



**VENTURA COUNTY
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2005

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
Camarillo, California

We have audited the accompanying financial statements of the Ventura County Community College District (the District) as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ventura County Community College District as of June 30, 2005 and 2004, 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.

The Management's Discussion and Analysis on pages 4 through 10 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of or testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 1 to the financial statements, the District has adopted the provisions of the Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, during the year ended June 30, 2004.

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

Vavrinek, Trime, Day & Co., LLP

Rancho Cucamonga, California
September 8, 2005



Community Colleges of Ventura County

MOORPARK COLLEGE • OXNARD COLLEGE • VENTURA COLLEGE

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, 2005. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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 2004-2005 fiscal year, the reported FTES were 25,439 as compared to 25,791 in the 2003-2004 fiscal year. The fully funded cap for fiscal year 2004-2005 is 25,729 as compared to 25,661 for 2003-2004.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements and improvements to sites of approximately \$27 million in the 2004-2005 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bond.
- Costs for employee salaries increased by seven percent or \$5.3 million from the 2004-2005 fiscal year and costs associated with employee benefits increased by four percent or \$.9 million. This increase in the benefit costs has been due to continued rising costs of health and welfare benefits paid on behalf of both current employees and retirees and increased contribution rates for PERS retirement contributions.
- During the 2004-2005 fiscal year, the District provided almost \$11.8 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.



VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2005

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

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	2005	2004	2003
ASSETS			
Current Assets			
Cash and investments	\$ 86,807	\$ 98,151	\$ 109,081
Accounts receivable (net)	13,568	14,239	10,176
Other current assets	1,845	2,337	3,164
Total Current Assets	<u>102,220</u>	<u>114,727</u>	<u>122,421</u>
Capital Assets (net)	<u>271,716</u>	<u>255,204</u>	<u>232,949</u>
Total Assets	<u><u>\$ 373,936</u></u>	<u><u>\$ 369,931</u></u>	<u><u>\$ 355,370</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	17,425	15,466	17,962
Amounts held in trust for others	3,423	2,605	2,447
Current portion of long-term debt	5,601	11,627	10,640
Total Current Liabilities	<u>26,449</u>	<u>29,698</u>	<u>31,049</u>
Long-term Debt	<u>77,694</u>	<u>82,230</u>	<u>92,648</u>
Total Liabilities	<u>104,143</u>	<u>111,928</u>	<u>123,697</u>
NET ASSETS			
Invested in capital assets	191,330	164,265	132,449
Restricted	66,451	85,079	94,067
Unrestricted	12,012	8,659	5,157
Total Net Assets	<u>269,793</u>	<u>258,003</u>	<u>231,673</u>
Total Liabilities and Net Assets	<u><u>\$ 373,936</u></u>	<u><u>\$ 369,931</u></u>	<u><u>\$ 355,370</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 13 and 14.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Assets* on page 12

Table 2

(Amounts in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Revenues			
Tuition and fees	\$ 16,795	\$ 13,590	\$ 10,877
Grants and contracts	26,953	25,429	25,517
Auxiliary sales and charges	12,063	12,213	12,087
Total Operating Revenues	<u>55,811</u>	<u>51,232</u>	<u>48,481</u>
Operating Expenses			
Salaries and benefits	118,922	112,700	118,891
Supplies and maintenance	43,379	33,867	33,252
Depreciation	4,300	3,880	4,503
Total Operating Expenses	<u>166,601</u>	<u>150,447</u>	<u>156,646</u>
Loss on Operations	<u>(110,790)</u>	<u>(99,215)</u>	<u>(108,165)</u>
Nonoperating Revenues			
State apportionments	52,092	45,789	47,609
Property taxes	44,334	48,148	47,714
State revenues	4,078	4,137	4,270
Net interest expense	(1,600)	(2,581)	285
Other nonoperating revenues	6,764	4,569	6,758
Total Nonoperating Revenue	<u>105,668</u>	<u>100,062</u>	<u>106,636</u>
Other Revenues			
State and local capital income	<u>16,912</u>	<u>25,483</u>	<u>28,267</u>
Net Increase in Net Assets	<u>\$ 11,790</u>	<u>\$ 26,330</u>	<u>\$ 26,738</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, and student resident enrollment fees were increased during the year from \$18 per unit to \$26 per unit. However, these increases were offset by a corresponding reduction in State apportionment revenues.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

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 \$2.5 million was off set by interest expense of \$4.1 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is up approximately \$700 thousand over the 2003-2004 fiscal year due to higher interest rates. Interest expense has decreased approximately \$300 thousand due to less interest due, associated with our general obligation bonds.

Expenses are reported by their functional categories as follows:

Table 3

	Salaries	Employee Benefits	Supplies and Materials	Equipment and Repairs	Student Financial Aid	Depreciation	Total
Academic support	\$ 9,130,969	\$ 2,518,128	\$ 254,613	\$ 92,517	\$ -	\$ -	\$ 11,996,227
Administrative support	13,046,848	6,891,537	6,941,766	431,411	-	-	27,311,562
Ancillary and auxiliary	3,603,628	1,277,967	9,436,081	31,562	-	126,872	14,476,110
Community services	373,582	95,021	269,860	9,405	-	-	747,868
Instructional	48,436,141	14,323,081	1,471,389	518,526	-	-	64,749,137
Instructional support	2,169,883	692,585	428,475	42,253	-	-	3,333,196
Plant operations	3,956,162	1,667,878	3,852,207	792,847	-	-	10,269,094
Student aid	-	-	5,331	234,299	11,846,895	-	12,086,525
Student services	8,220,806	2,517,638	1,819,671	-	-	-	12,558,115
Depreciation	-	-	-	-	-	4,173,116	4,173,116
Physical property	-	-	838,618	4,011,482	-	-	4,850,100
Other transfer	-	-	50,000	-	-	-	50,000
Total	\$88,938,019	\$29,983,835	\$25,368,011	\$ 6,164,302	\$ 11,846,895	\$ 4,299,988	\$166,601,050

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

Changes in Cash Position

Table 4

(Amounts in thousands)

