



**VENTURA COUNTY
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2007

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the accompanying basic financial statements of the Ventura County Community College District (the District) as of and for the years ended June 30, 2007 and 2006, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Ventura County Community College District as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2007, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of or 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vaurioch, Trina, Day & Co., LLP

Rancho Cucamonga, California
November 28, 2007



Ventura County Community College District

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DR. JAMES MEZNEK
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, 2007. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. 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, 2007. 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 focus of the Statement of Net Assets 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 Assets focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Systems Office has recommended that all State community colleges follow the Business Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2006-2007 fiscal year, the reported FTES were 24,813 as compared to 24,163 in the 2005-2006 fiscal year. The fully funded cap for fiscal year 2006-2007 is 24,813 as compared to 24,163 for 2005-2006.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$20.7 million in the 2006-2007 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bond.
- Costs for employee salaries increased by 4.3 percent or \$3.7 million from the 2006-2007 fiscal year and costs associated with employee benefits increased by 4.1 percent or \$1.2 million. This increase in the benefit costs has been due to the increase in health and medical rates and a small increase in the PERS retirement contribution.
- During the 2006-2007 fiscal year, the District provided almost \$12.1 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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

The District issued \$85 million in general obligation bonds on August 12, 2002, for construction and renovation projects and equipment throughout the District. These projects were approved by the voters within the District's boundaries and will be completed over the coming three to five years.

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	2007	2006	2005
ASSETS			
Current Assets			
Cash and investments	\$ 153,356	\$ 163,352	\$ 86,807
Accounts receivable (net)	14,286	14,708	13,568
Other current assets	2,287	2,101	1,845
Total Current Assets	<u>169,929</u>	<u>180,161</u>	<u>102,220</u>
Capital Assets (net)	<u>323,782</u>	<u>296,430</u>	<u>271,716</u>
Total Assets	<u>\$ 493,711</u>	<u>\$ 476,591</u>	<u>\$ 373,936</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 28,071	\$ 26,337	\$ 17,425
Amounts held in trust for others	5,025	4,105	3,423
Current portion of long-term obligations	13,323	13,986	5,601
Total Current Liabilities	<u>46,419</u>	<u>44,428</u>	<u>26,449</u>
Long-term Obligations	<u>132,102</u>	<u>144,457</u>	<u>77,694</u>
Total Liabilities	<u>178,521</u>	<u>188,885</u>	<u>104,143</u>
NET ASSETS			
Invested in capital assets	181,011	140,632	191,330
Restricted	111,874	132,117	66,451
Unrestricted	22,305	14,957	12,012
Total Net Assets	<u>315,190</u>	<u>287,706</u>	<u>269,793</u>
Total Liabilities and Net Assets	<u>\$ 493,711</u>	<u>\$ 476,591</u>	<u>\$ 373,936</u>

Cash and investments consist primarily of funds held in the Ventura County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 13 and 14.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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 Assets* on page 12.

Table 2

(Amounts in thousands)

	2007	2006	2005
Operating Revenues			
Tuition and fees	\$ 15,749	\$ 15,952	\$ 16,795
Grants and contracts	30,839	27,457	26,953
Auxiliary sales and charges	12,375	11,685	12,063
Total Operating Revenues	<u>58,963</u>	<u>55,094</u>	<u>55,811</u>
Operating Expenses			
Salaries and benefits	120,528	115,579	118,922
Supplies and maintenance	46,524	38,080	43,379
Depreciation	4,516	4,829	4,300
Total Operating Expenses	<u>171,568</u>	<u>158,488</u>	<u>166,601</u>
Loss on Operations	<u>(112,605)</u>	<u>(103,394)</u>	<u>(110,790)</u>
Nonoperating Revenues			
State apportionments	63,774	57,818	52,092
Property taxes	58,070	56,039	44,334
State revenues	7,297	4,185	4,078
Net interest expense	315	(984)	(1,600)
Other nonoperating revenues	4,504	7,127	6,764
Total Nonoperating Revenue	<u>133,960</u>	<u>124,185</u>	<u>105,668</u>
Other Revenues			
State and local capital income	<u>6,128</u>	<u>6,984</u>	<u>16,912</u>
Net Increase in Net Assets	<u>\$ 27,483</u>	<u>\$ 27,775</u>	<u>\$ 11,790</u>

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. We noted an increase in the property taxes levied and received from property within the county. However, these increases were offset by a corresponding reduction in State apportionment revenues.

Auxiliary revenue consists of bookstore and cafeteria net revenues. The three college campuses each maintain their own bookstores and cafeterias to provide services to the students and faculty of the college. The operations are self-supporting and contribute to the student programs on each campus.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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 \$7.2 million was offset by interest expense of \$6.9 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is up approximately \$1.9 million over the 2005-2006 fiscal year due to higher interest rates and an increase in the balance of cash held at the County Treasury due to the issuance of the 2002 Series B General Obligation Bonds in the amount of \$80,000,000. Interest expense has increased approximately \$.6 million due to more interest due, associated with our general obligation bonds.

Expenses are reported by their functional categories as follows:

Table 3

(Amounts in thousands)

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies and Materials</u>	<u>Equipment and Repairs</u>	<u>Depreciation</u>	<u>Total</u>
Academic support	\$ 9,037	\$ 2,929	\$ 512	\$ 155	\$ -	\$ 12,633
Administrative support	12,247	7,227	7,725	1,335	-	28,534
Ancillary and auxiliary	2,881	1,113	10,139	305	75	14,513
Community services	928	263	478	19	-	1,688
Instructional	49,706	13,715	1,883	2,583	-	67,887
Instructional support	2,189	780	512	184	-	3,665
Plant operations	4,090	1,985	5,038	686	-	11,799
Student aid	-	-	12,100	-	-	12,100
Student services	8,520	2,897	1,652	347	-	13,416
Depreciation	-	-	-	-	4,441	4,441
Physical property	21	-	759	112	-	892
Total	<u>\$ 89,619</u>	<u>\$ 30,909</u>	<u>\$ 40,798</u>	<u>\$ 5,726</u>	<u>\$ 4,516</u>	<u>\$ 171,568</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

Changes in Cash Position

Table 4

(Amounts in thousands)

	2007	2006	2005
Cash Provided by (Used in)			
Operating activities	\$ (106,289)	\$ (90,258)	\$ (102,898)
Noncapital financing activities	134,585	124,823	108,449
Capital financing activities	(44,613)	38,485	(18,668)
Investing activities	8,073	5,190	3,425
Net Increase (Decrease) in Cash	(8,244)	78,240	(9,692)
Cash, Beginning of Year	158,472	80,232	89,924
Cash, End of Year	<u>\$ 150,228</u>	<u>\$ 158,472</u>	<u>\$ 80,232</u>

The Statement of Cash Flows on pages 13 and 14 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, 2007, the District had \$323.8 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2006, our net capital assets were \$296.4 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 Improvement category.

Capital projects are continuing through the 2007-2008 fiscal year and beyond with primary funding through our general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

Table 5

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 189.4	\$ 30.7	\$ (20.1)	\$ 200.0
Buildings and improvements	144.8	20.7	(0.5)	165.0
Equipment and vehicles	16.0	1.1	(0.4)	16.7
Subtotal	350.2	52.5	(21.0)	381.7
Accumulated depreciation	(53.8)	(4.5)	0.4	(57.9)
	<u>\$ 296.4</u>	<u>\$ 48.0</u>	<u>\$ (20.6)</u>	<u>\$ 323.8</u>

Obligations

At the end of the 2006-2007 fiscal year, the District had \$135.8 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Ventura County Community College District boundaries. Other obligations for the District includes Certificates of Participation issued to fund various capital improvement projects throughout the District and a Note Payable to fund energy retrofitting projects.

In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreements for equipment.

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 146.7	\$ -	\$ (10.9)	\$ 135.8
COPs and notes payable	7.8	-	(2.1)	5.7
	154.5	-	(13.0)	141.5
Other liabilities	3.9	0.1	(0.1)	3.9
Total Long-Term Obligations	<u>\$ 158.4</u>	<u>\$ 0.1</u>	<u>\$ (13.1)</u>	<u>\$ 145.4</u>
Amount due within one year				<u>\$ 13.3</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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 2006-2007 fiscal year on September 12, 2007.

