



**VENTURA COUNTY  
COMMUNITY COLLEGE  
DISTRICT**

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ANNUAL FINANCIAL REPORT

---

**JUNE 30, 2010 AND 2009**

# 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 Ventura County Community College District (the District) as of and for the years ended June 30, 2010 and 2009, 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 opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Ventura County Community College District as of June 30, 2010 and 2009, 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.

As discussed in Note 14 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding allocations of Ventura County Community College District.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010, 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*, is presented for purposes of additional analysis and is 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vawter, Tine, Day & Co., LLP

Rancho Cucamonga, California  
December 7, 2010



# 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, 2010. The report consists of three basic financial statements: the Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows and provides information about the District's Primary Government and its Fiduciary Funds. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net 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 with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

## ***FINANCIAL HIGHLIGHTS***

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2009-2010 fiscal year, the reported FTES were 29,218 as compared to 29,348 in the 2008-2009 fiscal year. The fully funded cap for fiscal year 2009-2010 is 25,841 as compared to 26,847 for 2008-2009.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately \$16.6 million in the 2009-2010 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bond.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

**JUNE 30, 2010 AND 2009**

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- Costs for employee salaries decreased by 3.2 percent or \$3.4 million in the 2009-2010 fiscal year and costs associated with employee benefits increased by .8 percent or \$.3 million. This increase in the benefit costs has been due to the increase in health and medical rates.
- During the 2009-2010 fiscal year, the District provided almost \$26.7 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2010 AND 2009**

***THE DISTRICT AS A WHOLE***

**Net Assets**

**Table 1**

(Amounts in thousands)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 225,591	\$ 272,269	\$ 114,011
Accounts receivable (net)	22,054	30,403	17,600
Other current assets	2,254	2,598	2,466
Total Current Assets	<u>249,899</u>	<u>305,270</u>	<u>134,077</u>
Capital Assets (net)	<u>463,995</u>	<u>401,214</u>	<u>351,594</u>
Total Assets	<u><u>\$ 713,894</u></u>	<u><u>\$ 706,484</u></u>	<u><u>\$ 485,671</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 31,201	\$ 31,424	\$ 27,376
Current portion of long-term obligations	2,789	2,666	2,597
Total Current Liabilities	<u>33,990</u>	<u>34,090</u>	<u>29,973</u>
Long-Term Obligations	<u>328,991</u>	<u>326,208</u>	<u>132,572</u>
Total Liabilities	<u><u>362,981</u></u>	<u><u>360,298</u></u>	<u><u>162,545</u></u>
<b>NET ASSETS</b>			
Invested in capital assets	145,020	83,478	224,563
Restricted	174,866	232,812	76,960
Unrestricted	31,027	29,896	21,603
Total Net Assets	<u>350,913</u>	<u>346,186</u>	<u>323,126</u>
Total Liabilities and Net Assets	<u><u>\$ 713,894</u></u>	<u><u>\$ 706,484</u></u>	<u><u>\$ 485,671</u></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 14 and 15.

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 (REQUIRED SUPPLEMENTARY INFORMATION)

**JUNE 30, 2010 AND 2009**

### 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 13.

**Table 2**

(Amounts in thousands)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Revenues			
Tuition and fees	\$ 18,200	\$ 16,069	\$ 15,381
Auxiliary sales and charges/Other operating	11,863	12,989	13,246
Total Operating Revenues	<u>30,063</u>	<u>29,058</u>	<u>28,627</u>
Operating Expenses			
Salaries and benefits	140,835	143,971	134,880
Supplies and maintenance	32,494	31,960	35,459
Student financial aid	26,695	17,201	13,110
Depreciation	7,853	7,404	6,372
Total Operating Expenses	<u>207,877</u>	<u>200,536</u>	<u>189,821</u>
Loss on Operations	<u>(177,814)</u>	<u>(171,478)</u>	<u>(161,194)</u>
Nonoperating Revenues (Expenses)			
State apportionments	67,710	75,439	70,613
Property taxes	65,122	65,613	55,040
Grants and contracts	46,046	37,474	32,770
State revenues	4,181	4,177	3,828
Net interest expense	(12,439)	(5,908)	(416)
Other nonoperating revenues	5,074	6,746	5,786
Total Nonoperating Revenue	<u>175,694</u>	<u>183,541</u>	<u>167,621</u>
Other Revenues			
State and local capital income	<u>6,846</u>	<u>10,997</u>	<u>1,510</u>
Net Increase in Net Assets	<u>\$ 4,726</u>	<u>\$ 23,060</u>	<u>\$ 7,937</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. We also noted an increase in State apportionment.

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 (REQUIRED SUPPLEMENTARY INFORMATION) JUNE 30, 2010 AND 2009

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 \$4.9 million was offset by interest expense of \$17.4 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately \$1.4 million over the 2008-2009 fiscal year due to a decrease in the balance of cash held at the County Treasury and lower interest rate. Interest expense has increased approximately \$5.1 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)

	<b>Salaries</b>	<b>Employee Benefits</b>	<b>Supplies and Materials</b>	<b>Student Financial Aid</b>	<b>Equipment and Repairs</b>	<b>Depreciation</b>	<b>Total</b>
Academic support	\$ 12,816	\$ 4,796	\$ 407	\$ -	\$ -	\$ -	\$ 18,019
Administrative support	12,605	5,461	8,602	-	-	-	26,668
Ancillary and auxiliary	3,730	1,622	10,235	-	-	-	15,587
Community services	1,037	348	555	-	-	-	1,940
Instructional	54,366	16,189	1,821	-	-	-	72,376
Instructional support	2,310	922	449	-	-	-	3,681
Plant operations	4,825	2,644	4,978	-	-	-	12,447
Student aid	-	-	505	26,695	-	-	27,200
Student services	10,716	4,004	1,793	-	-	-	16,513
Postemployment benefits	-	2,442	-	-	-	-	2,442
Depreciation	-	-	-	-	-	7,853	7,853
Physical property	2	-	1,260	-	1,889	-	3,151
<b>Total</b>	<b>\$102,407</b>	<b>\$38,428</b>	<b>\$ 30,605</b>	<b>\$ 26,695</b>	<b>\$ 1,889</b>	<b>\$ 7,853</b>	<b>\$207,877</b>

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION) JUNE 30, 2010 AND 2009

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### Changes in Cash Position

Table 4

(Amounts in thousands)

	2010	2009	2008
Cash Provided by (Used in)			
Operating activities	\$ (167,297)	\$ (161,589)	\$ (155,917)
Noncapital financing activities	178,772	161,026	156,700
Capital financing activities	(63,444)	153,334	(43,954)
Investing activities	5,291	5,487	9,575
Net Increase (Decrease) in Cash	(46,678)	158,258	(33,596)
Cash, Beginning of Year	272,269	114,011	147,607
Cash, End of Year	<u>\$ 225,591</u>	<u>\$ 272,269</u>	<u>\$ 114,011</u>

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

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

### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

#### **Capital Assets**

At June 30, 2010, the District had \$464.0 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2009, our net capital assets were \$401.2 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2010-2011 fiscal year and beyond with primary funding through our general obligation bond.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2010 AND 2009**

**Table 5**

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 225.3	\$ 69.4	\$ (16.7)	\$ 278.0
Buildings and improvements	227.9	16.6	-	244.5
Equipment and vehicles	18.4	1.3	-	19.7
Subtotal	471.6	87.3	(16.7)	542.2
Accumulated depreciation	(70.4)	(7.8)	-	(78.2)
	<u>\$ 401.2</u>	<u>\$ 79.5</u>	<u>\$ (16.7)</u>	<u>\$ 464.0</u>

**Obligations**

At the end of the 2009-2010 fiscal year, the District had \$319.0 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 include 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, load banking, and postemployment 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	\$ 317.7	\$ 2.5	\$ (1.2)	\$ 319.0
Notes payable	1.7	-	(0.5)	1.2
	319.4	2.5	(1.7)	320.2
Other liabilities	9.5	9.6	(7.5)	11.6
Total Long-Term Obligations	<u>\$ 328.9</u>	<u>\$ 12.1</u>	<u>\$ (9.2)</u>	<u>\$ 331.8</u>
Amount due within one year				<u>\$ 2.8</u>

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

**JUNE 30, 2010 AND 2009**

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### ***GENERAL FUND BUDGETARY HIGHLIGHTS***

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2009-2010 fiscal year on October 12, 2010.

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.

In fiscal year 2009-2010, the District received approximately \$12 million less from the State in general appropriations and categorical funding than in fiscal year 2008-2009. Because of the significant State-wide shortfall and lack of reasonable identifiable solutions at the time, the District previously assumed an approximate \$5 million decrease to revenue in fiscal year 2010-2011. The adoption budget for the General Fund is recommended the same level of State funding as received in fiscal year 2009-2010. Because of the decrease in overall funding in fiscal year 2009-2010 and because the District has experienced increased costs without the relief of State-funded COLA, the impact of the budget over a two-year period is that the colleges have been forced to reassess the programs and services they can deliver. The District can no longer provide all the services previously offered; however, the District will continue to focus on the delivery of core services and quality education.

In fiscal year 2009-2010, the District served 29,218 FTES, of which approximately 3,400 were unfunded. Although the State has continued to constrain funded growth, the District has achieved efficiency factors that have allowed us to continue to serve more students with fewer dollars, some of which may not be sustainable. The District continues to emphasize enrollment management with the effect of reducing unfunded FTES while continuing to meet our primary mission.