	2005	2004	2003
Cash Provided by (Used in)			
Operating activities	\$ (102,602)	\$ (97,421)	\$ (91,908)
Noncapital financing activities	108,153	98,767	102,118
Capital financing activities	(18,668)	(13,813)	70,901
Investing activities	3,425	3,956	6,373
Net Increase (Decrease) in Cash	(9,692)	(8,511)	87,484
Cash, Beginning of Year	89,924	98,435	10,951
Cash, End of Year	<u>\$ 80,232</u>	<u>\$ 89,924</u>	<u>\$ 98,435</u>

The Statement of Cash Flows on pages 13 and 14 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had \$272 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2004, our net capital assets were \$255 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2005-2006 fiscal year and beyond with primary funding through our general obligation bond.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

Table 5

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 183.2	\$ 19.2	\$ (27.3)	\$ 175.1
Buildings and improvements	104.0	27.3	-	131.3
Equipment and vehicles	12.7	1.7	(0.1)	14.3
Subtotal	299.9	48.2	(27.4)	320.7
Accumulated depreciation	(44.8)	(4.3)	0.1	(49.0)
	<u>\$ 255.1</u>	<u>\$ 43.9</u>	<u>\$ (27.3)</u>	<u>\$ 271.7</u>

Debt

At the end of the 2004-2005 fiscal year, the District had \$69.2 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 debt for the District includes Certificates of Participation issued to fund various capital improvement projects throughout the District and a Note Payable to fund energy retrofitting projects.

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

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 77.7	\$ -	\$ (8.5)	\$ 69.2
COPs and notes payable	11.9	-	(2.0)	9.9
	89.6	-	(10.5)	79.1
Other liabilities	4.2	-	-	4.2
Total Long-Term Debt	<u>\$ 93.8</u>	<u>\$ -</u>	<u>\$ (10.5)</u>	<u>\$ 83.3</u>
Amount due within one year				<u>\$ 5.6</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

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 2004-2005 fiscal year on September 13, 2005.

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 post retirement 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 72 percent of the total unrestricted sources of revenues received within the General Fund. The funding formula for the 2006-2007 fiscal year has not been finalized, but is not expected to adversely affect the District in its first year of implementation. The District continues to decline in student enrollment. There is uncertainty as to the actual level of funding the District will receive for student enrollment. With the current budget situation, the District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by our Board of Trustees and the State Chancellor's Office.

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, 333 Skyway Drive, Camarillo, CA 93010.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS

JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 158,396	\$ 203,349
Investments	86,648,702	97,947,745
Accounts receivable	12,876,211	13,715,877
Student loans receivable, net	691,175	523,144
Prepaid expenses	213,509	491,344
Stores inventories	1,631,363	1,845,783
Total Current Assets	<u>102,219,356</u>	<u>114,727,242</u>
NONCURRENT ASSETS		
Capital assets, net of depreciation	271,716,316	255,203,923
Total Noncurrent Assets	<u>271,716,316</u>	<u>255,203,923</u>
TOTAL ASSETS	<u>373,935,672</u>	<u>369,931,165</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	8,985,904	7,642,112
Accrued interest payable	1,417,517	1,529,347
Deferred revenue	7,021,324	6,294,844
Amounts held in trust on behalf of others	3,423,341	2,604,888
Accrued compensated absences	814,105	847,688
Bonds and notes payable	4,552,877	10,468,385
Lease obligations	41,550	87,682
Other long-term liabilities	191,716	223,406
Total Current Liabilities	<u>26,448,334</u>	<u>29,698,352</u>
NONCURRENT LIABILITIES		
Accrued compensated absences payable	2,093,854	2,070,351
Bonds and notes payable	74,565,642	79,118,519
Lease obligations	55,073	96,623
Other long-term liabilities	979,640	944,186
Total Noncurrent Liabilities	<u>77,694,209</u>	<u>82,229,679</u>
TOTAL LIABILITIES	<u>104,142,543</u>	<u>111,928,031</u>
NET ASSETS		
Invested in capital assets, net of related debt	191,329,818	164,265,122
Restricted for:		
Debt service	18,597,259	20,820,651
Capital projects	47,853,952	64,258,797
Unrestricted	12,012,100	8,658,564
Total Net Assets	<u>\$ 269,793,129</u>	<u>\$ 258,003,134</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
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 22,195,254	\$ 17,220,387
Less: Scholarship discount and allowance	(5,400,400)	(3,630,144)
Net tuition and fees	<u>16,794,854</u>	<u>13,590,243</u>
Grants and Contracts, noncapital:		
Federal	13,988,286	13,912,539
State	12,964,882	11,515,792
Auxiliary Enterprise Sales and Charges		
Bookstore	10,510,095	10,546,744
Cafeteria	1,544,708	1,659,493
Internal Service Sales and Charges	<u>8,443</u>	<u>7,381</u>
TOTAL OPERATING REVENUES	<u>55,811,268</u>	<u>51,232,192</u>
OPERATING EXPENSES		
Salaries	88,938,019	83,633,011
Employee benefits	29,983,835	29,067,474
Supplies, materials, and other operating expenses and services	37,214,906	33,848,987
Equipment, maintenance, and repairs	6,164,302	17,698
Depreciation	<u>4,299,988</u>	<u>3,880,012</u>
TOTAL OPERATING EXPENSES	<u>166,601,050</u>	<u>150,447,182</u>
OPERATING LOSS	<u>(110,789,782)</u>	<u>(99,214,990)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	52,091,649	45,789,154
Local property taxes	44,333,880	48,147,726
State taxes and other revenues	4,077,706	4,137,225
Investment income, net	2,061,729	1,386,763
Interest expense on capital related debt	(4,118,654)	(4,417,172)
Interest income on capital asset-related debt, net	456,780	449,316
Loss on disposal of capital assets	(4,986)	-
Transfer from agency fund	141,717	189,673
Transfer to agency fund	(267,992)	(243,116)
Other nonoperating revenue	<u>6,896,083</u>	<u>4,622,347</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>105,667,912</u>	<u>100,061,916</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>(5,121,870)</u>	<u>846,926</u>
State revenues, capital	6,797,925	13,866,155
Local revenues, capital	<u>10,113,940</u>	<u>11,616,932</u>
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>16,911,865</u>	<u>25,483,087</u>
INCREASE IN NET ASSETS	11,789,995	26,330,013
NET ASSETS, BEGINNING OF YEAR	<u>258,003,134</u>	<u>231,673,121</u>
NET ASSETS, END OF YEAR	<u>\$ 269,793,129</u>	<u>\$ 258,003,134</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 16,987,386	\$ 14,162,311
Grants and contracts	27,048,317	26,404,988
Payments to vendors for supplies and services	(30,459,603)	(28,374,658)
Payments to or on behalf of employees	(117,227,312)	(112,287,158)
Payments for scholarships and grants	(11,442,965)	(10,953,664)
Auxiliary enterprise sales and charges	12,477,332	13,604,040
Loans issued to students	(78,664)	(93,947)
Collection of loans to students	93,947	116,390
Net Cash Flows from Operating Activities	<u>(102,601,562)</u>	<u>(97,421,698)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	52,942,208	42,454,901
Property taxes	44,333,880	48,147,726
State taxes and other apportionments	4,168,701	4,137,225
Other nonoperating	6,708,227	4,027,411
Net Cash Flows From Noncapital Financing Activities	<u>108,153,016</u>	<u>98,767,263</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(20,371,235)	(26,479,187)
Proceeds from sale of capital assets	1,193	-
State revenue, capital projects	6,332,104	13,744,384
Local revenue, capital projects	9,699,705	12,447,005
Proceeds from capital debt	-	104,685
Principal paid on capital debt	(10,556,067)	(9,604,790)
Interest paid on capital debt	(4,230,484)	(4,474,460)
Interest received on capital asset-related debt	456,780	449,316
Net Cash Flows From Capital Financing Activities	<u>(18,668,004)</u>	<u>(13,813,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,652,187	2,484,203
Interest received from investments	1,772,554	1,472,283
Net Cash Flows From Investing Activities	<u>3,424,741</u>	<u>3,956,486</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,691,809)	(8,510,996)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>89,924,011</u>	<u>98,435,007</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 80,232,202</u>	<u>\$ 89,924,011</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH USED BY OPERATING ACTUALS		
Operating Loss	\$ (110,789,782)	\$ (99,214,990)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	4,299,988	3,880,012
Changes in assets and liabilities:		
Receivables, net	187,286	1,184,889
Inventories	214,420	45,153
Prepaid items	277,835	781,912
Notes receivables, net	15,283	22,443
Accounts payable and accrued liabilities	896,467	(734,956)
Deferred revenue	1,478,488	(3,544,064)
Funds held for others	818,453	157,903
Total Adjustments	<u>8,188,220</u>	<u>1,793,292</u>
Net Cash Used By Operating Activities	<u>\$ (102,601,562)</u>	<u>\$ (97,421,698)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 158,396	\$ 203,349
Cash in county treasury	80,073,806	89,720,662
Total Cash and Cash Equivalents	<u>\$ 80,232,202</u>	<u>\$ 89,924,011</u>