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

The State budget continues to be a challenge for all State-funded agencies, as the legislature once again failed to pass a balanced budget. The State General Fund budget includes the use of other resources, such as transportation funds, which will not be available in the future. This could cause issues of funding shortfalls for the District in the future years.

Enrollment continues to be our biggest challenge and opportunity. In recent years, the District's base revenue has been reduced significantly due to the decline in enrollment and is still approximately \$4.3 million below base. Many enrollment strategies have been implemented but, for budget purposes, we are assuming stable enrollment for the next fiscal year. We are anticipating full restoration in the next fiscal year.

The District has the opportunity to generate additional revenue by restoring FTES lost in prior years, as well as growing the CAP allowed. For each credit FTES generated above our current level of 24,813, the District would generate \$4,565 that would be available for expenditure in fiscal year 2009 and beyond.

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 ASSETS JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 161,511	\$ 170,559
Investments	153,193,902	163,181,473
Accounts receivable	11,632,324	11,949,867
Student loans receivable, net	2,653,693	2,758,351
Prepaid expenses	168,153	207,634
Stores inventories	2,118,942	1,892,777
Total Current Assets	169,928,525	180,160,661
NONCURRENT ASSETS		
Nondepreciable capital assets	199,968,564	189,417,801
Capital assets, net of depreciation	123,813,452	107,012,744
Total Noncurrent Assets	323,782,016	296,430,545
TOTAL ASSETS	493,710,541	476,591,206
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	13,366,257	12,668,633
Accrued interest payable	2,721,465	2,864,182
Deferred revenue	11,983,776	10,804,533
Amounts held in trust on behalf of others	5,024,515	4,104,475
Accrued compensated absences	730,168	731,252
Bonds and notes payable	12,359,884	13,068,360
Lease obligations	53,226	41,982
Other long-term obligations	179,825	144,389
Total Current Liabilities	46,419,116	44,427,806
NONCURRENT LIABILITIES		
Accrued compensated absences payable	1,923,495	1,913,419
Bonds and notes payable	129,137,398	141,497,282
Lease obligations	40,570	13,091
Other long-term obligations	1,000,448	1,033,379
Total Noncurrent Liabilities	132,101,911	144,457,171
TOTAL LIABILITIES	178,521,027	188,884,977
NET ASSETS		
Invested in capital assets, net of related debt	181,010,665	140,632,062
Restricted for:		
Debt service	18,756,280	24,303,149
Capital projects	88,783,694	106,317,192
Educational programs	3,774,140	1,200,477
Other activities	559,402	296,684
Unrestricted	22,305,333	14,956,665
Total Net Assets	\$ 315,189,514	\$ 287,706,229

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
OPERATING REVENUES		
Student Tuition and Fees	\$ 20,776,816	\$ 21,562,584
Less: Scholarship discount and allowance	(5,027,644)	(5,610,306)
Net tuition and fees	15,749,172	15,952,278
Grants and Contracts, noncapital:		
Federal	13,902,859	15,027,209
State	16,936,787	12,430,112
Auxiliary Enterprise Sales and Charges		
Bookstore	10,956,022	10,371,577
Cafeteria	1,361,724	1,313,174
Internal Service Sales and Charges	56,900	-
TOTAL OPERATING REVENUES	58,963,464	55,094,350
OPERATING EXPENSES		
Salaries	89,619,058	85,896,798
Employee benefits	30,909,617	29,682,371
Supplies, materials, and other operating expenses and services	40,797,545	37,850,324
Equipment, maintenance, and repairs	5,726,125	229,739
Depreciation	4,515,897	4,829,422
TOTAL OPERATING EXPENSES	171,568,242	158,488,654
OPERATING LOSS	(112,604,778)	(103,394,304)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	63,774,155	57,817,844
Local property taxes	58,070,178	56,038,729
State taxes and other revenues	7,296,496	4,184,751
Investment income, net	6,467,314	4,526,628
Interest expense on capital related debt	(6,868,100)	(6,255,330)
Interest income on capital asset-related debt, net	715,979	745,122
Loss on disposal of capital assets	(484,627)	(7,259)
Transfer from agency fund	29,061	22,030
Transfer to agency fund	(434,314)	(265,158)
Other nonoperating revenue	5,393,610	7,378,153
TOTAL NONOPERATING REVENUES (EXPENSES)	133,959,752	124,185,510
INCOME BEFORE OTHER REVENUES AND EXPENSES	21,354,974	20,791,206
State revenues, capital	4,691,895	5,044,366
Local revenues, capital	1,436,416	1,939,915
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	6,128,311	6,984,281
INCREASE IN NET ASSETS	27,483,285	27,775,487
NET ASSETS, BEGINNING OF YEAR - RESTATED	287,706,229	259,930,742
NET ASSETS, END OF YEAR	\$ 315,189,514	\$ 287,706,229

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 15,023,911	\$ 19,844,744
Grants and contracts	32,419,471	25,419,148
Payments to vendors for supplies and services	(35,463,920)	(19,137,993)
Payments to or on behalf of employees	(120,068,813)	(115,952,100)
Payments for scholarships and grants	(11,132,085)	(11,674,755)
Auxiliary enterprise sales and charges	12,927,957	11,233,357
Loans issued to students	(64,026)	(68,941)
Collection of loans to students	68,941	78,664
Net Cash Flows from Operating Activities	(106,288,564)	(90,257,876)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	63,547,929	57,237,085
Property taxes	58,070,178	56,038,729
State taxes and other apportionments	7,989,455	4,555,909
Other nonoperating	4,977,242	6,990,955
Net Cash Flows From Noncapital Financing Activities	134,584,804	124,822,678
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(31,050,145)	(43,356,488)
State revenue, capital projects	3,459,871	8,089,465
Local revenue, capital projects	2,301,820	2,409,359
Proceeds from capital debt	125,981	80,000,000
Principal paid on capital debt	(13,155,618)	(4,594,427)
Interest paid on capital debt	(7,010,817)	(4,808,665)
Interest received on capital asset-related debt	715,979	745,122
Net Cash Flows From Capital Financing Activities	(44,612,929)	38,484,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,753,119	1,694,589
Interest received from investments	6,320,070	3,495,766
Net Cash Flows From Investing Activities	8,073,189	5,190,355
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,243,500)	78,239,523
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	158,471,725	80,232,202
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 150,228,225	\$ 158,471,725

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH USED BY OPERATING ACTUALS		
Operating Loss	\$ (112,604,778)	\$ (103,394,304)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	4,515,897	4,829,422
Changes in assets and liabilities:		
Receivables, net	60,413	894,640
Inventories	(226,165)	(261,414)
Prepaid items	39,481	5,875
Notes receivables, net	(4,915)	(9,723)
Accounts payable and accrued liabilities	697,624	3,682,729
Deferred revenue	313,839	3,313,765
Funds held for others	920,040	681,134
Total Adjustments	<u>6,316,214</u>	<u>13,136,428</u>
Net Cash Used By Operating Activities	<u>\$ (106,288,564)</u>	<u>\$ (90,257,876)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 161,511	\$ 170,559
Cash in county treasury	150,066,714	158,301,166
Total Cash and Cash Equivalents	<u>\$ 150,228,225</u>	<u>\$ 158,471,725</u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 2,170,822</u>	<u>\$ 2,129,764</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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 provides post secondary 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 not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Ventura County Community College District, this includes general operations, cafeteria service, and student related activities of the District.

- **Joint Powers Agencies and Public Entity Risk Pools**

The District is associated with one joint powers agency (JPA). The organization does not meet the criteria for inclusion as component units of the District. The JPA is the Statewide Association of Community Colleges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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, available means expected to be received within 90 days of fiscal year-end.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United State of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. 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. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

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 Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Restricted Cash and Cash Equivalents

Cash balances restricted by external sources such as grants and contracts are classified as restricted cash and cash equivalents in the Statement of Net Assets.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

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 \$1,069,060 and \$987,161 for the years ended June 30, 2007 and 2006, respectively.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2007.

Inventory

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

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. 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 are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed. Routine repairs and maintenance that do not extend the life of the building or equipment are charged as operating expenses in the year the expense is incurred.

Depreciation of capital assets is computed and recorded by 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; equipment and vehicles, 2 to 15 years.

Accrued Liabilities and Long-Term Obligations

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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, 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.

Deferred Revenue

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

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

Unrestricted: Net assets that are not subject to externally imposed constraints. Unrestricted net assets 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 reports \$111,873,516 of restricted net assets.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, State, and local grants and contracts.

