cash on hand and in banks	\$ 60,600
Investments	<u>157,394,093</u>
Total Deposits and Investments	<u><u>\$ 157,454,693</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County Investment Pool. The Ventura County Investment Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$157,394,093 with the Ventura County Investment Pool with an average weighted maturity of 181 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Ventura County pool is not required to be rated. However, as of June 30, 2017, the County portfolio was rated AAAs/S-1+ by Standard and Poor's.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District did not have any deposits exposed to custodial credit risk because all balances were Federal Deposit Insurance Corporation (FDIC) insured.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Ventura County Treasury Investment Pool	<u>\$ 157,439,574</u>	<u>\$ 157,439,574</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2017, consist of the following:

	General	Special Revenue	Capital Projects	Debt Service	Fiduciary	Proprietary	Total
Federal Government							
Categorical aid	\$ 1,022,333	\$ -	\$ -	\$ -	\$ 19,596	\$ -	\$ 1,041,929
State Government							
Apportionment	2,665,712	-	-	-	-	-	2,665,712
Categorical aid	1,020,976	-	-	-	-	-	1,020,976
Lottery - restricted and unrestricted	927,372	-	-	-	-	-	927,372
Local Sources							
Interest	433,914	-	10,167	40,650	14,509	-	499,240
Foundation	233,142	-	-	-	-	-	233,142
Other local	681,054	12,897	2,740	-	3,779	29,506	729,976
Accounts receivable	<u>\$ 6,984,503</u>	<u>\$ 12,897</u>	<u>\$ 12,907</u>	<u>\$ 40,650</u>	<u>\$ 37,884</u>	<u>\$ 29,506</u>	<u>\$ 7,118,347</u>
Student receivable	\$ 2,456,133	\$ 27,575	\$ 53,113	\$ -	\$ 779,681	\$ -	\$ 3,316,502
Less: reserve	(1,387,748)	-	-	-	(567,242)	-	(1,954,990)
Student receivable, net	<u>\$ 1,068,385</u>	<u>\$ 27,575</u>	<u>\$ 53,113</u>	<u>\$ -</u>	<u>\$ 212,439</u>	<u>\$ -</u>	<u>\$ 1,361,512</u>

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2017, are as follows:

Funds	Interfund Receivables	Interfund Payables
General Unrestricted	\$ 235,094	\$ -
General Restricted	-	183,258
Child Development	-	10
Student Financial Aid	3,853	55,679
Total	<u>\$ 238,947</u>	<u>\$ 238,947</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Transfers

Interfund transfers consist of operating and equity transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2017, are as follows:

The General Unrestricted Fund transferred to the General Restricted Fund	\$ 1,069,131
The General Unrestricted Fund transferred to the Capital Outlay Fund	13,043,078
The General Unrestricted Fund transferred to the Student Clubs Fund	20,000
The General Unrestricted Fund transferred to the Other Trust Fund	478,291
The General Unrestricted Fund transferred to the Internal Service Fund	1,548,629
The General Restricted Fund transferred to the Capital Outlay Fund	132,773
The General Restricted Fund transferred to the Student Financial Aid Fund	1,653,656
The Other Special Revenue Fund transferred to the General Unrestricted Fund	175,000
The Associated Students Organization Fund transferred to the Scholarship and Loan Fund	11,500
The Associated Students Organization Fund transferred to the Student Clubs Fund	28,337
The Associated Students Organization Fund transferred to the Other Trust Fund	14,134
The Scholarship and Loan Fund transferred to the Associated Students Organization Fund	1,000
The Student Clubs Fund transferred to the Other Trust Fund	16,233
The Other Trust Fund transferred to the Associated Students Organization Fund	781
The Other Trust Fund transferred to the Student Clubs Fund	2,026
The Food Service Fund (Moorpark) transferred to the Scholarship and Loan Fund	16,974
The Food Service Fund (Moorpark) transferred to the Other Trust Fund	20,000
The Food Service Fund (Ventura) transferred to the Other Trust Fund	10,000
Total	<u><u>\$ 18,241,543</u></u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consist of the following:

	General	Special Revenue	Capital Projects	Fiduciary	Proprietary	Total
Accrued payroll and benefits	\$ 2,841,499	\$ -	\$ -	\$ 1,642	\$ 3,756	\$ 2,846,897
Accrued vacation	776,369	-	-	-	-	776,369
Construction	-	-	1,470,554	-	-	1,470,554
Student liabilities	3,208,429	-	-	4,397	-	3,212,826
Load banking	-	-	-	-	725,408	725,408
Federal categorical aid	9,259	-	-	5,457	-	14,716
State categorical aid	146,850	-	-	1,656	-	148,506
Other State	143,552	-	-	-	-	143,552
Local	3,804,902	937	-	43,368	4,403	3,853,610
Total	<u>\$ 10,930,860</u>	<u>\$ 937</u>	<u>\$ 1,470,554</u>	<u>\$ 56,520</u>	<u>\$ 733,567</u>	<u>\$ 13,192,438</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consists of the following:

	General	Special Revenue	Capital Projects	Fiduciary	Total
State categorical aid	\$ 11,319,039	\$ -	\$ -	\$ -	\$ 11,319,039
Scheduled maintenance	-	-	4,395,248	-	4,395,248
Lottery - restricted	2,581,684	-	-	-	2,581,684
Other State	1,124,104	-	602,336	-	1,726,440
RDA	1,461,058	-	609,032	-	2,070,090
Enrollment/student fees	8,113,362	6,600	27,485	306,998	8,454,445
Local	89,241	-	-	-	89,241
Total	<u>\$ 24,688,488</u>	<u>\$ 6,600</u>	<u>\$ 5,634,101</u>	<u>\$ 306,998</u>	<u>\$ 30,636,187</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	General	Special Revenue	Capital Projects	Debt Service
Reserved				
Prepaid expenditures	\$ 246,892	\$ -	\$ 27,225	\$ -
Revolving cash	25,000	-	-	-
Restricted programs	5,380,580	-	-	-
Capital outlay	-	-	28,280,054	-
Debt repayment	-	-	-	18,954,214
Total Reserved	<u>5,652,472</u>	<u>-</u>	<u>28,307,279</u>	<u>18,954,214</u>
Unreserved				
Designated				
General reserves	9,281,823	447,053	-	-
Budget rollover	2,957,635	-	-	-
Revenue shortfall contingency	5,000,000	-	-	-
STRS	1,000,000	-	-	-
Energy efficiency	1,400,000	-	-	-
Total Designated	<u>19,639,458</u>	<u>447,053</u>	<u>-</u>	<u>-</u>
Undesignated	<u>35,527,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Unreserved	<u>55,167,375</u>	<u>447,053</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 60,819,847</u>	<u>\$ 447,053</u>	<u>\$ 28,307,279</u>	<u>\$ 18,954,214</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation

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

State and Federal Allowances, Awards, and Grants

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Construction Commitments

As of June 30, 2017, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Moorpark College Gym Renovation	\$ 403,776	February 28, 2018
Ventura College Maintenance and Operations Renovation	14,087	June 30, 2018
	<u>\$ 417,863</u>	

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