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Ventura County Community College District (the District) was established in 1962 as a political subdivision of the State of California and provides post secondary educational services to residents of Ventura County. The District operates under a locally elected five-member Board of Trustees form of government which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within Ventura County.

Financial Reporting Entity

During the year ended June 30, 2004, the District adopted Governmental Accounting Standard Board (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.

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

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

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. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end.

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

The accounting policies of the District conform to accounting principles generally accepted in the United State of America as applicable to colleges and universities, as well as those prescribed by the California Community College's Chancellor's Office. The District reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation.

The 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 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
- Notes to the Financial Statements

The following is a summary of the more significant policies:

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$679,575 and \$431,064 for the years ended June 30, 2005 and 2004, respectively.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

Inventory

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

Capital Assets and Depreciation

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

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

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

Deferred Revenue

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

Net Assets

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

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

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

Unrestricted: Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

Operating Revenues and Expenses

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

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

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

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

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

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

Estimates

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

Property Tax

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

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. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2005 and 2004, the District distributed \$2,688,691 and \$2,814,398, respectively, in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students however the amounts are included on the Schedule of Federal Financial Assistance.

Newly Issued Accounting Pronouncements

- **GASB Statement No. 40:** In March 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*, which amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, and addresses additional risks to which governments are exposed. Under Statement No. 40, State and local governments are required to disclose information covering four principal areas:
 - Investment credit risk disclosures, including credit quality information issued by rating agencies;
 - Interest rate disclosures that include investment maturity information, such as weighted average maturities or specification identification of securities;
 - Interest rate sensitivity for investments that are highly sensitive to changes in interest rates (ex: inverse floaters, enhanced variable-rate investments, and certain asset-backed securities); and
 - Foreign exchange exposures that would indicate the foreign investment's denomination.

The GASB Statement No. 40 provisions are effective for financial statements for periods beginning after June 30, 2004, and are included in *NOTE 2 - CASH AND INVESTMENTS*.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

- **GASB Statement No. 42:** In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. The provisions of this statement are effective for periods beginning after December 2004 and will be implemented by the District in fiscal year 2005-2006.
- **GASB Statement No. 43:** In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The standards in this statement apply for trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirements systems, or other third parties that administer them. The provisions of this statement are effective for periods beginning after December 15, 2005. The District is not a plan sponsor of an OPEB Plan.
- **GASB Statement No. 45:** In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The pronouncement will require employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement will be staggered in three phases based upon the entity's revenues, similar to the implementation for GASB Statements No. 34 and 35. GASB Statement No. 45 will be effective for the Ventura County Community College District on July 1, 2007. The effect of this pronouncement on the financial condition of the District has not been determined. The Board and the District has begun the study and evaluation of the effects of the pronouncement and has begun to set aside funds that will meet the funding requirements. It is anticipated that the District will be in full compliance with this standard by the required implementation date.
- **GASB Statement No. 46:** In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB No. 34. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor. Accordingly, it clarifies the determination of restricted net assets within the statement of net assets. This statement is not effective until June 30, 2006.
- **GASB Statement No. 47:** In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes accounting standards for termination benefits. This statement is not effective until June 30, 2006.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data 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, 2005 AND 2004**