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

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

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

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

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

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 State Teachers and the Public Employees Retirement Systems (STRS and PERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$2,170,822 and \$0 for STRS and PERS, respectively.

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.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

Property Tax

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.

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. 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 and discounts 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, and Stafford 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. 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*. During the year ended June 30, 2007 and 2006, the District distributed \$3,161,401 and \$3,241,855, respectively, in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students however the amounts are included on the Schedule of Federal Financial Assistance.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

New Accounting Pronouncements

- **GASB Statement No. 43:** In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The standards in this statement apply for trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirements systems, or other third parties that administer them. The provisions of this statement are effective for periods beginning after December 15, 2005. The District is not a plan sponsor of an OPEB Plan.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

- **GASB Statement No. 45:** In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The pronouncement will require employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement will be staggered in three phases based upon the entity's revenues, similar to the implementation for GASB Statements No. 34 and 35. GASB Statement No. 45 will be effective for the Ventura County Community College District on July 1, 2007. It is anticipated that the District will be in full compliance with this standard by the required implementation date.

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 - CASH AND INVESTMENTS

Policies and Practices

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

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006**

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2007, consist of the following:

Cash on hand and in banks	\$ 161,511
Investments	153,193,902
Total Deposits and Investments	<u>\$ 153,355,413</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in U.S. Treasury notes and the 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>Maturity Date</u>
U.S. Treasury Notes	\$ 3,127,188	12/07-6/08
County Pool	150,577,655	300*
Total	<u>\$ 153,704,843</u>	

* Weighted average days to maturity.

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 County pool is not required to be rated. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2007</u>
U.S. Treasury Notes	\$ 3,127,188	AAA	AAA
County Pool	150,577,655	N/A	AAAf
Total	<u>\$ 153,704,843</u>		

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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, 2007, the District's bank balance of \$96,787 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - ACCOUNTS RECEIVABLES

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

	<u>2007</u>	<u>2006</u>
Federal Government		
Categorical aid	\$ 1,713,900	\$ 1,802,528
State Government		
Apportionment	3,955,278	4,370,767
Categorical aid	435,956	1,075,339
Lottery	1,851,226	714,860
Other State sources	1,327,541	1,231,883
Local Government		
Interest	1,865,382	1,718,138
Other local sources	483,041	1,036,352
Total	<u>\$ 11,632,324</u>	<u>\$ 11,949,867</u>
Student loan receivables	\$ 3,722,753	\$ 3,745,512
Less reserve	<u>(1,069,060)</u>	<u>(987,161)</u>
Student loan receivables, net	<u>\$ 2,653,693</u>	<u>\$ 2,758,351</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2007, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$120,475,827	\$ -	\$ -	\$120,475,827
Construction in progress	68,941,974	30,732,026	20,181,263	79,492,737
Total Capital Assets Not Being Depreciated	<u>189,417,801</u>	<u>30,732,026</u>	<u>20,181,263</u>	<u>199,968,564</u>
Capital Assets Being Depreciated				
Buildings and improvements	136,303,857	18,994,355	514,986	154,783,226
Site improvements	8,520,657	1,701,894	-	10,222,551
Furniture and equipment	13,460,620	867,616	276,598	14,051,638
Vehicles	2,556,270	237,367	121,276	2,672,361
Total Capital Assets Being Depreciated	<u>160,841,404</u>	<u>21,801,232</u>	<u>912,860</u>	<u>181,729,776</u>
Total Capital Assets	<u>350,259,205</u>	<u>52,533,258</u>	<u>21,094,123</u>	<u>381,698,340</u>
Less Accumulated Depreciation				
Buildings and improvements	36,178,633	3,198,487	33,000	39,344,120
Site improvements	5,105,377	378,485	-	5,483,862
Furniture and equipment	10,242,762	797,942	275,250	10,765,454
Vehicles	2,301,888	140,983	119,983	2,322,888
Total Accumulated Depreciation	<u>53,828,660</u>	<u>4,515,897</u>	<u>428,233</u>	<u>57,916,324</u>
Net Capital Assets	<u>\$296,430,545</u>	<u>\$48,017,361</u>	<u>\$20,665,890</u>	<u>\$323,782,016</u>

Depreciation expense for the year was \$4,515,897.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006**

Capital asset activity for the District for the fiscal year ended June 30, 2006, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$120,475,827	\$ -	\$ -	\$120,475,827
Construction in progress	44,775,933	37,743,823	13,577,782	68,941,974
Total Capital Assets Not Being Depreciated	165,251,760	37,743,823	13,577,782	189,417,801
Capital Assets Being Depreciated				
Buildings and improvements	122,853,577	13,450,280	-	136,303,857
Site improvements	8,415,740	104,917	-	8,520,657
Furniture and equipment	11,879,341	1,594,831	13,552	13,460,620
Vehicles	2,459,042	97,228	-	2,556,270
Total Capital Assets Being Depreciated	145,607,700	15,247,256	13,552	160,841,404
Total Capital Assets	310,859,460	52,991,079	13,591,334	350,259,205
Less Accumulated Depreciation				
Buildings and improvements	33,187,841	2,990,792	-	36,178,633
Site improvements	4,808,450	296,927	-	5,105,377
Furniture and equipment	8,917,064	1,331,991	6,293	10,242,762
Vehicles	2,092,176	209,712	-	2,301,888
Total Accumulated Depreciation	49,005,531	4,829,422	6,293	53,828,660
Net Capital Assets	\$261,853,929	\$48,161,657	\$13,585,041	\$296,430,545

Depreciation expense for the year was \$4,829,422.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2007	2006
Accrued payroll and benefits	\$ 3,631,077	\$ 3,182,712
Construction	4,758,257	6,048,367
Other	4,976,923	3,437,554
Total	\$ 13,366,257	\$ 12,668,633

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	2007	2006
Federal financial assistance	\$ 63,550	\$ 63,336
State categorical aid	2,697,221	902,994
Apportionment	664,599	1,306,314
Schedule maintenance	1,750,686	885,282
Lottery	672,223	820,208
Other State	900,908	1,013,706
Enrollment fees	4,553,518	5,278,779
Other local	681,071	533,914
Total	<u>\$ 11,983,776</u>	<u>\$ 10,804,533</u>

NOTE 8 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	\$ 66,700,000	\$ -	\$ 2,200,000	\$ 64,500,000	\$ 1,000,000
General obligation bonds, 2002 Series B	80,000,000	-	8,720,000	71,280,000	7,800,000
Certificates of participation	4,840,000	-	1,725,000	3,115,000	3,115,000
Notes payable	3,025,642	-	423,360	2,602,282	444,884
Total Bonds and Notes Payable	<u>154,565,642</u>	<u>-</u>	<u>13,068,360</u>	<u>141,497,282</u>	<u>12,359,884</u>
Other Liabilities					
Compensated absences	2,644,671	8,992	-	2,653,663	730,168
Load banking	1,177,768	2,505	-	1,180,273	179,825
Capital leases	55,073	125,981	87,258	93,796	53,226
Total Other Liabilities	<u>3,877,512</u>	<u>137,478</u>	<u>87,258</u>	<u>3,927,732</u>	<u>963,219</u>
Total Long-Term Obligations	<u>\$ 158,443,154</u>	<u>\$ 137,478</u>	<u>\$ 13,155,618</u>	<u>\$ 145,425,014</u>	<u>\$ 13,323,103</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

The changes in the District's long-term obligations during the 2006 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	\$69,200,000	\$ -	\$ 2,500,000	\$ 66,700,000	\$ 2,200,000
General obligation bonds, 2002 Series B	-	80,000,000	-	80,000,000	8,720,000
Certificates of participation	6,490,000	-	1,650,000	4,840,000	1,725,000
Notes payable	3,428,519	-	402,877	3,025,642	423,360
Total Bonds and Notes Payable	79,118,519	80,000,000	4,552,877	154,565,642	13,068,360
Other Liabilities					
Compensated absences	2,907,959	-	263,288	2,644,671	731,252
Load banking	1,171,356	6,412	-	1,177,768	144,389
Capital leases	96,623	-	41,550	55,073	41,982
Total Other Liabilities	4,175,938	6,412	304,838	3,877,512	917,623
Total Long-Term Obligations	\$83,294,457	\$80,006,412	\$ 4,857,715	\$ 158,443,154	\$13,985,983

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local tax collections. Payments for the certificates of participation (COPs) are made by the Other Debt Service Fund. The notes payable obligation payments are made by the General Unrestricted Fund. The compensated absences and load banking will be paid by the fund for which the employee worked. Capital lease payments are made out of the General Unrestricted Fund and the Enterprise Fund.