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

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF NET ASSETS - PRIMARY GOVERNMENT  
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 165,504	\$ 140,745
Cash and cash equivalents - restricted	17,838	31,631
Investments - unrestricted	33,766,054	24,948,035
Investments - restricted	191,641,443	247,148,178
Accounts receivable, net	19,606,839	26,608,352
Student loans receivable, net	2,447,589	3,795,022
Prepaid expenses	265,452	571,144
Inventories	1,988,514	2,027,204
<b>Total Current Assets</b>	<u>249,899,233</u>	<u>305,270,311</u>
<b>NONCURRENT ASSETS</b>		
Nondepreciable capital assets	277,984,773	225,327,870
Capital assets, net of depreciation	186,010,356	175,886,132
<b>Total Noncurrent Assets</b>	<u>463,995,129</u>	<u>401,214,002</u>
<b>TOTAL ASSETS</b>	<u>713,894,362</u>	<u>706,484,313</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	14,566,985	14,104,770
Accrued interest payable	6,163,367	6,181,326
Deferred revenue	10,467,252	11,135,075
Other current liabilities	3,355	3,154
Accrued compensated absences	839,939	903,999
Bonds and notes payable	1,941,248	1,756,271
Lease obligations	8,140	5,331
<b>Total Current Liabilities</b>	<u>33,990,286</u>	<u>34,089,926</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences payable	2,203,988	2,315,391
Bonds and notes payable	318,215,829	317,663,825
Lease obligations	8,374	-
Other long-term obligations	8,563,363	6,229,007
<b>Total Noncurrent Liabilities</b>	<u>328,991,554</u>	<u>326,208,223</u>
<b>TOTAL LIABILITIES</b>	<u>362,981,840</u>	<u>360,298,149</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	145,020,162	83,478,470
Restricted for:		
Debt service	7,881,306	8,480,126
Capital projects	162,441,931	219,866,378
Educational programs	4,011,301	3,852,317
Other activities	531,099	620,593
Unrestricted	31,026,723	29,888,280
<b>Total Net Assets</b>	<u>\$ 350,912,522</u>	<u>\$ 346,186,164</u>

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS - PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 26,378,403	\$ 21,661,330
Less: Scholarship discount and allowance	(8,178,701)	(5,592,650)
Net tuition and fees	<u>18,199,702</u>	<u>16,068,680</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	9,804,888	11,076,667
Cafeteria	1,839,295	1,767,485
Other Operating Revenues	218,970	145,520
<b>TOTAL OPERATING REVENUES</b>	<u>30,062,855</u>	<u>29,058,352</u>
<b>OPERATING EXPENSES</b>		
Salaries	102,407,100	105,838,278
Employee benefits	38,427,982	38,132,474
Supplies, materials, and other operating expenses and services	30,605,253	31,846,844
Student financial aid	26,694,588	17,201,203
Equipment, maintenance, and repairs	1,889,265	113,583
Depreciation	7,852,674	7,404,005
<b>TOTAL OPERATING EXPENSES</b>	<u>207,876,862</u>	<u>200,536,387</u>
<b>OPERATING LOSS</b>	<u>(177,814,007)</u>	<u>(171,478,035)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	67,709,618	75,439,041
Local property taxes, levied for general purposes	49,902,088	49,172,305
Taxes levied for other specific purposes	15,220,105	16,440,924
Federal grants	35,261,995	21,436,075
State grants	10,783,722	16,038,013
State taxes and other revenues	4,181,505	4,176,907
Investment income	4,684,429	6,098,657
Interest expense on capital related debt	(17,365,222)	(12,258,964)
Investment income on capital asset-related debt, net	241,706	251,885
Transfer from fiduciary funds	123,184	165,956
Transfer to fiduciary funds	(354,604)	(1,191,255)
Other nonoperating revenue	5,305,666	7,771,469
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>175,694,192</u>	<u>183,541,013</u>
<b>INCOME BEFORE OTHER REVENUES</b>	<u>(2,119,815)</u>	<u>12,062,978</u>
State revenues, capital	5,706,597	9,867,519
Local revenues, capital	1,139,576	1,129,410
<b>TOTAL OTHER REVENUES</b>	<u>6,846,173</u>	<u>10,996,929</u>
<b>CHANGE IN NET ASSETS</b>	<u>4,726,358</u>	<u>23,059,907</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>346,186,164</u>	<u>323,126,257</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 350,912,522</u>	<u>\$ 346,186,164</u>

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 20,128,396	\$ 16,046,213
Payments to vendors for supplies and services	(33,812,291)	(31,272,738)
Payments to or on behalf of employees	(138,781,793)	(142,151,283)
Payments for scholarships and grants	(26,694,588)	(17,201,203)
Auxiliary enterprise sales and charges	11,863,153	12,989,672
<b>Net Cash Flows from Operating Activities</b>	<b>(167,297,123)</b>	<b>(161,589,339)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	65,091,845	68,170,751
Grants and contracts	46,327,471	35,904,590
Property taxes - nondebt related	49,902,088	49,172,305
State taxes and other apportionments	12,377,051	(2,740,739)
Other nonoperating	5,073,522	10,518,589
<b>Net Cash Flows From Noncapital Financing Activities</b>	<b>178,771,977</b>	<b>161,025,496</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(69,116,661)	(55,914,947)
State revenue - capital projects	5,706,597	9,867,519
Local revenue - capital projects	1,139,576	1,129,410
Property taxes - related to capital debt	15,220,105	16,440,924
Proceeds from capital debt	2,517,679	191,865,201
Principal paid on capital debt	(1,769,515)	(1,628,059)
Interest paid on capital debt	(17,383,181)	(8,677,745)
Interest received on capital asset-related debt	241,706	251,885
<b>Net Cash Flows From Capital Financing Activities</b>	<b>(63,443,694)</b>	<b>153,334,188</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	5,291,090	5,486,755
<b>Net Cash Flows From Investing Activities</b>	<b>5,291,090</b>	<b>5,486,755</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(46,677,750)</b>	<b>158,257,100</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>272,268,589</b>	<b>114,011,489</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 225,590,839</b>	<b>\$ 272,268,589</b>

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTUALS</b>		
Operating Loss	\$ (177,814,007)	\$ (171,478,035)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	7,852,674	7,404,005
Changes in Assets and Liabilities:		
Receivables, net	1,347,433	(894,776)
Inventories	38,690	226,930
Prepaid expenses	305,692	(359,348)
Accounts payable and accrued liabilities	(1,036,765)	(4,723,092)
Accrued interest payable	(17,959)	3,581,219
Deferred revenue	(131,774)	1,186,376
OPEB obligation	2,441,631	3,342,345
Compensated absences/Load banking	(282,738)	125,037
Total Adjustments	<u>10,516,884</u>	<u>9,888,696</u>
<b>Net Cash Used By Operating Activities</b>	<u>\$ (167,297,123)</u>	<u>\$ (161,589,339)</u>
 <b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>		
Cash in banks	\$ 183,342	\$ 172,376
Cash in county treasury	225,407,497	272,096,213
<b>Total Cash and Cash Equivalents</b>	<u>\$ 225,590,839</u>	<u>\$ 272,268,589</u>
 <b>NONCASH TRANSACTIONS</b>		
On behalf payments for benefits	<u>\$ 2,284,787</u>	<u>\$ 2,480,683</u>

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF FIDUCIARY NET ASSETS JUNE 30, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
	<u>Trust</u>	<u>Trust</u>
<b>ASSETS</b>		
Investments	\$ 6,712,498	\$ 6,928,919
Accounts receivable	39,373	33,145
Student loan receivable, net	276,202	340,504
Prepaid expenses	385	6,239
<b>Total Assets</b>	<u>7,028,458</u>	<u>7,308,807</u>
 <b>LIABILITIES</b>		
Accounts payable	96,779	124,093
Deferred revenue	272,304	276,096
<b>Total Liabilities</b>	<u>369,083</u>	<u>400,189</u>
 <b>NET ASSETS</b>		
Unreserved	<u>6,659,375</u>	<u>6,908,618</u>
<b>Total Net Assets</b>	<u>\$ 6,659,375</u>	<u>\$ 6,908,618</u>

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
	<u>Trust</u>	<u>Trust</u>
<b>ADDITIONS</b>		
Local revenues	<u>\$ 2,478,971</u>	<u>\$ 2,527,497</u>
<b>DEDUCTIONS</b>		
Academic salaries	4,681	1,549
Classified salaries	156,285	162,567
Employee benefits	11,591	11,640
Books and supplies	761,683	807,538
Services and operating expenditures	684,090	701,001
Capital outlay	<u>137,332</u>	<u>166,119</u>
<b>Total Deductions</b>	<u>1,755,662</u>	<u>1,850,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers from primary government	354,604	1,191,255
Operating transfers to primary government	(123,184)	(165,956)
Other uses	<u>(1,203,972)</u>	<u>(487,828)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(972,552)</u>	<u>537,471</u>
<b>Change in Net Assets</b>	<u>(249,243)</u>	<u>1,214,554</u>
<b>Net Assets - Beginning</b>	<u>6,908,618</u>	<u>5,694,064</u>
<b>Net Assets - Ending</b>	<u><u>\$ 6,659,375</u></u>	<u><u>\$ 6,908,618</u></u>

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### ***NOTE 1 - ORGANIZATION***

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

### ***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### **Financial Reporting Entity**

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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The District, along with the Santa Paula Redevelopment Agency (the Agency) and the City of Santa Paula, formed the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority (the Authority). The Authority was formed under an agreement dated November 2, 1992, under The Joint Powers Act. The purpose of the Authority is to carry out the intent of the agreement to finance Public Capital Improvements which benefit the District. The Authority is governed by a five-member commission. The commission is composed of three members appointed by the District and two members appointed by the Agency. The activity of the Authority is reported in the financial statements of the District using the blended presentation method and is included as part of the basic financial statements. Below is a breakout of the financial reporting activity of the Authority:

	<u>2010</u>
Revenues	
Distribution from Santa Paula Redevelopment Agency	\$ 70,893
Interest	<u>5,122</u>
Total Revenues	76,015
Expenses	
Santa Paula Center Building Lease Payments	<u>62,750</u>
Net Change	13,265
Beginning Balance	<u>255,582</u>
Ending Balance	<u><u>\$ 268,847</u></u>

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

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

The 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. The District has not elected to apply FASB pronouncements after that date. 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's *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 - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Assets
    - Statement of Changes in Fiduciary Net Assets
- Notes to the Financial Statements

### **Cash and Cash Equivalents**

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### **Investments**

Investments held at June 30, 2010 and 2009, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,554,106 and \$1,393,635 for the years ended June 30, 2010 and 2009, respectively.