NOTE 2 - CASH AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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, 2005 AND 2004

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, 2005, consist of the following:

Cash on hand and in banks	\$ 158,396
Investments	<u>86,648,702</u>
Total Deposits and Investments	<u><u>\$ 86,807,098</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
U.S. Treasury Notes	\$ 6,574,896	12/05-06/08
County Pool	<u>79,794,080</u>	07/01/05
Total	<u><u>\$ 86,368,976</u></u>	

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

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. 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, 2005</u>
U.S. Treasury Notes	\$ 6,574,896	AAA	AAA
County Pool	79,794,080	N/A	N/A
Total	<u>\$ 86,368,976</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 have a policy for custodial credit risk. The District shall attempt to limit its investments outside of the County Treasury in any one bank or corporation or instrument to no more than ten percent of total investments at the time of purchase. As of June 30, 2005, \$8,223 of the District's bank balance of \$135,145 was exposed to custodial credit risk.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 3 - ACCOUNTS RECEIVABLES

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

	<u>2005</u>	<u>2004</u>
Federal Government		
Categorical aid	\$ 1,658,458	\$ 1,603,193
State Government		
Apportionment	3,500,504	4,688,836
Categorical aid	1,453,173	1,500,682
Lottery	1,780,817	1,562,344
Other State sources	3,211,025	2,963,677
Local Government		
Interest	687,276	398,101
Other local sources	584,958	999,044
Total	<u>\$ 12,876,211</u>	<u>\$ 13,715,877</u>
Student loan receivables	\$ 1,370,750	\$ 954,208
Less reserve	<u>(679,575)</u>	<u>(431,064)</u>
Student loan receivables, net	<u>\$ 691,175</u>	<u>\$ 523,144</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2005, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$120,475,827	\$ -	\$ -	\$120,475,827
Construction in progress	62,780,435	19,139,854	27,281,969	54,638,320
Total Capital Assets Not Being Depreciated	<u>183,256,262</u>	<u>19,139,854</u>	<u>27,281,969</u>	<u>175,114,147</u>
Capital Assets Being Depreciated				
Buildings and improvements	95,580,380	27,273,197	-	122,853,577
Site improvements	8,390,580	25,160	-	8,415,740
Furniture and equipment	10,314,973	1,612,566	48,198	11,879,341
Vehicles	2,432,690	49,752	23,400	2,459,042
Total Capital Assets Being Depreciated	<u>116,718,623</u>	<u>28,960,675</u>	<u>71,598</u>	<u>145,607,700</u>
Total Capital Assets	<u>299,974,885</u>	<u>48,100,529</u>	<u>27,353,567</u>	<u>320,721,847</u>
Less Accumulated Depreciation				
Buildings and improvements	30,644,454	2,543,387	-	33,187,841
Site improvements	4,512,007	296,443	-	4,808,450
Furniture and equipment	7,711,599	1,251,872	46,407	8,917,064
Vehicles	1,902,902	208,286	19,012	2,092,176
Total Accumulated Depreciation	<u>44,770,962</u>	<u>4,299,988</u>	<u>65,419</u>	<u>49,005,531</u>
Net Capital Assets	<u>\$255,203,923</u>	<u>\$43,800,541</u>	<u>\$27,288,148</u>	<u>\$271,716,316</u>

Depreciation expense for the year was \$4,299,988.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

Capital asset activity for the District for the fiscal year ended June 30, 2004, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$120,475,827	\$ -	\$ -	\$120,475,827
Construction in progress	38,841,299	25,048,980	1,109,844	62,780,435
Total Capital Assets Not Being Depreciated	<u>159,317,126</u>	<u>25,048,980</u>	<u>1,109,844</u>	<u>183,256,262</u>
Capital Assets Being Depreciated				
Buildings and improvements	94,315,054	1,265,326	-	95,580,380
Site improvements	8,083,068	307,512	-	8,390,580
Furniture and equipment	9,743,535	571,438	-	10,314,973
Vehicles	2,380,910	51,780	-	2,432,690
Total Capital Assets Being Depreciated	<u>114,522,567</u>	<u>2,196,056</u>	<u>-</u>	<u>116,718,623</u>
Total Capital Assets	<u>273,839,693</u>	<u>27,245,036</u>	<u>1,109,844</u>	<u>299,974,885</u>
Less Accumulated Depreciation				
Buildings and improvements	28,381,632	2,262,822	-	30,644,454
Site improvements	4,223,069	288,938	-	4,512,007
Furniture and equipment	6,585,560	1,126,039	-	7,711,599
Vehicles	1,700,689	202,213	-	1,902,902
Total Accumulated Depreciation	<u>40,890,950</u>	<u>3,880,012</u>	<u>-</u>	<u>44,770,962</u>
Net Capital Assets	<u>\$232,948,743</u>	<u>\$23,365,024</u>	<u>\$ 1,109,844</u>	<u>\$255,203,923</u>

Depreciation expense for the year was \$3,880,012.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances consist of amounts owed between funds as a result of the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system and (3) payments between funds occur. These interfund transactions have been eliminated through consolidation within the entity-wide financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

Operating Transfers

Operating transfers between District governmental funds 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 unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These operating transfers have been eliminated through consolidation within the entity-wide financial statements.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	<u>2005</u>	<u>2004</u>
Accrued payroll and benefits	\$ 3,298,767	\$ 2,605,992
Construction	3,007,556	2,560,231
Other	<u>2,679,581</u>	<u>2,475,889</u>
Total	<u>\$ 8,985,904</u>	<u>\$ 7,642,112</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	<u>2005</u>	<u>2004</u>
Federal financial assistance	\$ 331,469	\$ 271,136
State categorical aid	1,302,876	1,363,688
Apportionment	1,016,810	1,354,583
Schedule maintenance	415,838	830,073
Other State	1,133,849	811,421
Enrollment fees	1,386,313	1,193,781
Other local	<u>1,434,169</u>	<u>470,162</u>
Total	<u>\$ 7,021,324</u>	<u>\$ 6,294,844</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