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$356,347,814. At June 30, 2007, \$165,000,000 had been issued and \$135,780,000 was outstanding. Interest rates on the bonds range from three percent to five percent.

The COPs were issued in 1998 in the amount of \$16,290,000 to fund various capital improvement projects throughout the District. At June 30, 2007, \$3,115,000 was outstanding. The certificates mature through June 2008 with interest rates ranging from 3.9 percent to 4.4 percent.

The notes payable were issued in 2001 in the amount of \$4,248,885 to fund energy-retrofitting projects throughout the District. At June 30, 2007, \$2,602,282 was outstanding. The note matures through September 2012 with an interest rate of 4.9 percent.

The District has utilized capital lease purchase agreements to purchase equipment. The current lease purchase agreements will be paid through August 2008.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
					Outstanding July 1, 2006	Issued	Redeemed	Outstanding June 30, 2007
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$85,000,000	\$ 66,700,000	\$ -	\$ 2,200,000	\$ 64,500,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	80,000,000	-	8,720,000	71,280,000
					<u>\$146,700,000</u>	<u>\$ -</u>	<u>\$ 10,920,000</u>	<u>\$135,780,000</u>

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
2008	\$ 1,000,000	\$ 3,189,750	\$ 4,189,750
2009	1,000,000	3,158,500	4,158,500
2010	1,000,000	3,126,000	4,126,000
2011	1,000,000	3,092,250	4,092,250
2012	1,000,000	3,056,625	4,056,625
2013-2017	12,400,000	13,867,500	26,267,500
2018-2022	18,500,000	9,869,750	28,369,750
2023-2027	23,100,000	4,416,000	27,516,000
2028	5,500,000	137,500	5,637,500
Total	<u>\$ 64,500,000</u>	<u>\$ 43,913,875</u>	<u>\$ 108,413,875</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

The general obligation bonds mature through 2031 as follows:

2002 Series B

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2008	\$ 7,800,000	\$ 3,182,506	\$ 10,982,506
2009	115,000	3,063,781	3,178,781
2010	265,000	3,056,756	3,321,756
2011	425,000	3,044,816	3,469,816
2012	595,000	3,026,275	3,621,275
2013-2017	6,015,000	14,575,925	20,590,925
2018-2022	12,785,000	12,558,688	25,343,688
2023-2027	22,885,000	8,199,375	31,084,375
2028-2031	20,395,000	2,202,875	22,597,875
Total	<u>\$ 71,280,000</u>	<u>\$ 52,910,997</u>	<u>\$ 124,190,997</u>

Certificates of Participation

The certificates mature through 2008 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	<u>\$ 3,115,000</u>	<u>\$ 102,795</u>	<u>\$ 3,217,795</u>

Notes Payable

The notes mature through 2013 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2008	\$ 444,884	\$ 121,615	\$ 566,499
2009	467,503	98,996	566,499
2010	491,271	75,228	566,499
2011	516,248	50,251	566,499
2012	542,495	24,004	566,499
2013	139,881	1,744	141,625
Total	<u>\$ 2,602,282</u>	<u>\$ 371,838</u>	<u>\$ 2,974,120</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Capital Leases

The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2006	\$ 63,247
Additions	135,825
Payments	94,362
Balance, June 30, 2007	<u>\$ 104,710</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2008	\$ 59,435
2009	45,275
Total	<u>104,710</u>
Less: Amount Representing Interest	10,914
Present Value of Minimum Lease Payments	<u>\$ 93,796</u>

NOTE 9 - POSTEMPLOYMENT BENEFITS

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in PERS is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in STRS is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years and varies by employee class. The District recognizes expenditures for these postemployment health benefits on a pay-as-you-go-basis as premiums are paid. During the 2006-2007 fiscal year, the District provided insurance premium benefits to 528 retired employees with total expenditures of \$6,080,154.

The approximate accumulated future liability for the District at June 30, 2007, amounts to \$150,000,000. This amount was based on an actuarial study performed on March 21, 2007. At June 30, 2007, the District had set aside approximately \$4,700,000 for the future liability.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 10 - RISK MANAGEMENT

Property and Liability

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. During fiscal year ending June 30, 2007, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority 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 2007, the District participated in the Statewide Association of Community Colleges Joint Powers Authority (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.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

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

STRS

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRS), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

The STRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRS the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2006-2007 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$3,989,303, \$3,916,944, and \$4,092,142, 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 STRS on behalf of all community colleges in the State.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

CalPERS

Plan Description

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public entities within the State of California. The Ventura County Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. 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, California 95814.

Funding Policy

Active plan members are required to contribute seven percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2006-2007 was 9.124 percent of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2007, 2006, and 2005, were \$2,254,905, \$2,203,280, and \$2,505,357, respectively, and equaled 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to STRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS which amounted to \$2,170,822 (4.517 percent) of salaries subject to STRS. No contributions were made for PERS for the year ended June 30, 2007. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. This amount has been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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 12 - 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, 2007.

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, 2007.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Construction Commitments

As of June 30, 2007, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitments	Expected Date of Completion
Moorpark College Library Renovation	\$ 664,741	12/31/07
Moorpark College PE Renovation	502,738	12/31/07
Moorpark College EATM Building	1,003,307	12/31/09
Moorpark College Academy Center	324,847	12/31/09
Moorpark College Health/Science Complex	838,958	12/31/10
Moorpark College Planning and Development Cost	376,717	12/31/10
Moorpark College Infrastructure	1,445,145	12/31/10
Moorpark College Data Switch Project	64,444	07/01/09
Moorpark College Piped Utility Systems	4,694	12/31/10
Moorpark College Master Plan	22,016	12/31/10
Oxnard College Auto Technology	693,094	12/31/08
Oxnard College Student Services Center	18,848,285	06/30/09
Oxnard College Learning Resources Center Renovation	696,188	12/31/10
Oxnard College Planning and Development Cost	497,435	12/31/11
Oxnard College PA/Classroom and Auditorium	1,185,473	12/31/10
Oxnard College Data Switch Project	72,332	07/01/09
Oxnard College Special Repairs	16,133	12/31/11
Oxnard College Master Plan	25,613	12/31/11
Ventura College Electrical Systems Upgrade	10,300	12/31/10
Ventura College Learning Resources Center	953,123	12/31/07
Ventura College Modernization	266,350	12/31/10
Ventura College Master Plan	20,559	12/31/10
Ventura College Renovate Athletic Facilities	1,021,507	03/31/08
Ventura College GP and High Tech Project	2,390,707	12/31/09
Ventura College Planning and Development Cost	342,946	12/31/10
Ventura College Piped Utility System	11,426	12/31/10
Ventura College Renovate Theater Building	2,098	12/31/10
Ventura College Telephone Data Switch	75,310	07/01/09
Fire/Sheriff Planning and Development Cost	26,812	12/31/09
Fire/Sheriff Data Switch Project	20,019	12/31/09
Fire/Sheriff Master Plan	56,727	12/31/09
Fire/Sheriff Academy	675,920	12/31/09
	<u>\$ 33,155,964</u>	

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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

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

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

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

NOTE 14 - RESTATEMENT

The beginning balance of net assets as of June 30, 2006, invested in capital assets, net of related debt, and the capital assets as recorded on the Statement of Net Assets, have been restated. The construction in progress amount was overstated. The effect to the June 30, 2006, beginning balance of net assets was a decrease by \$9,862,387.