### **Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2010.

### **Inventories**

Inventories consist 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 to buildings and land that significantly increase the value or extend the useful life of the asset 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-process as the projects are constructed.

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

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

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### 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. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

### 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.

### Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to imposed 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. Net assets may be restricted for capital projects, debt repayment, and/or educational programs. None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

**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.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$174,865,637 of restricted net assets.

### **State Apportionments**

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

### **On-Behalf Payments**

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement Systems (CalPERS) on behalf of all community colleges in California.

### **Estimates**

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

### **Property Taxes**

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

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

### **Scholarship Discounts and Allowances**

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, 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.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### **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, 2010 and 2009, the District distributed \$6,109,779 and \$5,843,891, 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 Expenditures of Federal Awards.

### **Interfund Activity**

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds financial statements, respectively.

### **New Accounting Pronouncements**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

### **Comparative Financial Information**

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### NOTE 3 - DEPOSITS AND INVESTMENTS

#### Policies and Practices

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

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

#### General Authorizations

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

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

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**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, 2010, consist of the following:

Primary government	\$ 225,590,839
Fiduciary funds	6,712,498
Total Deposits and Investments	<u>\$ 232,303,337</u>
Cash on hand and in banks	\$ 128,342
Cash in revolving	55,000
Investments	232,119,995
Total Deposits and Investments	<u>\$ 232,303,337</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the 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>
County Pool	<u>\$ 233,038,976</u>	<u>344*</u>

\* Weighted average days to maturity.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

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**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the 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, 2010</u>
County Pool	<u>\$ 233,038,976</u>	<u>N/A</u>	<u>AAAf</u>

**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, 2010, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**NOTE 4 - ACCOUNTS RECEIVABLES**

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

	<u>Primary Government</u>	
	<u>2010</u>	<u>2009</u>
Federal Government		
Categorical aid	\$ 2,204,041	\$ 2,394,410
Other Federal aid	-	314,735
State Government		
Apportionment	13,945,395	11,515,269
Categorical aid	268,361	393,413
Lottery	846,262	2,012,836
State construction claims	97,168	7,068,393
Other State sources	-	57,747
Local Sources		
Interest	1,039,714	1,646,375
Other local sources	1,205,898	1,232,752
Reserve	-	(27,578)
Total	<u>\$ 19,606,839</u>	<u>\$ 26,608,352</u>
Student loan receivables	\$ 4,001,695	\$ 5,161,079
Less reserve	<u>(1,554,106)</u>	<u>(1,366,057)</u>
Student loan receivables, net	<u>\$ 2,447,589</u>	<u>\$ 3,795,022</u>
	<u>Fiduciary Funds</u>	
	<u>2010</u>	<u>2009</u>
Local Sources		
Interest	\$ 14,605	\$ 25,696
Other local sources	24,768	7,449
Total	<u>\$ 39,373</u>	<u>\$ 33,145</u>
Student loan receivables	\$ 276,202	\$ 340,504
Less reserve	-	-
Student loan receivables, net	<u>\$ 276,202</u>	<u>\$ 340,504</u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 120,475,827	\$ -	\$ -	\$ 120,475,827
Construction in progress	104,852,043	69,342,321	16,685,418	157,508,946
Total Capital Assets Not Being Depreciated	<u>225,327,870</u>	<u>69,342,321</u>	<u>16,685,418</u>	<u>277,984,773</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	183,264,670	16,179,851	-	199,444,521
Site improvements	44,578,937	505,567	-	45,084,504
Furniture and equipment	16,274,352	1,204,415	6,949	17,471,818
Vehicles	2,158,871	87,065	-	2,245,936
Total Capital Assets Being Depreciated	<u>246,276,830</u>	<u>17,976,898</u>	<u>6,949</u>	<u>264,246,779</u>
Total Capital Assets	<u>471,604,700</u>	<u>87,319,219</u>	<u>16,692,367</u>	<u>542,231,552</u>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	47,383,512	4,504,751	-	51,888,263
Site improvements	8,548,033	2,165,576	-	10,713,609
Furniture and equipment	12,684,393	1,047,508	6,949	13,724,952
Vehicles	1,774,760	134,839	-	1,909,599
Total Accumulated Depreciation	<u>70,390,698</u>	<u>7,852,674</u>	<u>6,949</u>	<u>78,236,423</u>
Net Capital Assets	<u>\$ 401,214,002</u>	<u>\$ 79,466,545</u>	<u>\$ 16,685,418</u>	<u>\$ 463,995,129</u>

Depreciation expense for the year was \$7,852,674.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

Capital asset activity for the District for the fiscal year ended June 30, 2009, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 120,475,827	\$ -	\$ -	\$ 120,475,827
Construction in progress	91,424,362	55,529,136	42,101,455	104,852,043
<b>Total Capital Assets Not Being Depreciated</b>	<b>211,900,189</b>	<b>55,529,136</b>	<b>42,101,455</b>	<b>225,327,870</b>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	165,378,727	17,885,943	-	183,264,670
Site improvements	20,363,425	24,215,512	-	44,578,937
Furniture and equipment	14,884,569	1,389,783	-	16,274,352
Vehicles	2,054,052	104,819	-	2,158,871
<b>Total Capital Assets Being Depreciated</b>	<b>202,680,773</b>	<b>43,596,057</b>	<b>-</b>	<b>246,276,830</b>
<b>Total Capital Assets</b>	<b>414,580,962</b>	<b>99,125,193</b>	<b>42,101,455</b>	<b>471,604,700</b>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	43,046,142	4,337,370	-	47,383,512
Site improvements	6,905,413	1,642,620	-	8,548,033
Furniture and equipment	11,394,490	1,289,903	-	12,684,393
Vehicles	1,640,648	134,112	-	1,774,760
<b>Total Accumulated Depreciation</b>	<b>62,986,693</b>	<b>7,404,005</b>	<b>-</b>	<b>70,390,698</b>
<b>Net Capital Assets</b>	<b>\$ 351,594,269</b>	<b>\$91,721,188</b>	<b>\$42,101,455</b>	<b>\$ 401,214,002</b>

Depreciation expense for the year was \$7,404,005.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2010</u>	<u>2009</u>
Accrued payroll and benefits		\$ 2,193,904	\$ 2,299,508
Construction		8,459,677	6,942,537
Student liability		1,399,862	1,145,006
Federal categorical aid		268,260	442,994
Other		2,245,282	3,274,725
	Total	<u>\$ 14,566,985</u>	<u>\$ 14,104,770</u>

  

		<u>Fiduciary Funds</u>	
		<u>2010</u>	<u>2009</u>
Student liability		\$ 59,424	\$ 68,847
Other		37,355	55,246
	Total	<u>\$ 96,779</u>	<u>\$ 124,093</u>

**NOTE 7 - DEFERRED REVENUE**

Deferred revenue for the District consisted of the following:

		<u>Primary Government</u>	
		<u>2010</u>	<u>2009</u>
Federal categorical aid		\$ 41,701	\$ 42,515
State categorical aid		1,783,196	2,495,417
Lottery		449,221	368,330
Apportionment		-	187,647
Schedule maintenance		1,030,161	1,613,428
Other State		136,246	49,059
Enrollment fees/student fees		6,401,499	5,820,238
Other local		625,228	558,441
	Total	<u>\$ 10,467,252</u>	<u>\$ 11,135,075</u>

  

		<u>Fiduciary Funds</u>	
		<u>2010</u>	<u>2009</u>
Enrollment fees/student fees		\$ 272,304	\$ 276,096

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**NOTE 8 - INTERFUND TRANSACTIONS**

**Interfund Receivables and Payables (Due To/Due From)**

Balances owing between funds at year-end were \$1,246,039 and \$7,254,257 for the years ended June 30, 2010 and 2009, respectively. The balances result from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances at June 30, 2010 and 2009, have been eliminated in the consolidation process for financial statement presentation.

**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

**NOTE 9 - LONG-TERM OBLIGATIONS**

**Long-Term Obligations Summary**

The changes in the District's long-term obligations during the 2010 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds, 2002 Series A	\$ 62,500,000	\$ -	\$ 1,000,000	\$ 61,500,000	\$1,000,000
General obligation bonds, 2002 Series B	63,365,000	-	265,000	63,100,000	425,000
General obligation bonds, 2002 Series C	191,865,201	2,493,252	-	194,358,453	-
Notes payable	1,689,895	-	491,271	1,198,624	516,248
Total Bonds and Notes Payable	<u>319,420,096</u>	<u>2,493,252</u>	<u>1,756,271</u>	<u>320,157,077</u>	<u>1,941,248</u>
<b>Other Liabilities</b>					
Compensated absences	3,219,390	-	175,463	3,043,927	839,939
Load banking	1,115,334	-	107,275	1,008,059	-
Capital leases	5,331	24,427	13,244	16,514	8,140
Net OPEB obligation	5,113,673	9,616,272	7,174,641	7,555,304	-
Total Other Liabilities	<u>9,453,728</u>	<u>9,640,699</u>	<u>7,470,623</u>	<u>11,623,804</u>	<u>848,079</u>
Total Long-Term Obligations	<u>\$ 328,873,824</u>	<u>\$12,133,951</u>	<u>\$ 9,226,894</u>	<u>\$ 331,780,881</u>	<u>\$2,789,327</u>

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

The changes in the District's long-term obligations during the 2009 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds, 2002 Series A	\$ 63,500,000	\$ -	\$1,000,000	\$ 62,500,000	\$1,000,000
General obligation bonds, 2002 Series B	63,480,000	-	115,000	63,365,000	265,000
General obligation bonds, 2002 Series C	-	191,865,201	-	191,865,201	-
Notes payable	2,157,398	-	467,503	1,689,895	491,271
<b>Total Bonds and Notes Payable</b>	<b>129,137,398</b>	<b>191,865,201</b>	<b>1,582,503</b>	<b>319,420,096</b>	<b>1,756,271</b>
<b>Other Liabilities</b>					
Compensated absences	3,010,308	209,082	-	3,219,390	903,999
Load banking	1,199,379	-	84,045	1,115,334	-
Capital leases	50,887	-	45,556	5,331	5,331
Net OPEB obligation	1,771,328	9,616,272	6,273,927	5,113,673	-
<b>Total Other Liabilities</b>	<b>6,031,902</b>	<b>9,825,354</b>	<b>6,403,528</b>	<b>9,453,728</b>	<b>909,330</b>
<b>Total Long-Term Obligations</b>	<b>\$135,169,300</b>	<b>\$201,690,555</b>	<b>\$7,986,031</b>	<b>\$328,873,824</b>	<b>\$2,665,601</b>

### Description of Debt

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

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$356,347,814. At June 30, 2010, \$356,347,814 had been issued and \$318,958,453 was outstanding. Interest rates on the bonds range from 3.0 percent to 7.5 percent.