NOTE 8 - LONG-TERM DEBT

Long-Term Debt Summary

The changes in the District's long-term obligations during the 2005 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 77,700,000	\$ -	\$ 8,500,000	\$ 69,200,000	\$ 2,500,000
Certificates of participation	8,075,000	-	1,585,000	6,490,000	1,650,000
Notes payable	3,811,904	-	383,385	3,428,519	402,877
Total Bonds and Notes Payable	89,586,904	-	10,468,385	79,118,519	4,552,877
Other Liabilities					
Compensated absences	2,918,039	-	10,080	2,907,959	814,105
Load banking	1,167,592	3,764	-	1,171,356	191,716
Capital leases	184,305	-	87,682	96,623	41,550
Total Other Liabilities	4,269,936	3,764	97,762	4,175,938	1,047,371
Total Long-Term Debt	\$ 93,856,840	\$ 3,764	\$ 10,566,147	\$ 83,294,457	\$ 5,600,248

The changes in the District's long-term obligations during the 2004 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 85,000,000	\$ -	\$ 7,300,000	\$ 77,700,000	\$ 8,500,000
Certificates of participation	9,595,000	-	1,520,000	8,075,000	1,585,000
Notes payable	4,176,740	-	364,836	3,811,904	383,385
Total Bonds and Notes Payable	98,771,740	-	9,184,836	89,586,904	10,468,385
Other Liabilities					
Compensated absences	2,788,245	129,794	-	2,918,039	847,688
Load banking	1,228,633	-	61,041	1,167,592	223,406
Capital leases	499,574	104,685	419,954	184,305	87,682
Total Other Liabilities	4,516,452	234,479	480,995	4,269,936	1,158,776
Total Long-Term Debt	\$ 103,288,192	\$ 234,479	\$ 9,665,831	\$ 93,856,840	\$ 11,627,161

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

Description of Debt

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

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$356,347,814. At June 30, 2005, \$85,000,000 had been issued and \$69,200,000 was outstanding. Interest rates on the bonds range from three percent to five percent.

The COPs were issued in 1998 in the amount of \$16,290,000 to fund various capital improvement projects throughout the District. At June 30, 2005, \$6,490,000 was outstanding. The certificates mature through June 2008 with interest rates ranging from 3.9 percent to 4.4 percent.

The notes payable were issued in 2001 in the amount of \$4,248,885 to fund energy-retrofitting projects throughout the District. At June 30, 2005, \$3,428,519 was outstanding. The note matures through September 2012.

The District has utilized capital lease purchase agreements to purchase equipment. The current lease purchase agreements will be paid through December 2007.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds Outstanding June 30, 2005
				Outstanding July 1, 2004	Issued / Redeemed	
8/12/2002	8/1/2027	3.00 - 5.00%	\$85,000,000	\$77,700,000	\$ - / \$8,500,000	\$69,200,000

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

The general obligation bonds mature through 2028 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2006	\$ 2,500,000	\$ 3,308,250	\$ 5,808,250
2007	2,200,000	3,237,750	5,437,750
2008	1,000,000	3,189,750	4,189,750
2009	1,000,000	3,158,500	4,158,500
2010	1,000,000	3,126,000	4,126,000
2011-2015	8,400,000	14,874,375	23,274,375
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>\$ 69,200,000</u>	<u>\$ 50,459,875</u>	<u>\$ 119,659,875</u>

Certificates of Participation

The certificates mature through 2008 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,650,000	\$ 264,124	\$ 1,914,124
2007	1,725,000	192,518	1,917,518
2008	3,115,000	102,794	3,217,794
Total	<u>\$ 6,490,000</u>	<u>\$ 559,436</u>	<u>\$ 7,049,436</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>
2006	\$ 402,877	\$ 163,622	\$ 566,499
2007	423,360	143,139	566,499
2008	444,884	121,615	566,499
2009	467,503	98,996	566,499
2010	491,271	75,228	566,499
2011-2013	1,198,624	76,000	1,274,624
Total	<u>\$ 3,428,519</u>	<u>\$ 678,600</u>	<u>\$ 4,107,119</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

Capital Leases

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

Balance, July 1, 2004	\$ 225,816
Payments	108,153
Balance, June 30, 2005	<u>\$ 117,663</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2006	\$ 54,416
2007	49,086
2008	14,161
Total	<u>117,663</u>
Less: Amount Representing Interest	21,040
Present Value of Minimum Lease Payments	<u>\$ 96,623</u>

NOTE 9 - POSTEMPLOYMENT BENEFITS

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in PERS is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in STRS is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years and varies by employee class. The District recognizes expenditures for these postemployment health benefits on a pay-as-you-go-basis. During the 2004-2005 fiscal year, the District provided insurance premium benefits to 502 retired employees with total expenditures of \$4,695,575.

NOTE 10 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2005, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

Workers' Compensation

For fiscal year 2005, the District participated in the Statewide Association of Community Colleges Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

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

STRS

Plan Description

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

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

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2004-2005 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$4,092,142, \$3,771,436, and \$4,205,517, respectively, and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the STRS on behalf of all community colleges in the State.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

CalPERS

Plan Description

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

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), 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 2004-2005 was 9.952 percent of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2005, 2004, and 2003, were \$2,505,357, \$2,473,974, and \$752,692, respectively, and equaled 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to STRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS which amounted to \$2,240,510 (4.517 percent) of salaries subject to STRS. No contributions were made for PERS for the year ended June 30, 2005. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. This amount has been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

Deferred Compensation

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. 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, 2005.