SUPPLEMENTARY INFORMATION

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2007

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.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr. Larry O. Miller	Chair	2008
Mr. Robert O. Huber	Vice Chair	2008
Mr. Stephen P. Blum	Member	2010
Ms. Cheryl Heitmann	Member	2010
Mr. Arturo D. Hernandez	Member	2010

ADMINISTRATION

Dr. James M. Meznik	Chancellor
Ms. Susan F. Johnson	Vice Chancellor, Business and Administrative Services
Ms. Patricia S. Parham	Associate Vice Chancellor, Human Resources

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION		
HIGHER EDUCATION ACT		
Title V Hispanic Servicing Institutions	84.031S	\$ 386,976
Pass through from Foundation at CSUSB - Title V	84.031S	29,260
Pass through from Allan Hancock CCD Title V Cooperative	84.031S	246,685
TRIO Talent Search	84.044	174,634
Child Care Access Means Parents in School (CCAMPIS)	84.335A	46,215
FINANCIAL AID CLUSTER		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	329,075
Federal Family Education Loans (FFEL)	84.032	3,161,401
Federal Work Study (FWS)	84.033	323,775
Federal Pell Grant (PELL)	84.063	9,138,852
Student Financial Aid Administrative Costs	84.063	62,744
Academic Competitiveness Grant (ACG)	84.375	34,391
VOCATIONAL AND TECHNICAL EDUCATION ACT		
Title IC	84.048	704,614
VTEA IIB Consortium Grant	84.051	165,002
Workability III - Department of Rehabilitation	84.126A	245,514
CCF Independent Living Program	84.132	10,200
Tech Prep	84.243	185,463
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Foster Kinship Care Education	93.658	208,868
Passed through from California Community College Chancellors Office		
Temporary Assistance for Needy Families (TANF)	93.558	223,086
Passed through from Yosemite Community College District		
Child Care and Development Grant	93.575	48,800
Passed through from County of Ventura Human Services Agency		
Title IV - E Casa Pacifica	93.658	596,594
Title IV - E Special Projects Training	93.658	279,534
U.S. DEPARTMENT OF AGRICULTURE		
Hispanic Serving Institutions Education Grant	10.223	18,990
U.S. DEPARTMENT OF COMMERCE		
Passed through from National Oceanic and Atmospheric Administration (NOAA)		
Educational Partnership Program-White Abalone Restoration	11.481	63,479
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
City of Simi Valley HUD CDBG Senior Education	14.218	3,001

[1] CFDA Number not available

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF LABOR		
Governor's WIA ADN	17.258	\$ 163,439
Veterans	17.804	2,102
NATIONAL SCIENCE FOUNDATION		
Passed through from Santa Clarita Community College District		
Project CREATE	47.076	42,382
Passed through from Sinclair Community College District		
Collaborative Design and Rapid Tool MFG	47.076	23,453
U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION		
Passed through from Long Beach City College District		
Small Business Development Center	59.037	143,806
OTHER FEDERAL REVENUE		
Kirkwood CCD Agro-knowledge	[1]	1,453
Fish and Wildlife	[1]	472
Total Federal Programs		<u><u>\$17,064,260</u></u>

[1] CFDA Number not available

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2007

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
AB1725 Staff Diversity 06-08	\$ 24,434	\$ -	\$ 24,434
AB1725 Staff Diversity 05-07	28,711	5,281	33,992
AB1725 Staff Diversity 03-05	7,364	13,242	20,606
ADN RN Capacity Building	412,488	-	412,488
Alternate Text Production Center	1,056,022	-	1,056,022
Applied Technologies HUB	150,000	-	150,000
Articulation	15,000	-	15,000
Basic Skills and Immigrant Education	341,924	-	341,924
Biotechnology Center Leadership 06-07	162,500	-	162,500
Block Grant FY 06	293,907	146,541	440,448
Business and Workforce Performance (COE) 06-07	205,000	-	205,000
Business and Workforce Performance (COE) 05-06	25,421	153,454	178,875
Career Technology Education Equipment	869,715	-	869,715
Cal Grant B	1,187,967	5,236	1,193,203
Cal Grant C	28,656	-	28,656
CalWorks 06-07	56,747	-	56,747
CalWorks 06-07	425,523	-	425,523
CalWorks 06-07	192,980	-	192,980
CalWorks 06-07	205,000	-	205,000
Central Coast Applied Biotech Center 06-07	205,000	-	205,000
CITD 06-07 Economic Development Grant	121,000	-	121,000
CITD HUB	287,407	-	287,407
Cooperative Agency Resource Education (CARE) 06-07	1,587,727	-	1,587,727
Credit Matriculation 06-07	2,793,976	-	2,793,976
Disabled Students Programs and Services (DSPS) 06-07	27,509	-	27,509
Disabled Students Programs and Services (DSPS) 05-06	258,352	-	258,352
EcDev Quick Start Partnership-Env Technology	112,492	-	112,492
Enrollment Growth Associate's Degree in Nursing 06-07	195,817	-	195,817
Enrollment Growth Associate's Degree in Nursing 06-07	2,189,540	-	2,189,540
Extended Opportunity Program and Services (EOPS) 06-07	81,500	-	81,500
FSS Mesa 06-07	36,345	45,155	81,500
FSS Mesa 05-06	179,211	-	179,211
Foster Kinship Care Education	2,203	-	2,203
Governor's WIA ADN and Equipment Grant	15,671	-	15,671
Governor's WIA ADN and Equipment Grant	1,026,708	-	1,026,708
IELM FY07	275,090	-	275,090
IELM FY07	109,092	-	109,092
Library Automation FY 07	16,807	93,284	110,091
Library Automation FY 06	2,177,913	-	2,177,913
Local Priorities	6,250	-	6,250
MCCP NSF Scholarship Grant	136,769	-	136,769
Middle College High School (MCHS) 06-07	55,724	-	55,724
Noncredit Matriculation 06-07	21,000	-	21,000
Pasadena CCD SB70 Biotech Quick Start			

See accompanying note to supplementary information.

Program Revenues					
Cash	Accounts	Accounts	Deferred	Total	Program
Received	Receivable	Payable	Revenue	Revenue	Expenditures
\$ 24,434	\$ -	\$ -	\$ 24,073	\$ 361	\$ 361
28,711	-	-	13,683	15,028	15,028
7,364	-	-	-	7,364	7,364
412,488	72,904	-	412,488	72,904	72,904
1,056,022	-	-	48	1,055,974	1,055,974
126,000	-	-	126,000	-	-
15,000	-	-	610	14,390	14,390
341,924	-	-	223,675	118,249	118,249
136,500	26,000	-	-	162,500	162,500
293,907	-	-	191,299	102,608	102,608
172,200	5,774	-	-	177,974	177,974
-	25,421	-	-	25,421	25,421
869,715	-	-	-	869,715	869,715
1,193,203	2,904	2,904	-	1,193,203	1,193,203
28,656	-	-	-	28,656	28,656
56,747	-	-	-	56,747	56,747
425,523	6,861	-	-	432,384	432,384
192,980	-	-	-	192,980	192,980
172,200	32,002	-	-	204,202	204,202
172,200	-	-	20,414	151,786	151,786
101,640	-	-	101,559	81	81
287,407	-	-	48	287,359	287,359
1,587,727	-	-	-	1,587,727	1,587,727
2,793,976	-	-	20,274	2,773,702	2,773,702
27,509	-	-	27,509	-	-
88,126	106,265	-	-	194,391	194,391
112,492	-	-	40,082	72,410	72,410
195,817	-	-	49,171	146,646	146,646
2,186,560	2,956	-	10,968	2,178,548	2,178,548
61,125	20,048	-	-	81,173	81,173
28,470	-	-	-	28,470	28,470
133,722	44,203	-	-	177,925	177,925
1,581	622	-	-	2,203	2,203
14,552	1,107	-	-	15,659	15,659
1,026,708	-	-	451,811	574,897	574,897
275,090	-	-	84,418	190,672	190,672
109,092	-	-	4,843	104,249	104,249
16,807	-	-	543	16,264	16,264
2,177,913	-	-	445,840	1,732,073	1,732,073
-	-	-	-	-	-
95,738	41,015	-	-	136,753	136,753
55,724	-	-	4,195	51,529	51,529
-	7,074	-	-	7,074	7,074

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Small Business Development Center	\$ 25,000	\$ -	\$ 25,000
Small Business Development Center	25,000	-	25,000
Staff Development	109,295	-	109,295
State Instructional Equipment 04-06	316,093	378,917	695,010
Student Financial Aid Administration Allowance 06-07	1,002,220	-	1,002,220
TTIP 02-04 4CNET	827	184,029	184,856
TTIP Library Automation 04-06	1,499	108,592	110,091
TTIP TCO 03-04 (Cal Ren)	174,304	46,923	221,227
TTIP Technology for Access 01-03	13,553	395,503	409,056
Workplace Resource Learning Center 06-07	205,000	-	205,000
Total	<u>\$ 19,481,253</u>	<u>\$ 1,576,157</u>	<u>\$ 21,057,410</u>

See accompanying note to supplementary information.