The notes payable were issued in 2001 in the amount of \$4,248,885 to fund energy-retrofitting projects throughout the District. At June 30, 2010, \$1,198,624 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 land, buildings, and equipment. The current lease purchase agreements will be paid through August 2011.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds
					Outstanding July 1, 2009	Issued	Addition	Redeemed	Outstanding June 30, 2010
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	\$ 85,000,000	\$ 62,500,000	\$ -	\$ -	\$ 1,000,000	\$ 61,500,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	63,365,000	-	-	265,000	63,100,000
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	191,865,201	-	2,493,252	-	194,358,453
					<u>\$ 317,730,201</u>	<u>\$ -</u>	<u>\$ 2,493,252</u>	<u>\$ 1,265,000</u>	<u>\$ 318,958,453</u>

The general obligation bonds mature through 2028 as follows:

#### 2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
2011	\$ 1,000,000	\$ 3,092,250	\$ 4,092,250
2012	1,000,000	3,056,625	4,056,625
2013	1,000,000	3,013,500	4,013,500
2014	2,600,000	2,923,500	5,523,500
2015	2,800,000	2,788,500	5,588,500
2016-2020	16,500,000	11,630,000	28,130,000
2021-2025	21,200,000	6,745,250	27,945,250
2026-2028	15,400,000	1,190,000	16,590,000
Total	<u>\$ 61,500,000</u>	<u>\$ 34,439,625</u>	<u>\$ 95,939,625</u>

The general obligation bonds mature through 2031 as follows:

#### 2002 Series B

Fiscal Year	Principal	Interest to Maturity	Total
2011	\$ 425,000	\$ 3,044,816	\$ 3,469,816
2012	595,000	3,026,275	3,621,275
2013	780,000	3,000,725	3,780,725
2014	975,000	2,967,575	3,942,575
2015	1,185,000	2,924,375	4,109,375
2016-2020	9,735,000	13,598,313	23,333,313
2021-2025	18,400,000	10,259,750	28,659,750
2026-2030	24,905,000	4,633,625	29,538,625
2031	6,100,000	152,500	6,252,500
Total	<u>\$ 63,100,000</u>	<u>\$ 43,607,954</u>	<u>\$ 106,707,954</u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

The general obligation bonds mature through 2034 as follows:

2002 Series C	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
<u>Fiscal Year</u>				
2011	\$ -	\$ -	\$ 8,630,875	\$ 8,630,875
2012	302,563	17,437	8,630,875	8,950,875
2013	451,310	48,690	8,630,875	9,130,875
2014	601,503	98,497	8,630,875	9,330,875
2015	731,502	168,498	8,630,875	9,530,875
2016-2020	7,242,081	4,507,919	43,154,375	54,904,375
2021-2025	12,823,554	19,921,446	43,154,375	75,899,375
2026-2030	37,015,940	39,264,060	42,556,663	118,836,663
2031-2034	135,190,000	-	16,342,975	151,532,975
Total	<u>\$ 194,358,453</u>	<u>\$ 64,026,547</u>	<u>\$ 188,362,763</u>	<u>\$ 446,747,763</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>
2011	\$ 516,248	\$ 50,251	\$ 566,499
2012	542,495	24,004	566,499
2013	139,881	1,744	141,625
Total	<u>\$ 1,198,624</u>	<u>\$ 75,999</u>	<u>\$ 1,274,623</u>

**Capital Leases**

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

Balance, July 1, 2009	\$ 5,699
Additions	25,845
Payments	14,314
Balance, June 30, 2010	<u>\$ 17,230</u>

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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The capital leases have minimum lease payments as follows:

Year Ending <u>June 30,</u>	Lease <u>Payment</u>
2011	\$ 8,615
2012	8,615
Total	<u>17,230</u>
Less: Amount Representing Interest	716
Present Value of Minimum Lease Payments	<u><u>\$ 16,514</u></u>

### **Other Postemployment Benefits (OPEB) Obligation**

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, during the year ended June 30, 2008. The District's annual required contribution for the year ended June 30, 2010, was \$9,616,272, and contributions made by the District during the year were \$7,174,641, which resulted in an increase to the net OPEB obligation of \$2,441,631. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

### ***NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATION***

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

#### **Plan Description**

The Ventura County Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Ventura County Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 552 retirees and beneficiaries currently receiving benefits, four terminated Plan members entitled to but not receiving benefits, and 910 active Plan members.

#### **Funding Policy**

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal year 2009-2010, the District contributed \$7,174,641 to the Plan, all of which was used for current premiums.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 9,616,272
Contributions made	<u>(7,174,641)</u>
Increase in net OPEB obligation	2,441,631
Net OPEB obligation, beginning of year	<u>5,113,673</u>
Net OPEB obligation, end of year	<u><u>\$ 7,555,304</u></u>

### Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2008	\$ 7,902,601	\$ 6,131,273	78%	\$ 1,171,328
2009	9,616,272	6,273,927	65%	5,113,673
2010	9,616,272	7,174,641	75%	7,555,304

### Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 173,733,730
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 173,733,730</u></u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	<u>\$ 59,630,560</u>
UAAL as Percentage of Covered Payroll	<u><u>291%</u></u>

The above noted actuarial accrued liability was based on the April 9, 2009, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### **Actuarial Methods and Assumptions**

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

In the April 9, 2009, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return, based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Medical, Dental, and Vision Programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period is 27 years. The actuarial value of assets was not determined in this actuarial valuation.

### ***NOTE 11 - RISK MANAGEMENT***

#### **Insurance Coverages**

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

#### **Joint Powers Authority Risk Pools**

During fiscal year ending June 30, 2010, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### **Workers' Compensation**

For fiscal year 2010, the District participated in the JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

### ***NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS***

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

#### **CalSTRS**

##### **Plan Description**

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

##### **Funding Policy**

Active members are required to contribute 8.0 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$4,451,283, \$4,570,546, and \$4,429,010, respectively, and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the CalSTRS on behalf of all community colleges in the State.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### CalPERS

#### Plan Description

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

#### Funding Policy

Active plan members are required to contribute 7.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2009-2010 was 9.709 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2010, 2009, and 2008, were \$3,002,623, \$2,954,351, and \$2,535,852, respectively, and equaled 100 percent of the required contributions for each year.

#### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2010, 2009, and 2008, which amounted to \$2,284,787, \$2,480,683, and \$2,408,410, respectively, (4.267 percent) of salaries subject to CalSTRS. 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.

#### Deferred Compensation

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

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

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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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.

The District is also a member of the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority (the Authority), a component unit of the District. (See Note 1)

### ***NOTE 14 - COMMITMENTS AND CONTINGENCIES***

#### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

#### **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, 2010.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

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**Construction Commitments**

As of June 30, 2010, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Moorpark College PE Renovation	\$ 19,290	12/31/11
Moorpark College EATM Building	7,126,407	12/31/13
Moorpark College Academy Center	573,234	12/31/10
Moorpark College Health/Science Complex	5,371,834	12/31/11
Moorpark College Planning and Development	424,848	12/31/13
Moorpark College CW Planning and Development	4,985	12/31/13
Moorpark College Infrastructure	423,169	12/31/13
Moorpark College Data Switch Project	141,496	12/31/13
Moorpark College Piped Utility Systems	4,694	12/31/13
Oxnard College Learning Resources Center Renovation	10,929,243	12/31/13
Oxnard College Planning and Development Cost	535,915	12/31/13
Oxnard College CW Planning and Development Cost	2,299	12/31/13
Oxnard College PA/Classroom and Auditorium	4,258,584	06/01/11
Oxnard College Data Switch Project	78,921	03/31/11
Oxnard College INF Improvements Campus Site Finishes	7,446	12/31/13
Oxnard College Dental Hygiene Expansion and Renovation	1,500	12/31/13
Oxnard College Fire and Sheriff Academy	1,000,000	12/31/11
Ventura College Secondary and Tertiary	4,463	12/31/11
Ventura College Electrical Systems Upgrade	8,050	12/31/13
Ventura College Modernization	2,637,405	12/31/12
Ventura College Swimming Pool Demolition	63,274	06/30/11
Ventura College Renovate Athletic Facilities	61,095	12/31/11
Ventura College GP and High Tech Project	11,603,919	12/31/11
Ventura College Planning and Development Cost	572,531	12/31/13
Ventura College CW Planning and Development Cost	4,264	12/31/13
Ventura College Piped Utility System	10,825	12/31/13
Ventura College Renovate Theater Building	9,961,643	12/31/13
Ventura College Telephone Data Switch	79,290	03/31/11
Ventura College Maintenance Projects	14,459	12/31/13
Ventura College Fire and Sheriff Academy	4,000,000	12/31/11
Fire/Sheriff Planning and Development Cost	18,556	12/31/11
Fire/Sheriff Data Switch Project	3,717	03/31/11
Fire/Sheriff Academy	4,759,306	12/31/11
	<u>\$ 64,706,662</u>	

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### **Deferral of State Apportionments**

The State legislature has not enacted a budget as of June 30, 2010. As a result, certain apportionments owed to the District for funding of FTES and construction reimbursements which are attributable to the 2009-2010 fiscal year have been deferred to the 2010-2011 fiscal year. The total amount of funding deferred into the 2010-2011 fiscal year was \$13,829,694. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years. As of the audit report date, the District had received all of the deferrals owed to them by the State.