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, 2005.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

Construction Commitments

As of June 30, 2005, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Moorpark College Learning Resources Telecommunications Center	\$ 338,786	12/31/05
Moorpark College Maintenance Warehouse	674,393	06/30/06
Moorpark College Track and Field	131,243	06/30/06
Moorpark College Child Development Center	6,408,713	09/30/06
Moorpark College Library Renovation	151,752	05/30/07
Moorpark College PE Renovation	272,305	03/30/08
Moorpark College EATM Building	443,756	07/30/08
Moorpark College Academy Center	1,263,111	03/30/09
Moorpark College Health/Science Complex	867,439	03/30/10
Moorpark Planning and Development Cost	359,283	03/30/10
Oxnard College Gym Remodel	499,097	12/30/05
Oxnard College Track and Field	5,380,817	05/30/06
Oxnard College Auto Technology	757,546	05/30/06
Oxnard College North Campus Parking Lot	181,844	06/30/06
Oxnard College Electrical Systems Upgrade	667,132	06/30/06
Oxnard College Student Services Center	878,825	10/30/08
Oxnard College Learning Resources Telecommunications Center	1,138,205	11/30/09
Oxnard College Warehouse	89,090	06/30/06
Oxnard College Planning and Development Cost	899,209	12/30/10
Ventura College Learning Resources Telecommunications Center	190,735	06/30/06
Ventura College Master Plan	92,527	06/30/06
Ventura College Renovate Athletic Facilities	1,130,188	10/30/06
Ventura College Health/Science Complex	599,767	08/30/09
Ventura College GP and High Tech Project	1,499,122	08/30/09
Ventura College Planning and Development Cost	625,843	06/30/11
Fire/Sheriff Planning and Development Cost	238,168	03/30/09
Fire/Sheriff Master Plan	96,126	06/30/06
Fire/Sheriff Academy	1,431,051	03/30/09
	<u>\$ 27,306,073</u>	

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

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

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

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

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

NOTE 14 - TAX AND REVENUE ANTICIPATION NOTES

On July 1, 2004, the District issued \$11,600,000 Tax and Revenue Anticipation Notes bearing interest at 3.0 percent, with a yield of 1.59 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 30, 2005. By April 30, 2005, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$11,600,000 and related accrued interest and cash held in trust are not included in these financial statements.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

<u>Issue Date</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2004</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding June 30, 2005</u>
07/01/04	3.0%	06/30/05	\$ 11,600,000	\$ -	\$ 11,600,000	\$ -

NOTE 15 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

The District issued \$8,105,000 of Tax and Revenue Anticipation Notes dated July 1, 2005. The notes mature on June 30, 2006, and bear interest at 4.0 percent with a yield of 2.62 percent. The notes were sold to supplement cash flow. Repayment requirements are that 50 percent of principal and interest be deposited with the Fiscal Agent on January 31, 2006, and the remaining 50 percent of principal and interest be deposited with the Fiscal Agent on April 30, 2006.

SUPPLEMENTARY INFORMATION

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2005

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

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Ms. Cheryl Heitmann	President	2006
Ms. Mary Anne Rooney	Vice President	2006
Mr. Robert O. Huber	Member	2008
Mr. Arturo D. Hernandez	Member	2006
Dr. Larry O. Miller	Member	2008
Vacant	Student Trustee	2005

ADMINISTRATION

Dr. James M. Meznik	Chancellor
Mr. Michael D. Gregoryk	Deputy Chancellor
Mr. William Studt	Vice Chancellor, Human Resources
Ms. Susan F. Johnson	Associate Vice Chancellor, Business Services and Financial Management (COB)

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Catalog Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION		
HIGHER EDUCATION ACT		
Title V Hispanic Servicing Institutions [1]	84.031S	\$ 784,767
Pass through from Foundation at CSUSB - Title V	84.031S	75,365
Allan Hancock Title V Cooperative	84.031S	245,638
Child Care Access Means Parents in School (CCAMPIS)	84.335A	17,237
TRIO Talent Search	84.044	174,090
FINANCIAL AID CLUSTER [1]		
Federal College Work Study - FWS	84.033	324,319
Pell Grant	84.063	9,347,330
Student Financial Aid Administrative Costs	84.063	67,479
Supplemental Educational Opportunity Grant - SEOG	84.007	427,693
Federal Loans	84.032	2,688,691
VOCATIONAL AND TECHNICAL EDUCATION ACT		
Tech Prep Demo Program	84.353	142,923
Tech Prep	84.243	178,330
VTEA IIB Consortium Grant	84.051	172,057
Workability III - Department of Rehabilitation	84.126	227,074
Title IC [1]	84.048	608,533
U.S. DEPARTMENT OF LABOR		
Veterans	17.804	2,301
Passed through from County of Ventura Human Service Agency		
Nurse Workforce Initiative	17.528	110,738
Court Involved Youth	17.529	16,335
BESD Medical Assistant Training	[2]	43,280
Passed through from County of Ventura General Services Agency		
SA Staff Training	[2]	37,188
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Child Care and Development Grant: Yosemite Child Care Consortium	93.575	35,931
Project EASEL	93.558	468
Title IV-E CASA Pacifica	93.558	445,795
Title IV - E Special Projects Training	93.558	100,048
U.S. DEPARTMENT OF AGRICULTURE		
Hispanic Serving Institutions Education Grant	10.223	252,247
U.S. DEPARTMENT OF JUSTICE		
COPS Grant	16.710	11,167
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
NASA Proyecto Access	43.001	69,893
NATIONAL SCIENCE FOUNDATION		
Project CREATE	47.076	29,491
Sinclair	47.076	8,125
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Teen Parent Program	[2]	7,206
City of Oxnard Community Development Block Grant	[2]	24,977
OTHER FEDERAL REVENUE		
Fish and Wildlife	[2]	261
Total Federal Programs		<u>\$ 16,676,977</u>

[1] Tested as a major program.