Program Revenues					
Cash	Accounts	Accounts	Deferred	Total	Program
Received	Receivable	Payable	Revenue	Revenue	Expenditures
\$ 22,000	\$ 2,293	\$ -	\$ -	\$ 24,293	\$ 24,293
20,000	5,707	-	-	25,707	25,707
109,295	-	-	109,295	-	-
316,093	-	-	228,846	87,247	87,247
1,002,220	-	-	4,576	997,644	997,644
827	-	-	-	827	827
1,499	-	-	-	1,499	1,499
174,304	-	-	100,953	73,351	73,351
13,553	-	-	-	13,553	13,553
172,200	32,800	-	-	205,000	205,000
<u>\$ 18,935,541</u>	<u>\$ 435,956</u>	<u>\$ 2,904</u>	<u>\$ 2,697,221</u>	<u>\$ 16,671,372</u>	<u>\$ 16,671,372</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2007**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
Credit Full-Time Equivalent Student (FTES)			
1. Summer	2,243	-	2,243
2. Weekly census	18,728	-	18,728
3. Daily census	1,629	-	1,629
4. Actual hours of attendance	564	-	564
5. Independent study/work experience	1,193	-	1,193
Subtotal	<u>24,357</u>	<u>-</u>	<u>24,357</u>
Noncredit FTES			
1. Summer	21	-	21
2. Actual hours of attendance	435	-	435
Subtotal	<u>456</u>	<u>-</u>	<u>456</u>
Total FTES	<u>24,813</u>	<u>-</u>	<u>24,813</u>
Basic Skills Courses			
1. Credit			1,103
2. Non credit			136
Total Basic Skills FTES			<u>1,239</u>
FTES Generated in Leased Space			<u>656</u>

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, 2007**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which require reconciliation to the audited financial statements at June 30, 2007.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

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

Total Fund Balance:

General Fund	\$19,903,171	
Special Revenue Funds	559,402	
Capital Project Funds	88,783,694	
Debt Service Funds	18,756,280	
Enterprise Funds	4,249,769	
Internal Service Funds	5,507,749	
Fiduciary Funds	<u>5,040,039</u>	
Total Fund Balance - All District Funds		\$ 142,800,104

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	381,698,340	
Accumulated depreciation is	(57,916,324)	
Less fixed assets already recorded in the enterprise funds	<u>(132,053)</u>	323,649,963
Amounts held in trust on behalf of others (Trust and Agency Funds)		(5,024,515)

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

(2,721,465)

Long-term obligations at year end consist of:

Bonds payable	135,780,000	
Certificates of participation	3,115,000	
Notes payable	2,602,282	
Capital leases payable	93,796	
Load banking	1,180,273	
Compensated absences	2,653,663	
Less load banking already recorded in funds	(1,180,273)	
Less compensated absences already recorded in funds	<u>(730,168)</u>	<u>(143,514,573)</u>
Total Net Assets		<u><u>\$ 315,189,514</u></u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2007

NOTE 1 - PURPOSE OF SCHEDULES

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.

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.

Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance

Full-Time Equivalent Students (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 are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

Reconciliation of Annual Financial and Budget Report 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.

Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

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INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the financial statements of Ventura County Community College District (the District) as of and for the years ended June 30, 2007 and 2006, and have issued our report thereon dated November 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura County Community College District's internal control over financial reporting as a basis for designing our auditing procedures 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 Ventura County Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ventura County Community College District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Items 2007-1 through 2007-3).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura County Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Ventura County Community College District in a separate letter dated November 28, 2007.

Ventura County Community College District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Ventura County Community College District's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vannich, Trina, Day & Co., LLP

Rancho Cucamonga, California
November 28, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Ventura County Community College District
Ventura, California

Compliance

We have audited the compliance of Ventura County Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. Ventura County Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Ventura County Community College District's management. Our responsibility is to express an opinion on Ventura County Community College District's compliance based on our audit.

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 States, 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 Ventura County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ventura County Community College District's compliance with those requirements.

In our opinion, Ventura County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs (Item 2007-4).

Internal Control Over Compliance

The management of Ventura County Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Ventura County Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Ventura County Community College District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vaughan, Travis, Day & Co., LLP

Rancho Cucamonga, California
November 28, 2007



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the financial statements of the Ventura County Community College District (the District) for the years ended June 30, 2007 and 2006, and have issued our report thereon dated November 28, 2007.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted Audit Manual (CDAM)*.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 436: Minimum Conditions - Standards of Scholarship

Section 437: Student Fee - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 421: Salaries of Classroom Instructors (50% Law)

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

Facilities

Section 434: Scheduled Maintenance Program

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for findings 2007-5 through 2007-8 as described in the accompanying Schedule of State Award Findings and Questioned Costs, the Ventura County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2007.

This report is intended solely for the information of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Vernish, Trina, Day & Co., LLP

Rancho Cucamonga, California
November 28, 2007

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2007**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.063, 84.007, 84.032, and 84.375	Financial Aid Cluster
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 511,928</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2007

The following findings represent significant deficiencies and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Cafeteria Cash Collections (Ventura and Moorpark)

2007-1 Finding

It was noted at Ventura and Moorpark that numerous student workers and District cafeteria employees have access to the same register at the same time. Currently, procedures are not in place to ensure that employees log in and out of the register while performing the cashier's responsibilities, nor are separate drawers being assigned to employees. Several employees have access to the cash at all times without any one individual having responsibility for the cash within the cashier's drawer.

Recommendation

Controls should be placed to ensure that access to the cashier's drawer is limited to the person responsible for the drawer for that particular shift. At the end of each shift, cash should be counted in dual control and reconciled to the tape register totals to ensure that all cash that should have been received was deposited. Any differences should be reconciled in a timely manner.

District Response

The District concurs with the finding. Ventura College has implemented procedures requiring individual cashiers to log-in and log-off when accessing and leaving cash register assignments. With current staffing arrangements, it is not feasible to have separate cash drawers for each person who may be performing cashing duties throughout the day as they may be assigned a very short duty. Moorpark College has also recently developed written procedures for cashiers and tracking sheet developed to monitor the closing out of each individual cashier. Along with paper documentation, the food court has moved towards a more efficient use of student workers. In order to eliminate "too" many cashiers, management has made a requirement that student workers are scheduled for no less than three hours per shift when cashiering. However, there may be circumstances beyond management's control which may require us to override this goal on a case by case basis. Moorpark College currently does have a dual count system with double signature approval and tape in each drawer.

Cafeteria (Ventura)

2007-2 Finding

The same individual who is responsible for completing the cash register reconciliation to the daily sales also prepares the deposits.

Recommendation

Procedures should be put into place to provide for an appropriate segregation of duties. The person who reconciles the daily sales to the cash register should be independent to the person who prepares the deposit. These controls should be performed by separate individuals and reviewed by independent personnel to prevent any type of misappropriation of District assets.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2007

District Response

The District concurs with the finding and recommendation. Ventura College implemented a procedure that separates the duties for reconciling the daily sales to the cash register from the preparation of the deposit. These assignments will now be completed by two different permanent staff.

Cafeteria (All Campuses)

2007-3 Finding

The three College cafeterias operate at less than break-even. Transfers in from other funds were necessary in two of the three Colleges to ensure the retained earnings remained in a positive position at year end.

Recommendation

The District will need to monitor the expenditures with the various campus cafeterias to ensure they do not continue to operate in a negative.

District Response

The District concurs with the finding and recommendation. The Colleges are now monitoring sales and cost of goods sold on a weekly/monthly basis. With the renovation of the cafeteria now complete at Ventura College, the College can now offer hot food service, which will strengthen the financial results. Renovations are near completion at Moorpark, and the HRM program at Oxnard is no longer operating in competition with the cafeteria as it did last year. In addition, all prices and menus were reviewed and strategically changed/increased where appropriate prior to the beginning of fall semester. College management meets regularly with the food management team, and budgets and goals have been clearly communicated to ensure an improvement in customer satisfaction and operating results. The results will be tracked monthly over the next fiscal year. Self-operated food service operations are not apt to be profitable, but our goal is to significantly improve the financial results or consider other management alternatives.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

The following findings represent instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

Cash Management

Federal Programs Affected - Student Financial Aid Cluster – U.S. Department of Education (DOE), Federal Supplemental Education Opportunity Grant (FSEOG) (CFDA# 84.007), Federal Pell Grant Program (CFDA #84.063), Federal Work Study Program (CFDA #84.033), Federal Family Educational Loans (CFDA #84.032), and Academic Competitiveness Grant (ACG) (CFDA #84.375)

2007-4 Finding

The investment account, which the District maintains its SFA funds in, is not an interest bearing account as required by the Department of Education.