### **Fiscal Issues Relating to State-Wide Funding Reductions**

The State of California economy is continuing through a three-year recessionary economy. The California Community College system is reliant on the State of California to appropriate the funding necessary to provide for the educational services and student support programs that are mandated for the colleges. In addition to the reductions in funding due to the economic environment, the State of California has failed to pass a budget in a timely manner during the past two years. The budget for the 2010-2011 fiscal year was adopted on October 8, 2010; fully 99 days beyond the July 1 budget requirements. As a result of the delay in the budget adoption, cash payments to community colleges in general, and the Ventura County Community College District specifically, were suspended for the period between July 2010 and October 2010. For Ventura County Community College District, this is approximately \$29.3 million.

In addition to the deferral of cash payments, actual reductions in the funding of Full-Time Equivalent Students have cost the District over \$15 million in State apportionment funding. Significant reductions in funding for other categorical programs and services have also impacted the ability of the District to provide programs and services to the students attending Ventura County Community College District.

The District has implemented budgetary reductions to counter the reductions in apportionment and program funding. However, continued reductions and deferral of cash payments will ultimately impact the District's ability to meet the goals for educational services.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b - a] / c)</b>
March 21, 2007	\$ -	\$150,053,533	\$150,053,533	\$ -	\$ 69,400,065	216%
April 9, 2009	-	173,733,730	173,733,730	-	59,630,560	291%

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***SUPPLEMENTARY INFORMATION***

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# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION JUNE 30, 2010

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

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Robert O. Huber	Chair	2012
Ms. Cheryl Heitmann	Vice Chair	2010
Mr. Stephen P. Blum	Member	2010
Mr. Arturo D. Hernández	Member	2010
Dr. Larry O. Miller	Member	2012

### ADMINISTRATION

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

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>HIGHER EDUCATION ACT</b>			
Title V Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C		\$ 3,793,023
Title V Hispanic Serving Institutions	84.031S		1,314,943
Child Care Access Means Parents in School (CCAMPIS)	84.335A		49,349
<b>Total Higher Education Act</b>			<u>5,157,315</u>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		639,759
Federal Family Education Loans (FFEL)	84.032		6,109,779
Federal College Work Study (FWS)	84.033		544,279
Federal Pell Grant (PELL)	84.063		24,149,886
Student Financial Aid Administrative Costs	84.063		113,851
Academic Competitiveness Grant (ACG)	84.375		216,938
<b>Total Student Financial Assistance Cluster</b>			<u>31,774,492</u>
<b>CAREER AND TECHNICAL EDUCATION ACT</b>			
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Perkins IV, Title I, Part C	84.048	09-C01-065	648,716
Perkins IV, Title IB - Consortium Grant	84.051	09-342-006 09-139-681 /	154,887
Tech Prep, Title II, Perkins IV	84.243	09-139-682	135,500
<b>Total Career and Technical Education Act</b>			<u>939,103</u>
<b>VOCATIONAL REHABILITATION ACT CLUSTER</b>			
<b>Passed through from Department of Rehabilitation</b>			
Workability III	84.126A	26813	166,974
ARRA/DOR - Rehabilitation Services	84.390A	27653A	28,616
<b>Total Vocational Rehabilitation Act Cluster</b>			<u>195,590</u>
<b>AMERICAN RECOVERY AND REINVESTMENT ACT</b>			
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
ARRA: State Fiscal Stabilization Fund	84.394	[1]	692,636
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>38,759,136</u>

See accompanying note to supplementary information.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *CONTINUED*  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Foster Kinship Care Education	93.658	[1]	\$ 191,498
<b>Passed through from County of Ventura Human Services Agency</b>			
Title IV - E Training	93.658	[1]	575,539
Title IV - E Special Projects Training	93.658	[1]	322,866
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	132,480
ARRA Emergency Contingency Fund for TANF	93.714	[1]	203,545
<b>Passed through from the Foundation for California Community Colleges (FCCC)</b>			
TANF-CDC program	93.575	0810-30	135,302
<b>Passed through from Yosemite Community College District</b>			
		09-10-4089 / 09-10-3207 / 09-10-4149	
Child Care and Development Grant	93.575		46,250
<b>Passed through from Duke University School of Nursing</b>			
TIP-NEP Phase I	93.359	U1KHP07713	<u>3,000</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>1,610,480</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
<b>Passed through from National Oceanic and Atmospheric Administration (NOAA)</b>			
Educational Partnership Program - White Abalone Restoration	11.481	NA05OAR4811021	<u>96,148</u>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<u>96,148</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through from Oxnard Housing Authority</b>			
Teen Parent Program	14.870	4323-07-HO	<u>9,185</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>9,185</u>

See accompanying note to supplementary information.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *CONTINUED*  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>WIA Cluster</b>			
<b>Passed through from Santa Barbara City College</b>			
Governor's WIA A.D.N.	17.258	[1]	\$ 194,597
<b>Passed through from California Community Colleges</b>			
<b>Chancellor's Office</b>			
Allied Health Phase I	17.258	08-115-21	122,930
ARRA: Allied Health Phase II	17.258	09-127-17	118,211
<b>Passed through from Pathpoint</b>			
ARRA: Summer Youth Employment Program	17.259	[1]	<u>75,173</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u><u>510,911</u></u>
 <b>NATIONAL SCIENCE FOUNDATION</b>			
<b>Passed through from the Regents of the University of California, Office of the President</b>			
NSF Scholarship Grant	47.049	09-MESA- DUE0324218-50R	<u>2,000</u>
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<u><u>2,000</u></u>
 <b>U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION (SBA)</b>			
<b>Passed through from Long Beach Community College District</b>			
Small Business Development Center	59.037	CN 99655.8	<u>135,287</u>
<b>TOTAL U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION</b>			<u><u>135,287</u></u>
<b>TOTAL FEDERAL PROGRAMS</b>			<u><u>\$41,123,147</u></u>

[1] Pass-Through 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, 2010**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
ADN RN Capacity Building	\$ -	\$ 36,628	\$ 36,628
ADN RN Capacity Building	53,070	-	53,070
Alternate Text Production Center	922,896	-	922,896
Applied Technologies HUB 08-09	-	9,621	9,621
Articulation 08-09	-	4,395	4,395
Business and Workforce Performance (COE) 08-09	-	24,843	24,843
Business and Workforce Performance (COE) 09-10	101,670	-	101,670
Cal Grant B	1,393,670	-	1,393,670
Cal Grant C	25,720	-	25,720
CalWorks 09-10	481,753	-	481,753
CalWorks Region 6 Support	10,000	-	10,000
Central Coast Applied Biotech Center 09-10	101,670	-	101,670
Central Coast Applied Biotech Center 08-09	-	8,970	8,970
Cooperative Agency Resource Education (CARE) 08-09	-	38,538	38,538
Cooperative Agency Resource Education (CARE) 09-10	215,301	-	215,301
Credit Matriculation 08-09	-	79,632	79,632
Credit Matriculation 09-10	879,166	-	879,166
CTE Equipment for Nursing and Allied Health	-	77,415	77,415
Disabled Students Programs and Services (DSPS) 08-09	-	15,020	15,020
Disabled Students Programs and Services (DSPS) prior year	-	89,102	89,102
Disabled Students Programs and Services (DSPS) 09-10	1,707,634	-	1,707,634
Enrollment Growth IV Associate's Degree in Nursing 08-10 Year 1	-	123,620	123,620
Enrollment Growth IV Associate's Degree in Nursing 08-10 Year 1	313,318	-	313,318
ESL/Basic Skills 07/08	-	195,839	195,839
ESL/Basic Skills 08/09	-	297,865	297,865
ESL/Basic Skills 09/10	270,000	-	270,000
Extended Opportunity Prog and Svc (EOPS) 08-09	-	104,308	104,308
Extended Opportunity Prog and Svc (EOPS) 09-10	1,401,627	-	1,401,627
Foster Kinship Care Education	191,563	-	191,563
FSS Mesa 09-10	50,568	-	50,568
FSS Mesa 08-09	-	10,522	10,522
IELM FY07 1x	-	29,065	29,065
IELM FY08 1x	-	85,834	85,834
IELM FY08 ongoing	-	245,154	245,154
IELM FY09 ongoing	-	272,685	272,685
IDRC/VESL 08-09	-	95,257	95,257
IDRC/VESL 09-10	148,770	-	148,770
Library Automation FY09	-	8,539	8,539
Long Beach CCD/SBDC Small Bus Dev Ctr EWD 7/09-6/30/10	24,798	-	24,798
Long Beach CCD/SBDC Small Bus Dev Ctr YEP 12/08-11/30/09	-	22,880	22,880
Middle College High School (MCHS) 08-09	-	14,938	14,938
Middle College High School (MCHS) 09-10	84,604	-	84,604
Non Credit Matriculation 08-09	-	3,214	3,214
Non Credit Matriculation 09-10	17,869	-	17,869
Regional Consortium Partnership Collaborative	-	54,861	54,861

See accompanying note to supplementary information.