[2] Federal Catalog 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, 2005

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
AB1725 Staff Diversity 03-05	\$ 20,606	\$ -	\$ 20,606
AB1725 Staff Diversity 04-06	25,480	-	25,480
Alternate Text Production Center Year 4	266,399	330,601	597,000
Alternate Text Production Center Year 5	597,000	-	597,000
Americorps 03-04 Year 4	33,534	-	33,534
Americorps 04-05 Year 5	31,773	-	31,773
Biotechnology Center Leadership 04-05	162,500	-	162,500
Business and Workforce Performance (COE) 03-04	31,628	138,302	169,930
Business and Workforce Performance (COE) 04-05	178,875	-	178,875
Cal Grant B	1,100,263	2,326	1,102,589
Cal Grant C	29,736	-	29,736
California Articulation Number 04-05	15,000	-	15,000
CalWorks 04-05	55,069	-	55,069
CalWorks 04-05	170,317	-	170,317
CalWorks 04-05	160,196	-	160,196
CDE Tech Prep Consortium	199,940	-	199,940
Central Coast Applied Biotech Center 03-04	37,091	132,839	169,930
Central Coast Applied Biotech Center 04-05	178,875	-	178,875
CITD 04-05	179,214	-	179,214
College of the Canyons Biotech Coop Grant	97,776	-	97,776
Cooperative Agency Resource Education (CARE) 03-04	29,710	266,071	295,781
Cooperative Agency Resource Education (CARE) 04-05	280,765	-	280,765
Credit Matriculation 03-04	31,195	995,243	1,026,438
Credit Matriculation 04-05	1,021,351	-	1,021,351
Department of Education - Child Development Careers Project Year 4	512,776	80,160	592,936
Disabled Students Programs and Services (DSPS) 03-04	16,452	2,347,710	2,364,162
Disabled Students Programs and Services (DSPS) 04-05	2,386,208	-	2,386,208
Enrollment Growth Associate's Degree in Nursing 04-05	49,882	-	49,882
Enrollment Growth Associate's Degree in Nursing 04-05	75,898	-	75,898
Enrollment Growth Associate's Degree in Nursing 05-06	58,823	-	58,823
Enrollment Growth Associate's Degree in Nursing 05-06	89,507	-	89,507
Extended Opportunity Program and Services (EOPS) 03-04	77,400	1,766,132	1,843,532
Extended Opportunity Program and Services (EOPS) 04-05	1,920,704	-	1,920,704
FII Online Smart Tutoring Elementary	26,217	-	26,217
First 5 of Ventura Tuition Assistance for Needy Families	30,000	-	30,000
Foster Kinship Care Education	407,081	-	407,081
Funds for Student Success Mesa 03-04	-	81,500	81,500
Funds for Student Success Mesa 04-05	81,500	-	81,500
Funds for Student Success Special Projects	9,000	-	9,000
HR Technology Training (TTIP) 01-03	6,563	9,960	16,523
Independent Living-Foster Children 04-05	14,250	-	14,250
MCCCP NSF Scholarship Grant	6,250	-	6,250

See accompanying note to supplementary information.

Program Revenues					
Cash	Accounts	Accounts	Deferred	Total	Program
Received	Receivable	Payable	Revenue	Revenue	Expenditures
\$ 20,606	\$ -	\$ -	\$ 14,408	\$ 6,198	\$ 6,198
25,480	-	-	41	25,439	25,439
146,999	118,961	-	-	265,960	265,960
-	597,000	-	-	597,000	597,000
-	3,738	-	-	3,738	3,738
-	-	-	-	-	-
136,500	26,000	-	-	162,500	162,500
31,595	-	-	-	31,595	31,595
162,855	16,088	-	-	178,943	178,943
1,098,967	3,622	-	-	1,102,589	1,102,589
29,448	288	-	-	29,736	29,736
15,000	-	406	-	14,594	14,594
51,256	3,452	-	-	54,708	54,708
158,524	11,793	-	-	170,317	170,317
149,103	10,705	-	-	159,808	159,808
-	-	-	-	-	-
37,091	-	225	-	36,866	36,866
150,255	28,620	-	-	178,875	178,875
150,255	28,620	-	-	178,875	178,875
-	97,776	105	-	97,671	97,671
28,688	-	-	1,971	26,717	26,717
276,544	1,272	-	1,031	276,785	276,785
31,194	-	-	126	31,068	31,068
1,021,351	-	-	-	1,021,351	1,021,351
361,859	121,509	-	-	483,368	483,368
13,705	-	-	5,950	7,755	7,755
2,388,571	-	-	1,337	2,387,234	2,387,234
41,901	7,981	-	-	49,882	49,882
63,754	3,611	-	-	67,365	67,365
49,411	-	-	49,411	-	-
75,186	-	-	75,186	-	-
76,230	-	10,129	1,555	64,546	64,546
1,920,704	197	-	7,460	1,913,441	1,913,441
19,663	6,020	-	-	25,683	25,683
20,805	9,174	-	-	29,979	29,979
201,041	196,131	-	-	397,172	397,172
(17,834)	17,834	-	-	-	-
61,125	18,602	-	-	79,727	79,727
6,750	381	-	-	7,131	7,131
6,563	-	-	435	6,128	6,128
-	14,229	-	-	14,229	14,229
6,250	-	-	-	6,250	6,250

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2005**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Middle College High School (MCHS) 04-05	\$ 96,049	\$ 30,951	\$ 127,000
Middle College High School (MCHS) 04-05	113,392	13,609	127,001
Middle College High School (MCHS) 05-06	127,000	-	127,000
Middle College High School (MCHS) 05-06	127,000	-	127,000
Noncredit Matriculation 03-04	7,977	10,770	18,747
Noncredit Matriculation 04-05	20,242	-	20,242
State Instructional Equipment 03-05	220,595	175,696	396,291
State Instructional Equipment 04-06	857,000	-	857,000
Student Financial Aid Administration Allowance 03-04	410,908	579,878	990,786
Student Financial Aid Administration Allowance 04-05	1,048,011	-	1,048,011
TANF Child Development Careers Program	58,180	-	58,180
Telecomm and Technical Infrastructure Program (TTIP) 01-03	14,857	1,724	16,581
TTIP 02-04 4CNET	46,800	138,056	184,856
TTIP Library Automation 02-04	70	111,041	111,111
TTIP Library Automation 03-05	48,235	61,853	110,088
TTIP Library Automation 04-06	110,091	-	110,091
TTIP TCO 03-04 (Cal Ren)	126,282	-	126,282
TTIP Technology for Access 01-03	47,811	361,245	409,056
Transitional Assist to Needy Families (TANF) 03-04	96,539	-	96,539
TRDP 03-04	8,065	33,935	42,000
VCSS School to Career	20,000	-	20,000
Video Captioning ACCESS	4,607	-	4,607
Ventura County Public Health Tobacco Ed Program	355	6,320	6,675
Ventura County Public Health Tobacco Ed Program	2,417	312	2,729
Workplace Resource Learning Center 04-05	179,087	-	179,087
Total	<u>\$ 14,494,374</u>	<u>\$ 7,676,234</u>	<u>\$ 22,170,608</u>