Impact

The District is at risk on noncompliance with the Cash Management criteria.

Criteria

Maintaining and accounting for funds: Code of Federal Regulations (CFR) 34 CFR 668.163.

All entities receiving Federal financial aid funds must maintain a bank account into which the Department of Education transfers, or the school deposits, FSA program funds. As outlined below, the following two criteria need to be met:

- The requirements are that a school must maintain a bank account that is federally insured or secured by collateral of value reasonably equivalent to the amount of FSA program funds in the account. Also, for each account that contains FSA program funds, a school must identify that FSA program funds are maintained in the account by including the phrase Federal funds in the name of the account or notify the bank that the account contains FSA program funds. Absent a separate bank account for the federal funds, the school must ensure that its accounting records clearly reflect that it segregates Federal FSA funds from all other funds.
- The investment account which the school maintains these funds must be maintained in an interest bearing account, and all interest earned over \$250 per year must be returned to the Department of Education.

Questioned Costs

None.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

Recommendation

The bank account which handles the GAPS deposits is not an interest bearing account. The District will need to make sure the student financial aid bank account becomes an interest bearing account to comply with Federal regulations.

District Response

The District concurs with the finding and recommendations. The District has converted the bank account which handles the GAPS deposits to a full interest bearing account to comply with Federal regulations.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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

Health Fees (Oxnard)

2007-5 Finding

Education Code Section 73655 permits community colleges to charge a mandatory health fee as long as the college exempts certain students from the fee. The College has adopted policies regarding the exemptions. However, Oxnard College did not have a clear and defined process for claiming the exemption when a student registers. It is important that the College has a clear process to ensure that eligible students are able to claim the exemption.

Recommendation

It is recommended that the College implement a process for students to claim the exemption.

District Response

The District concurs with the finding and recommendation. Oxnard College has developed a form for students to waive the health fee. They are now located in different offices across the campus, as well as Admissions and the Health Office.

Standards of Scholarship (Ventura and Oxnard)

2007-6 Finding

As a minimum condition to receive State aid, districts are required to meet certain minimum conditions. The following areas of concern were noted:

- **Ventura College:** A college may claim apportionment for a student repeating a course for three semesters or five quarters if the course content changes each time according to California Code of Regulations (CCR), Title 5, Section 58161. At Ventura College, one student selected for testing had repeated an Art V90 four times. Therefore, this course should not have been claimed for apportionment.
- **Oxnard College:** A college must maintain a true and complete academic history showing all course repetitions according to CCR, Title 5, Section 55763 (d). At Oxnard College, one student that was tested had repeated an Economic 101 course at both Ventura and Oxnard College; however, Oxnard College did not realize the student had already repeated the course at Ventura College. This caused the student to receive additional apportionment credit for the same course at Oxnard College.

California Code of Regulations, Title 5, Sections 55763 and 58161 (b) allows one repetition of a course where substandard work has previously been recorded based on certain criteria. The college/district can claim apportionment for the repetition of the course (based on certain criteria) and the provision would also allow the previous grade to be disregarded and the new one counted in the calculation of the student's grade point average. A student can repeat a course as many times as they are approved for. What is prohibited is claiming FTES for subsequent course repetitions beyond the first repetition.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

Recommendation

We recommend that the District follow the provisions stated which prohibits claiming State apportionment for repetitions beyond the first repeat.

District Response

The District concurs with the finding and recommendation. The District now has processes in place to ensure that apportionment claims for the repetition of courses beyond the first repeat are compliant with current Title 5 regulations, and the Colleges have procedures in place to monitor compliance. We do note that the current Title 5 regulations, which were approved August 16, 2007, now clarify that apportionment funding in credit activity courses "*may be claimed for state apportionment for a maximum of four semesters or six quarters (the original enrollment and three semesters or five quarters of repeated enrollment).*" (Section 58161.c, effective 8/16/2007)

Standards of Scholarship (Moorpark)

2007-7 Finding

CCR, Title 5, Section 55756.5 requires community colleges to place a limit on the amount of remedial coursework a student may receive credit for and requires the district to communicate this policy to the students. The District has adopted such a policy, but Moorpark College has not communicated the policy to its students in the course catalog.

Recommendation

It is recommended that the College publish the District's policy regarding remedial course limitations in their school catalog.

District Response

The District concurs with the finding and recommendation. Moorpark College will include in the 2007-2008 school catalog the District's policy regarding remedial course limitations.

California Work Opportunity and Responsibility to Kids (CalWORKs) State Funds and CalWORKs Federal Temporary Assistance for Needy Families Funds (Moorpark and Oxnard)

2007-8 Finding

In our sample of 25 CalWORKs recipients for eligibility requirements tested at each college of the Ventura County Community College District, we noted the following issues of noncompliance:

- **Moorpark College:** We noted seven CalWORKs recipients who were receiving CalWORKs services did not have the *proper* eligibility documented through the County Welfare Department for each academic term the recipient was served. We also were unable to determine if eligibility was verified at the beginning of each term for those students who were verified using the County Data Match. The CalWORKs Department at Moorpark College does not have a consistent tracking mechanism for tracking student eligibility.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

- **Oxnard College:** We noted two CalWORKs recipients who were receiving CalWORKs services did not have the proper eligibility documented through the County Data Match for each academic term the recipient was served; however, we were unable to determine if the eligibility was verified at the beginning of each term as required in the 2006-2007 CalWORKs Handbook Guidelines.

Recommendation

The California Community Colleges Chancellor's Office CalWORKs Program Handbook Guidelines Section V subsection Eligibility Documentation states, "Eligibility for services must be coordinated through the local county welfare department. Once the initial eligibility determination is made by the county welfare department, on-going communication with the County is essential to ensure that a student remains in good standing. Eligibility determinations must be conducted at the beginning of each term to ensure students are eligible for services prior to receiving them."

We recommend that the District and Colleges continue to strengthen their procedures for student eligibility for all CalWORKs and TANF-funded services to ensure continued eligibility is verified at the beginning of each academic term. Services provided through other college departments, like the Child Care Center, should be coordinated with the CalWORKs program office to also verify a student's ongoing eligibility for services, academic progress, and to monitor program expenses that are directly attributable to support for the identified CalWORKs eligible recipients.

District Response

The District concurs with the finding and recommendation. Moorpark College and Oxnard College will strengthen their internal tracking system for eligibility in coordination with other college departments when services are provided through those venues to ensure eligibility, academic progress, and to monitor program expenses that are attributable to support for CalWORKS recipients.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

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 financial statement findings.

STATE

2006-1

Instructional Material Fee

The District is lacking proper board policies in regards to instructional fees.

Program Affected

Instructional Fees - Instructional Materials and Health Fee

Identified Condition

We noted the following areas of concern regarding student fees:

- **District Board Policies - Instructional Material Fees:** The governing boards of community college districts that require students to provide instructional material or other materials for a course must have adopted policies that specify the conditions under which such materials will be required. These policies should reflect the intent of the legislature that districts are not required to provide all materials, textbooks, equipment, and clothing necessary for each course and program. Districts may require students to provide these instructional materials only if they provide a continuing value to the students outside of the classroom setting, are tangible personal property that is owned or controlled by the student, and the material must not be solely or exclusively available from the district. The Board policies for the District did not specifically address the above criteria.
- **Instructional Material Fees:** California Code of Regulations Section 59402 defines "required instructional and other materials". As outlined above, these fees must provide a continuing value to the students outside of the classroom setting, be tangible personal property that is owned or controlled by the student, and the material must not be solely or exclusively available from the district. In reviewing the District's instructional fee documentation for the Moorpark campus, it was not apparent what the various fees were for or if they were approved fees based on Education Code Section 76365 requirements.
- **Optional Fees:** If any fees are considered optional, then the District must clearly describe to the students that the fees are optional so that they cannot be mistaken as a required fee. This was not clearly documented in any of the three Colleges' catalog or class schedules.

Effect

Strengthening and developing Board policies and procedures for each campus to follow will reduce the risk of noncompliance requirements which could result in questioned costs.