Program Revenues					
Cash	Accounts	Accounts	Deferred	Total	Program
Received	Receivable	Payable	Revenue	Revenue	Expenditures
\$ 36,628	\$ -	\$ -	\$ -	\$ 36,628	\$ 36,628
44,579	8,491	-	-	53,070	53,070
922,896	-	-	40	922,856	922,856
9,621	-	-	-	9,621	9,621
4,395	-	-	209	4,186	4,186
24,843	-	-	10	24,833	24,833
85,403	16,139	-	-	101,542	101,542
1,393,670	14,169	11,825	-	1,396,014	1,396,014
25,720	144	288	-	25,576	25,576
471,753	-	-	1,660	470,093	470,093
10,000	-	-	4,843	5,157	5,157
85,403	16,214	-	-	101,617	101,617
8,970	-	-	-	8,970	8,970
38,538	-	-	-	38,538	38,538
215,301	-	-	2,343	212,958	212,958
79,632	-	-	-	79,632	79,632
879,166	-	-	108,576	770,590	770,590
77,415	-	-	-	77,415	77,415
15,020	-	-	-	15,020	15,020
89,102	-	-	25,323	63,779	63,779
1,707,634	-	-	28,355	1,679,279	1,679,279
123,620	-	-	-	123,620	123,620
263,187	14,356	-	18,429	259,114	259,114
195,839	-	-	84	195,755	195,755
297,865	-	-	193,441	104,424	104,424
270,000	-	-	262,085	7,915	7,915
104,308	-	-	-	104,308	104,308
1,401,627	-	-	11,144	1,390,483	1,390,483
99,270	92,228	-	-	191,498	191,498
37,926	12,642	-	-	50,568	50,568
10,366	-	-	-	10,366	10,366
29,065	-	-	18,494	10,571	10,571
85,834	-	-	31,487	54,347	54,347
245,154	-	-	235,659	9,495	9,495
272,685	-	-	244,586	28,099	28,099
95,257	-	-	-	95,257	95,257
124,967	23,803	-	-	148,770	148,770
8,539	-	-	4,271	4,268	4,268
20,830	3,253	-	-	24,083	24,083
22,880	-	-	4,704	18,176	18,176
14,929	-	-	-	14,929	14,929
33,842	50,762	-	-	84,604	84,604
3,214	-	-	-	3,214	3,214
17,869	-	-	-	17,869	17,869
54,861	-	-	2,909	51,952	51,952

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, *CONTINUED*  
FOR THE YEAR ENDED JUNE 30, 2010**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Restricted Lottery	\$ 666,050	\$ -	\$ 666,050
SB70 CTE Community Collaborative Year 1	-	121,043	121,043
SB70 CTE Community Collaborative Year 2	-	400,000	400,000
SB70 CTE Community Collaborative Year 3	310,000	-	310,000
Staff Diversity	17,454	-	17,454
State Instructional Equip 04/06	-	76,610	76,610
Student Financial Aid Administration Allowance 09-10	1,026,489	-	1,026,489
Student Financial Aid Administration Allowance 08-09	-	50,405	50,405
TTIP TCO (Cal Ren)	-	45,649	45,649
Workplace Resource Learning Center 09-10	101,670	-	101,670
Workplace Resource Learning Center 08-09	-	11,249	11,249
Total	<u>\$ 10,517,330</u>	<u>\$ 2,653,701</u>	<u>\$ 13,171,031</u>

See accompanying note to supplementary information.

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Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 418,054	\$ 437,135	\$ -	\$ 449,221	\$ 405,968	\$ 405,968
121,043	-	-	22	121,021	121,021
400,000	-	-	93,161	306,839	306,839
310,000	-	-	295,096	14,904	14,904
17,454	-	-	-	17,454	17,454
76,610	-	-	17,118	59,492	59,492
1,026,489	-	-	179,147	847,342	847,342
50,405	-	-	-	50,405	50,405
45,649	-	-	-	45,649	45,649
85,403	16,160	-	-	101,563	101,563
11,249	-	-	-	11,249	11,249
<u>\$ 12,621,979</u>	<u>\$ 705,496</u>	<u>\$ 12,113</u>	<u>\$ 2,232,417</u>	<u>\$ 11,082,945</u>	<u>\$ 11,082,945</u>

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
 APPORTIONMENT - ANNUAL (ACTUAL) ATTENDANCE  
 AS OF JUNE 30, 2010**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. Summer Intersession</b>			
1. Noncredit	42	-	42
2. Credit	2,828	-	2,828
<b>B. Summer Intersession</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	20,733	-	20,733
(b) Daily Census Contact Hours	1,783	-	1,783
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	465	-	465
(b) Credit	649	-	649
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,478	-	1,478
(b) Daily Census Contact Hours	1,240	-	1,240
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>29,218</u>	<u>-</u>	<u>29,218</u>
<b>E. Basic Skills courses and Immigrant Education (FTES)</b>			
1. Noncredit	-	-	-
2. Credit	1,368	-	1,368
	<u>1,368</u>	<u>-</u>	<u>1,368</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, 2010**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2010.

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, 2010**

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

**Total Fund Balance:**

General Fund	\$29,776,122	
Special Revenue Funds	531,099	
Capital Project Funds	162,441,931	
Debt Service Funds	14,044,673	
Enterprise Funds	5,785,480	
Internal Service Funds	10,493,289	
Fiduciary Funds	6,660,684	
<b>Total Fund Balance - All District Funds</b>		<b>\$ 229,733,278</b>

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	542,231,552	
Accumulated depreciation is	(78,236,423)	
Less fixed assets already recorded in the enterprise funds	<u>(60,260)</u>	463,934,869
Amounts held in trust on behalf of others (Trust and Agency Funds)		(6,659,375)

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

(6,163,367)

Long-term obligations at year-end consist of:

Bonds payable	318,958,453	
Notes payable	1,198,624	
Capital leases payable	16,514	
Net OPEB obligation	7,555,304	
Load banking	1,008,059	
Compensated absences	3,043,927	
Less load banking already recorded in funds	(1,008,059)	
Less compensated absences already recorded in funds	<u>(839,939)</u>	<u>(329,932,883)</u>
<b>Total Net Assets</b>		<b>\$ 350,912,522</b>

See accompanying note to supplementary information.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2010**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**District Organization**

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

**Schedule of Expenditures of Federal Awards**

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

**Subrecipients**

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Title V Hispanic Serving Institutions	84.031S	
California State University - Channel Islands		\$ 5,780
University of California - Santa Barbara		4,933
Title V Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	
California State University - Channel Islands		384,252
University of California - Santa Barbara		60,000
		\$ 454,965

**Schedule of Expenditures of State Awards**

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

**Schedule of Workload Measures for State General Apportionment - Annual (Actual) Attendance**

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, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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

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

### 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 internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

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

The following is a list of the grants and the differences between the District's accounting records and the schedule of expenditures of Federal awards:

Description	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Net Assets - Primary Government:	\$ 35,261,995
Federal Family Education Loans (FFEL)	6,109,779
Prior year TANF and VTEA Funds not recorded on SEFA	(14,013)
Unrestricted Federal revenue (Veteran's and other misc) not included on SEFA	(5,390)
Federal revenue in other funds not included on SEFA	<u>(229,224)</u>
Total Schedule of Expenditures of Federal Awards	<u><u>\$ 41,123,147</u></u>

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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 basic financial statements of Ventura County Community College District (the District) for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 7, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 Ventura County Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ventura County Community College District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

## 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Ventura County Community College District in a separate letter dated December 7, 2010.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, 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.

Vasunich, Trine, Day & Co., LLP

Rancho Cucamonga, California  
December 7, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON 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 could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. 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 as items 2010-1 and 2010-2.

## 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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ventura County Community College District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Ventura County Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Ventura County Community College District's responses and, accordingly, we express no opinion.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California  
December 7, 2010



## REPORT ON STATE COMPLIANCE

Board of Trustees  
Ventura County Community College District  
Ventura, California

We have audited the compliance of Ventura County Community College District (the District) with the types of compliance requirements described in Section 400 of the California State Chancellor's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have 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.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

### Apportionments

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 426: Students Actively Enrolled

## **Fiscal Operations**

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

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

In our opinion, Ventura County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported and are described in the accompanying schedule of findings and questioned costs as item 2010-3.

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

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.

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

Rancho Cucamonga, California

December 7, 2010

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***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, 2010**

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**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>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</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>
<u>84.007; 84.032; 84.033; 84.063; 84.375</u>	<u>Student Financial Assistance Programs Cluster</u>
<u>93.558; 93.714 (ARRA)</u>	<u>Temporary Assistance for Needy Families (TANF); ARRA: Emergency Contingency Fund for TANF</u>
<u>84.126A; 84.390A (ARRA)</u>	<u>Vocational Rehabilitation Cluster (includes ARRA)</u>
<u>84.394 (ARRA)</u>	<u>ARRA: State Fiscal Stabilization Fund</u>
<u>17.258 (ARRA); 17.259 (ARRA)</u>	<u>WIA Cluster (includes ARRA)</u>

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

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified 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, 2010**

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None reported.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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The following findings represent significant deficiencies and/or instances of noncompliance that are required to be reported by OMB Circular A-133.

### **2010-1 Finding**

#### **Program Affected**

Vocational Rehabilitation Act Cluster, pass-through from the State of California, Department of Rehabilitation - CFDA 84.126A

#### **Compliance Requirement**

Eligibility.

#### **Criteria**

34 CFR Section 361.45, Development of the Individualized Plan for Employment (IPE):

General requirements - The State plan must assure that -

- (1) An individualized plan for employment (IPE) meeting the requirements of this section and Sec. 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for vocational rehabilitation services or, if the designated State unit is operating under an order of selection in accordance with Sec. 361.36, for each eligible individual to whom the State unit is able to provide services; and
- (2) Services will be provided in accordance with the provisions of the IPE.

34 CFR Section 361.47, Record of Services

(a) The designated State unit must maintain for each applicant and eligible individual a record of services that includes, to the extent pertinent, the following documentation:

- (1) If an applicant has been determined to be an eligible individual, documentation supporting that determination in accordance with the requirements under Sec. 361.42.
- (2) If an applicant or eligible individual receiving services under an IPE has been determined to be ineligible, documentation supporting that determination in accordance with the requirements under Sec. 361.43.

Agreement Number: 26813, State of California, Department of Rehabilitation (DOR), Exhibit A, Scope of Work requires that copies of the IPE and other case documentation necessary for the implementation of the services are properly maintained.

#### **Condition**

Three (3) case files did not have IPE documentation in the file and exceeded 90 days from the time the intake/referral was made. Subsequent to our audit of the case files, each IPE was obtained and filed. We expanded our sample size and noted one (1) case file did not have IPE documentation in the file and exceeded 90 days from the time the intake/referral was made.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

---

### **Questioned Costs**

For the condition noted, there is not an associated questioned cost as the compliance issues is related to time frames, not costs.

### **Context**

The condition was identified as a result of reviewing the District's compliance requirements for IPEs.

### **Effect**

The District is not in compliance with CFR Section 361.47, Record of Service and Contract Agreement with the State of California Rehabilitations Service.

### **Cause**

The District has not implemented policies and procedures to ensure the individual plan for employment is completed in a timely manner.

### **Recommendation**

It is recommended that all case files be reviewed to ensure an IPE is completed within 90 days of intake to ensure Oxnard College is providing services in accordance with the provisions of the IPE. Oxnard College should increase communication with DOR to ensure that all IPEs are completed and all proper documentation is maintained in accordance with CFR Section 361.47 Record of Services and Contract Agreement with the State of California Rehabilitations Services.

### **District Response**

The District concurs with the findings and recommendations. A meeting was held with the State Department of Rehabilitation (DOR) representatives from Oxnard, Ventura, and Thousand Oaks to discuss the findings and identify process improvements. Oxnard College has implemented procedures to ensure that each client/student case file is reviewed within 90 days of intake and that the necessary Individual Plan for Employment (IPE) documentation is on file. In addition, Oxnard College job developers and DOR counselors will hold bi-weekly meetings to review and update all client/student files in the Work-Ability III program. This will ensure that services are being provided to all eligible individuals as per their respective IPEs and that all proper documentation is being properly maintained.

### **2010-2 Finding**

#### **Program Affected**

84.007; 84.032; 84.033; 84.063; 84.375: Student Financial Assistance (SFA) Cluster Programs

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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### **Compliance Requirement**

Special tests.

### **Criteria**

Return of Title IV Funds:

A-133 Compliance Supplement, 34 CFR Section 668.173(b) states:

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

A-133 Compliance Supplement, 34 CFR Section 668.22(j) also states:

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

### **Condition**

During our review of the requirements for Return to Title IV process at the District, instances were noted at all three campuses in which the District's Business Office did not return their portion of funds within the time frame noted above as per Section 668.173(b). In addition, it was noted that Moorpark College and Ventura College were reconciling their returns more than 30 days after the term has ended, which is not in accordance with Section 668.22(j) as noted above. As a result of these exceptions, the District is not in compliance with the above mentioned criteria.

### **Questioned Costs**

For the condition noted, there is not an associated questioned cost as the compliance issues is related to time frames, not costs.

### **Context**

The condition was identified as a result of reviewing the District's compliance requirements for Return to Title IV funds.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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### **Effect**

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement, 34 CFR Section 668.173(b) and 34 CFR Section 668.22(j).

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

### **Cause**

The District has not implemented policies and procedures to ensure the compliance with Federal requirements regarding Return of Title IV funds.

### **Recommendation**

It is recommended that the District implement procedures to ensure that the calculations for the Return of Title IV funds are completed accurately within 30 days from the end of the enrollment period. Additionally, procedures should also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

### **District Response**

The District concurs with the findings and recommendations. In order to ensure compliance with Return to Title IV, the District will implement procedures to ensure that the calculations for the return of Title IV funds are completed within 30 days from the end of the enrollment period. Additionally, procedures will also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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The following findings represent instances of noncompliance relating to State program laws and regulations.

### **Student Fees - Instructional Material Fees - Moorpark College**

#### **2010-3 Finding**

##### **Criteria**

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

- The District is the only source of the materials or there is a health or safety reason for requiring students to purchase the material from the District.
- If the District can demonstrate that it supplies the materials cheaper than elsewhere and at the District's actual cost.

##### **Condition**

During our review of the requirements for instructional fees, it was observed that Moorpark College has procedures in place for the monitoring the majority of their material fees. However, we noted five classes which could not show that they supply the instructional materials cheaper than elsewhere and at the District's actual costs. Therefore, the District is not in compliance with the above mentioned criteria.

##### **Questioned Costs**

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

##### **Context**

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the 2009-2010 catalogs at Moorpark College.

##### **Effect**

The auditor was unable to identify any fiscal impact related to the condition identified. However, the District is not in compliance in regards to the *Contracted District Audit Manual* provided by the California Community Colleges Chancellor's Office.

##### **Cause**

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

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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### **Recommendation**

It is recommended that the District implement procedures to ensure that Moorpark College demonstrates that they supply instructional materials for all classes cheaper than elsewhere and that the cost is what the District actual paid for the supplies.

### **District Response**

The District concurs with the findings and recommendations. Moorpark College is continuing the process of reviewing all instructional material fees. Moorpark College will ensure that it can demonstrate with appropriate documentation that they can supply instructional materials for all classes cheaper than elsewhere and that the cost is what was actually paid for the supplies, or they will eliminate the fee.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

### **FEDERAL AWARD FINDINGS**

#### **Student Financial Aid Program - Ventura College**

##### **2009-1 Finding**

##### **Program Affected**

84.007: Federal Supplemental Educational Opportunity Grant (FSEOG)

##### **Compliance Requirement**

Eligibility.

##### **Criteria**

Title IV programs are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34 CFR parts 600 and 668-691. The FSEOG program is administered at the institutional level and known as a campus-based program. The institution determines the amount of the grants to be distributed annually. The college administration has the discretion to award amounts to students, subject to certain limitations. However, this amount is determined on an annual basis with a maximum amount determined by the campuses. The three college campuses within the Ventura County Community College District have determined the maximum amount of awards to be given out during the fiscal year ending June 30, 2009, to be \$600. Also, as outlined in the policy manual, first priority is given to students with EFCs (expected family contribution) of zero, students who have "exceptional need", and students who are Pell eligible.

##### **Condition**

During the testing of the student financial aid FSEOG program at the Ventura College campus, it was noted that the campus's policies stated the maximum awards given out to students should be \$600. However, during the testing at this college, it revealed this policy is not necessarily being followed. One student was awarded \$800, which is \$200 more than the maximum amount to be awarded per their college policy.

##### **Questioned Costs**

Because this is a campus-based program and the amounts distributed can be determined by the college administrators, there is no questioned cost noted.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Context**

The condition was identified as a direct result of reviewing the site's total FSEOG awards given out to students.

### **Effect**

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

### **Cause**

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site to ensure compliance over this area including review of completed award packages by the program administrator. It appears the review process currently performed is insufficient.

### **Recommendation**

It is recommended that the college administrators should review and monitor packaging of awards to make sure the maximum amounts are not exceeded and that the current policies developed within the student financial aid office are being followed.

### **Current Status**

Implemented.

### **Student Financial Aid Program - Ventura College and Oxnard College**

#### **2009-2 Finding**

##### **Program Affected**

84.033: Federal Work Study Program (FWS)

##### **Compliance Requirement**

Eligibility.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### Criteria

Title IV programs are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34 CFR parts 600 and 668-691. The FWS program is administered at the institutional level and known as a campus-based program. The institution determines the amount of the grants to be distributed annually. The college administration has the discretion to award amounts to students, subject to certain limitations. However, this amount is determined on an annual basis with a maximum amount determined by the campuses. The three college campuses within the Ventura County Community College District have determined the maximum amount of awards to be given out during the fiscal year ending June 30, 2009, to be \$3,000. Students with higher need will be given priority.

### Condition

During the testing of the student financial aid Federal Work Study Program, it was noted that the campuses' policies stated the maximum amount awarded to students is \$3,000. The policies also state that Federal Work Study Awards are given priority to students with a high need who have indicated a preference for student employment on the Free Application for Federal Student Aid (FAFSA). However, a review of the awards for each campus revealed this policy was not being followed. Many awards were over the \$3,000 maximum amount. The following areas of concern were noted below:

*Ventura College:* A total of 21 students were paid over the college's stated maximum award amount of \$3,000. Awards ranged from \$3,503 to \$8,863. Three of the students given these higher awards were related to an employee within the financial aid office. One student at the Ventura campus that was related to an employee within the student financial aid office was given \$8,863 worth of FWS awards when they had an expected family contribution amount of \$6,771, which would not qualify them as "most needy" according to their policy which is a criteria to receive FWS awards. Another student that was also related to an employee within the financial aid office received \$6,000 of FWS awards and had an expected family contribution of \$9,210, which also would disqualify them as "most needy".

*Oxnard College:* Awards over the \$3,000 maximum ranged for various amounts to the maximum amount of \$5,500 with eight students receiving this amount, one of which was related to an employee within the student financial aid office.

### Questioned Costs

Because this is a campus-based program and the amounts distributed can be determined by the administrator, there is no questioned cost associated.

### Context

The condition was identified as a direct result of reviewing the sites total Federal Work Study Awards given out to students.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Effect**

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

### **Cause**

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site to ensure compliance over this area including review of completed award packages by the program administrator. It appears the review process currently performed is insufficient.

### **Recommendation**

It is recommended that the college administrators review their policies and make the necessary adjustments to correct the issues noted above. The officers within the student financial aid office should review and monitor packaging of awards and reviewing summary reports of disbursements within the student financial aid cluster to make sure the maximum amounts are not exceeded and that the FSEOG awards are provided to students who are truly the "most needy" as outlined in the college's procedure manual. Care and attention must also be given in packaging awards to any student that is related to an employee within the student financial aid office.

### **Current Status**

Implemented.

### **Student Financial Aid Program - Ventura College**

#### **2009-3 Finding**

##### **Program Affected**

84.007; 84.032; 84.033; 84.375: Student Financial Aid Cluster Programs

##### **Compliance Requirement**

Eligibility - dependency overrides.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### Criteria

Title IV programs are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34 CFR parts 600 and 668-691. All financial aid is awarded based on applicable laws of the United States and the State of California, and regulations of the Ventura County Community College District stated in the college catalogues and the policies and procedures outlined in their student financial aid manual. Every eligible applicant receives a combination of aid based on various criteria developed annually by the financial aid office for equitable distribution of grant aid to students. The Federal government will determine the family's ability to pay for the cost of education and also determine whether a student is "dependent" or "independent" based on the information submitted on their FAFSA. This information is then sent to the college. Based on the information provided, the financial aid office will calculate the student's awards. The students who are classified as dependent due to their criteria submitted to the Federal government may be considered independent (and additional awarding of funds will be available) under professional judgment of the financial aid office. In such case, it is the college's policy that written documentation must be provided from a third party (e.g. minister, psychologist, social worker, high school counselor, etc.) indicating the student's physical or emotional welfare is jeopardized by contact with the parents.