Recommendation

The District should review their Board approved policies and documentation of student fees noted in the College's catalog or class schedules in order to assure proper compliance with State regulations.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

Questioned Costs

None noted.

Current Status

Implemented.

2006-2

Standards of Scholarship

One college campus is not following the State Compliance requirements for repeating classes.

Program Affected

Minimum Conditions - Standards or Scholarship (Section 436) - Noncompliance with CCR, Title 5, Sections 55763 (b)

Identified Condition

Oxnard College: The College is not following the repeat policy that is stated in the course catalog (page 16) regarding course repetitions. The catalog states that, "courses may be repeated once for the purpose of improving a recorded grade". However, students are allowed to repeat a course for a second time when there have been extenuating circumstances. The student is required to fill out a "Petition for Course Repetition Due to Extenuating Circumstances", as well as submit backup documentation supporting the circumstance. The petition then must be approved by either the governing board or its designee. During testing, it was noted that all students were filling out the petitions and being allowed to repeat courses; however, no supporting documentation was being submitted for approval of repeats. In addition, the reasons being given for the repeat appeared not to be extenuating.

Criteria

California Code of Regulations, Title 5, Sections 55761-55763 and 58161

Title 5, Section 55763 (b) states, "except as provided in Subsections (c), repetition of courses for which substandard work has not been recorded shall be permitted only upon petition and with the written permission of the governing board or its designee, grades awarded for those courses repeated under the provisions shall not be counted in calculating a student's grade point average".

Effect

Strengthening and developing a tracking mechanism will reduce the risk of noncompliance requirements which could result in questioned costs.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

Recommendation

We recommend that Oxnard College review their policies relating to repeats and ensure that they are following the policies, which includes receiving all necessary back up documentation and denying petitions when necessary.

Questioned Costs

None noted.

Current Status

Implemented.

2006-3

Standards of Scholarship

The District is using credits and grades earned in the second repetition to improve a student's grade point average.

Program Affected

Minimum Conditions - Standards or Scholarship (Section 436) - Noncompliance with CCR, Title 5, Sections 55761-55763 and 58161.

Identified Condition

Districts are required to meet certain minimum conditions which include Standards of Scholarship. These conditions can have an impact on the districts receiving State aid. Within our testing of Standards of Scholarship, our sample included 15 students who had repeated the same course two or more times and for which substandard work had or had not been recorded. We noted all the students tested received a grade for those courses repeated twice, and these grades were counted in calculating the student's grade point average.

In regards to calculating GPA, Legal Opinion E 04-01 states, "a district may allow such repetitions but it may not claim apportionment for a second or subsequent repetitions and it may not allow the student to take advantage of the provisions of section 55761 more than once". This means that if the District does allow subsequent repetitions, the student's new grade cannot be substituted for the prior one in calculating GPA.

However, section 55761 does not preclude a district from awarding credit to the student for the second repetition and recording the passing grade on his or her transcript, provided the earlier grades also remain on the record. The student could use this credit to count toward an Associate Degree or toward transfer requirements. Moreover, receiving a passing grade from a second repetition would allow the student to enter a course for which the repeated course was a prerequisite. What is prohibited is using credits and grades earned in a second repetition to improve a student's GPA.

The District does not have a mechanism in place that calculates the proper credits and grades earned, which would be zero under the provision stated above improving the student's grade point average.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

Criteria

California Code of Regulations, Title 5, Sections 55761-55763 and 58161

Title 5, Section 55763 (b) states, "except as provided in Subsections (c), repetition of courses for which substandard work has not been recorded shall be permitted only upon petition and with the written permission of the governing board, grades awarded for those courses repeated under the provisions shall not be counted in calculating a student's grade point average".

Legal Advisory 04-04, Withdrawal and Course Repetition, Date January 21, 2004

Legal Advisory 04-01 states, "58161 does not preclude the college from awarding credit to the student for the second repetition and recording the passing grade on the student's transcript. However, what is prohibited in section 58161 is using credits and grades earned in the second repetition to improve a student's grade point average".

Effect

Strengthening and developing a tracking mechanism will reduce the risk of noncompliance requirements which could result in questioned costs.

Recommendation

We recommend that the College and/or District develop a mechanism that calculates the proper credits and grades earned, which under the provision stated above prohibits using credits and grades earned in the second repetition in improving the student's grade point average.

Questioned Costs

None noted.

Current Status

Implemented.

2006-4

CalWORKs Eligibility

Uses of CalWORKs State Funds and CalWORKs TANF Funds (Section 433) - No supporting documents to identify eligibility by the County Welfare Department for CalWORKs recipients for each academic term.

Program Affected

CalWORKs State Funds and CalWORKs Federal Temporary Assistance for Needy Families Funds passed through the California Community Colleges Chancellor's Office as CalWORKs State Funds and CalWORKs Federal Temporary Assistance for Needy Families (TANF).

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

Identified Condition

In our sample of 25 CalWORKs recipients for eligibility requirements of the Ventura County Community College District, we noted the following issues of noncompliance:

1. Moorpark College: We noted two CalWORKs recipients who were receiving CalWORKs services did not have the proper eligibility documented through the County Welfare Department (CWD) for each academic term the recipient was served. We were unable to determine eligibility at the beginning of each term. CalWORKs does not have a consistent tracking mechanism for tracking student eligibility and for all CalWORKs and TANF-funded services. Also, in our sample of 25 CalWORKs recipients for eligibility requirements at Moorpark College, we noted 18 CalWORKs recipients who were receiving CalWORKs services did have documented eligibility through the tape match provided from the CWD; however, the auditor could not determine the point of time the tape match was processed by the CWD nor any signature and/or verification of whether the file came from the CWD for each academic term the recipient was served. Therefore, no determination could be made to determine if eligibility was verified at the beginning of each term as required.
2. Oxnard College: We noted two CalWORKs recipients who were receiving CalWORKs services did not have the proper eligibility documented through the CWD for each academic term the recipient was served. We were unable to determine eligibility at the beginning of each term. CalWORKs does not have a consistent tracking mechanism for tracking student eligibility and for all CalWORKs and TANF-funded services. Also, in our sample of 25 CalWORKs recipients for eligibility requirements at Oxnard College, we noted 12 CalWORKs recipients who were receiving CalWORKs services did have documented eligibility through the tape match provided from the CWD; however, the auditor could not determine the point of time the tape match was processed by the CWD nor any signature and/or verification of whether the file came from the CWD for each academic term the recipient was served. Therefore, no determination could be made to determine if eligibility was verified at the beginning of each term as required.
3. Ventura College: We noted one CalWORKs recipient who was receiving CalWORKs services did not have the proper eligibility documented through the CWD for each academic term the recipient was served. We were unable to determine eligibility at the beginning of each term. CalWORKs does not have a consistent tracking mechanism for tracking student eligibility and for all CalWORKs and TANF-funded services. Also, in our sample of 25 CalWORKs recipients for eligibility requirements at Ventura College, we noted nine CalWORKs recipients who were receiving CalWORKs services did have documented eligibility through the tape match provided from the CWD; however, the auditor could not determine the point of time the tape match was processed by the CWD nor signature and/or verification the file came from the County Welfare Department for each academic term the recipient was served. The auditor also was unable to determine eligibility at the beginning of each term due to the timing at which the college receives the tape match from CWD. The auditor noted Ventura College has two summer sections, and no tape match was available for eligibility verification for these terms.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

Criteria

The California Community Colleges Chancellor's Office CalWORKs Program Handbook Guidelines Section V subsection Eligibility Documentation states, "eligibility for services must be coordinated through the local county welfare department. Once the initial eligibility determination is made by the County Welfare Department, on-going communication with the County is essential to ensure that a student remains in good standing. Eligibility determinations must be conducted at the beginning of each term to ensure students are eligible for services prior to receiving them."

Effect

Strengthening and developing an independent tracking mechanism will reduce the risk of noncompliance eligibility requirements result could lead to questioned costs.

Recommendation

We recommend that the District and the Colleges strengthen and develop an independent internal tracking of student eligibility and for all CalWORKs and TANF-funded services. Services provided through other College departments, like the Child Care Center, must be coordinated with the CalWORKs program office to also verify a student's ongoing eligibility for services, their academic progress, and to monitor program expenses that are directly attributable to support for the identified CalWORKs eligible recipients.

Questioned Costs

None noted.

Current Status

Not implemented. See current year finding and recommendation 2007-8.