### Condition

During the testing of the student financial aid program, it was noted that one student's award was changed from dependent to independent by the student financial aid officers. This particular student was related to an employee within the student financial aid office. There was written documentation from a high school counselor; however, the letter did not indicate any of the criteria mentioned above. In addition, there were two other letters from the student's cousins; however, this also does not meet the criteria mentioned above for dependency overriding.

### Questioned Costs

Amount awarded as dependent	\$ 4,000
Amount awarded as independent	12,431
Difference	<u>\$ 8,431</u>

### Context

The condition was identified as a direct result of testing dependency overriding and related party files.

### Effect

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Cause**

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site to ensure compliance over this area. It appears the review process currently performed is insufficient.

### **Recommendation**

It is recommended that the college administrators review their policies and make any necessary adjustment to prevent this from occurring in the future. The officers within the student financial aid office should review and monitor packaging of awards. Care and attention must also be given in packaging awards to any students that are related to an employee within the student financial aid office.

### **Current Status**

Implemented.

### **Student Financial Aid Program - Ventura College**

#### **2009-4 Finding**

##### **Program Affected**

84.033: Federal Work Study Program (FWS)

##### **Compliance Requirement**

Activities allowed or unallowed.

##### **Criteria**

Title IV programs, which include the Federal Work Study Programs, are administered by the Department of Education and authorized by the Higher Education Act of 1965. The regulations can be found at 34CFR parts 600 and 668-691. Based on the regulations, the college administration has the discretion to award Federal Work Study funding to students, subject to certain limitations. The awards are to be given to the most needy students and is based on anticipated hours to be worked.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Condition**

A sample of time cards were tested with discrepancies noted. Two of the students tested had approval for hours and days worked of which the students' schedules indicated they had classes to attend or in which the student had another job off campus. There was also an appeals letter in the file (for Fall 2008 grades) in which the student indicated her off campus employer had required her to travel Monday through Friday out of town and that is why her grades dropped. However, she had campus FWS time cards that indicated she allegedly was working on campus during the month of September. Therefore, the time cards conflicted with the student's scheduled classes and documentation in her files about her off campus job in which she was basing the reason for an appeal of continued FWS aid for the next term. It appears that controls were lacking in the approval process of time cards.

### **Questioned Costs**

The total Federal work student amounts paid to the two mentioned students were:

- Student #1: \$8,500
- Student #2: \$7,500

### **Context**

The condition was identified as a direct result of reviewing the site's total Federal Work Study Awards given out to students and testing of the time cards associated with the payment of the Federal award.

### **Effect**

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

### **Cause**

Based on the testing done at the campus, it was determined the condition identified materialized due to an ineffective control activity currently implemented at the site.

### **Recommendation**

Care and attention should be given by all District employees who are approving and monitoring the Federal Work Study students and their time cards in order to prevent situations like this from happening.

### **Current Status**

Implemented.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### Student Financial Aid Program - Ventura College

#### 2009-5 Finding

##### Program Affected

84.007; 84.032; 84.033; 84.063; 84.375: Student Financial Aid Cluster Programs

##### Compliance Requirement

Special tests.

##### Criteria

Return of Title IV Funds:

A-133 Compliance Supplement, 34 CFR Section 668.173(b) states:

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

A-133 Compliance Supplement, 34 CFR Section 668.22(j) also states:

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

##### Condition

During our review of the requirements for Return to Title IV process at the Ventura College campus, it was observed that the college is reconciling their returns more than 30 days after the term has ended. Therefore, by the college not reconciling in a timely manner, the business office cannot return their portion of the funds owed within the time frame noted above. The District's business office was notified more than 45 days after the college became aware that the funds needed to be returned. Therefore, the District is not in compliance with the above mentioned criteria.

##### Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues is related to time frames, not costs.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Context**

The condition was identified as a result of reviewing the District's compliance requirements for Return to Title IV funds.

### **Effect**

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement, 34 CFR Section 668.173(b) and 34 CFR Section 668.22(j).

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

### **Cause**

The District has not implemented policies and procedures to ensure the compliance with Federal requirements regarding return of Title IV funds.

### **Recommendation**

It is recommended that the District implement procedures to ensure that the calculations for the return of Title IV funds are completed within 30 days from the end of the enrollment period. Additionally, procedures should also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

### **Current Status**

Not implemented. See financial statement finding 2010-2.

## ***STATE AWARD FINDINGS***

### **Concurrent Enrollment of K-12 Students in Community College Credit Courses - Ventura College**

#### **2009-6 Finding**

#### **Criteria**

Per Contracted District Audit Manual and *Education Code* Section 76001(d), special part-time students may enroll in up to 11 units per semester. Enrollment fees must be assessed for all units once the 11 units is exceeded.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Condition**

During our review of the State requirements for concurrent enrolled K-12 students at Ventura College, it was noted that two students were enrolled in more than 11 units and were subsequently not charged enrollment fees as required. Total fees that should have been charged for the two students for the terms tested were \$580. The stated amount did not result in a material noncompliance.

### **Questioned Costs**

For the two students tested, the total cost of enrollment fees not charged totaled \$580, which is \$20 per unit times 29, the combined total number of units that should have been charged to the students.

### **Context**

The condition was identified as a result of the compliance testing for Concurrent Enrollment.

### **Effect**

The District is not in compliance with the State requirements described in Contracted District Audit Manual, *Education Code* Section 76001(d).

### **Cause**

Ventura College does not have procedures in place to ensure the compliance with State requirements for concurrent enrolled K-12 students enrolled in more than 11 units per term.

### **Recommendation**

Ventura College should implement procedures to verify during the semester that all concurrent enrolled K-12 students who are registered and enrolled in more than 11 units are charged enrollment fees for all units as defined per *Education Code* Section 76001(d). Such a procedure will allow the college to prevent possible material noncompliance in the future.

### **Current Status**

Implemented.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Concurrent Enrollment of K-12 Students in Community College Credit Courses - Oxnard College**

**2009-7 Finding**

**Criteria**

Requirements for teaching the concurrent enrolled students are outlined in the Contracted District Audit Manual. The instructors teaching the special part-time students (concurrent enrollment classes) must satisfy minimum qualifications per CCR, Title 5, Sections 53410 et seq. and 58060.

**Condition**

During our review of the State requirements for concurrent enrolled K-12 students at the college, it was noted that one teacher did not have the appropriate degree needed to teach at the college. During the Fall 2008, this teacher taught four classes in which a total of 107 concurrent enrolled students were in attendance.

**Questioned Costs**

Due to the nature of the compliance requirement, the auditor was unable to directly associate any questioned costs related to the condition identified.

**Context**

The condition was identified as a direct result of sampling the students and their teachers at the college as required by the State compliance requirements for concurrent enrolled K-12 students.

**Effect**

The District is not in compliance with the State requirements described in Contracted District Audit Manual.

**Cause**

The auditor determined that the condition identified materialized due to an ineffective control activity within the personnel procedures for hiring "emergency instructors" for classes.

**Recommendation**

The District must monitor and follow up on all teachers to make sure proper credentials are present.

**Current Status**

Implemented.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### Student Fees - Health Fees - Moorpark College

#### 2009-8 Finding

##### Criteria

Districts are permitted to charge a mandatory health fee under *Education Code* Section 76355. However, students are exempt from payment of such a fee if the students depend exclusively on prayer for healing or if they are apprenticeship students. The District must describe in the catalog, and any online or any other information, the required exemptions of the fee. The District must have a clear process through which students may claim an exemption.

##### Condition

During our testing of the compliance requirement related to health fees, it was observed that Moorpark College is not providing the health fee exemption within the college catalog for the fiscal year ending June 30, 2009, and does not have a procedure in place to ensure students may claim an exemption.

##### Questioned Costs

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

##### Context

The condition was identified as a direct result of testing the compliance requirements related to health fees and reviewing the Fall 2008 and Spring 2009 catalog.

##### Effect

The auditor was unable to identify any fiscal impact related to the condition identified. However, the District is not in compliance in regards to the Contracted District Audit Manual provided by the California Community Colleges Chancellor's Office.

##### Cause

Based on the review of compliance requirements for health fees, the above condition materialized due to the ineffective review process currently implemented at Moorpark College to ensure compliance over this area. This process should include the review of the catalogs and any online or other information that is published to clearly state the required exemptions of the fee before publishing them.

##### Recommendation

Responsible personnel at the campuses must become familiar with the Contracted District Audit Manual and the compliance requirements associated with the publication of the various catalogs and class schedules. The District must advise students of the exemptions from payment of the fees and have a process to ensure that students may claim the exemptions.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### Current Status

Implemented.

### Student Fees - Instructional Material Fees - Moorpark College

#### 2009-9 Finding

##### Criteria

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

- The District is the only source of the materials or there is a health or safety reason for requiring students to purchase the material from the District.
- If the District can demonstrate that it supplies the materials cheaper than elsewhere and at the District's actual cost.

##### Condition

During our review of the requirements for instructional fees, it was observed that Moorpark College has procedures in place for monitoring the majority of their material fees. However, two of the nine classes selected for testing could not show that they supply instructional materials cheaper than elsewhere and at the District's actual costs. Therefore, the District is not in compliance with the above mentioned criteria.

##### Questioned Costs

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

##### Context

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the Fall 2008 and Spring 2009 catalog at Moorpark.

##### Effect

The auditor was unable to identify any fiscal impact related to the condition identified. However, the District is not in compliance in regards to the Contracted District Audit Manual provided by the California Community Colleges Chancellor's Office.

# VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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### **Cause**

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

### **Recommendation**

It is recommended that the District implement procedures to ensure that Moorpark College demonstrates that they supply instructional materials for all classes cheaper than elsewhere and that the cost is what the District actual paid for the supplies.

### **Current Status**

Not implemented. See financial statement finding 2010-3.