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 64,299	\$ 30,776	\$ -	\$ -	\$ 95,075	\$ 95,075
81,642	31,750	-	-	113,392	113,392
95,250	-	-	95,250	-	-
95,250	-	-	69,000	26,250	26,250
7,977	-	-	-	7,977	7,977
20,242	-	-	3,395	16,847	16,847
220,595	-	-	203	220,392	220,392
857,000	-	-	691,796	165,204	165,204
410,908	-	-	-	410,908	410,908
1,048,011	-	-	66,681	981,330	981,330
3,749	9,730	426	-	13,053	13,053
14,857	-	-	1,051	13,806	13,806
46,800	-	-	35,100	11,700	11,700
70	-	-	-	70	70
48,236	-	-	2,010	46,226	46,226
110,091	-	-	16,452	93,639	93,639
196,840	-	-	141,251	55,589	55,589
47,811	-	-	14,518	33,293	33,293
96,539	-	-	7,258	89,281	89,281
(2,435)	9,521	-	-	7,086	7,086
20,000	-	7,260	-	12,740	12,740
4,607	-	31	-	4,576	4,576
355	-	-	-	355	355
2,417	-	-	-	2,417	2,417
150,255	27,792	-	-	178,047	178,047
<u>\$ 12,658,761</u>	<u>\$ 1,453,173</u>	<u>\$ 18,582</u>	<u>\$ 1,302,876</u>	<u>\$ 12,790,476</u>	<u>\$ 12,790,476</u>

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE APPORTIONMENT
ANNUALIZED ATTENDANCE AND ANNUAL APPRENTICESHIP HOURS
OF INSTRUCTION
FOR THE YEAR ENDED JUNE 30, 2005**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. <u>Credit Full-Time Equivalent Student (FTES)</u>			
1. Summer	3,229	-	3,229
2. Weekly census	19,268	-	19,268
3. Daily census	1,443	-	1,443
4. Actual hours of attendance	397	-	397
5. Independent study/work experience	913	-	913
Subtotal	<u>25,250</u>	<u>-</u>	<u>25,250</u>
B. <u>Noncredit FTES</u>			
1. Summer	21	-	21
2. Actual hours of attendance	168	-	168
Subtotal	<u>189</u>	<u>-</u>	<u>189</u>
Total FTES	<u>25,439</u>	<u>-</u>	<u>25,439</u>
C. <u>Basic Skills Courses</u>			
1. Credit			1,213
2. Non credit			39
Total Basic Skills FTES			<u>1,252</u>
D. <u>FTES Generated in Leased Space</u>			
			<u>682</u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which require reconciliation to the audited financial statements at June 30, 2005.

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, 2005**

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

Total Fund Balance:

General Fund	\$ 9,704,331	
Special Revenue Funds	197,738	
Capital Project Funds	47,853,952	
Debt Service Funds	18,597,259	
Enterprise Funds	3,105,680	
Internal Service Funds	1,963,181	
Fiduciary Funds	<u>3,468,474</u>	
Total Fund Balance - All District Funds		\$ 84,890,615

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	320,721,847	
Accumulated depreciation is	(49,005,531)	
Less fixed assets already recorded in the enterprise funds	<u>(294,642)</u>	271,421,674
Amounts held in trust on behalf of others (Trust and Agency Funds)		(3,423,341)

In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred. (1,417,517)

Long-term liabilities at year end consist of:

Bonds payable	69,200,000	
Certificates of participation	6,490,000	
Notes payable	3,428,519	
Capital leases payable	96,623	
Load banking	1,171,356	
Compensated absences	2,907,959	
Less capital lease payable already recorded in enterprise funds	(30,249)	
Less load banking already recorded in funds	(771,801)	
Less compensated absences already recorded in funds	<u>(814,105)</u>	<u>(81,678,302)</u>
Total Net Assets		<u><u>\$ 269,793,129</u></u>

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2005

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of Workload Measures for Program-Based Funding

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

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

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

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INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Ventura County Community College District
Camarillo, California

We have audited the financial statements of Ventura County Community College District (the District) as of and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated September 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura County Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Ventura County Community College District in a separate letter dated September 8, 2005.

Compliance and Other Matters

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

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

Vannich, Trine, Roy & Co., LLP

Rancho Cucamonga, California
September 8, 2005



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

Board of Trustees
Ventura County Community College District
Camarillo, California

Compliance

We have audited the compliance of Ventura County Community College District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 of America, 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 the 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 on the District's compliance with those requirements.

In our opinion, except for finding 2005-1 as described in the accompanying Schedule of Federal Award Findings and Questioned Costs, Ventura County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Ventura County Community College District is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, District Management, the California State 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.

Vannish, Trine, Day & Co., LLP

Rancho Cucamonga, California
September 8, 2005



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Camarillo, California

We have audited the financial statements of the Ventura County Community College District (the District) for the years ended June 30, 2005 and 2004, and have issued our report thereon dated September 8, 2005.

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

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

General Directives

- MIS Implementation - Required Data Elements

Administrative

- Fiscal Operations - Salaries of Classroom Instructors (50 Percent Law)
- Fiscal Operation - Gann Limit Calculation
- Apportionments - Apportionment for Instructional Service Agreements/Contracts
- Apportionments - Residency Determination for Credit Courses
- Apportionment - Concurrent Enrolment of K-12 Students in Community College Credit Courses
- Apportionment - Enrollment Fee
- Open Enrollment
- Minimum Conditions - "Standard of Scholarship"
- Student Fees - Instructional Materials and Health Fees

Student Services

- Matriculation - Uses of Matriculation Funds

Special Programs

- Extended Opportunity Programs and Services (EOP&S) - Allocation of Costs
- Extended Opportunity Programs and Services (EOP&S) - Administrator/Director Requirements

Facilities Program

- Scheduled Maintenance Program

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

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

In our opinion, except for finding 2005-2 as described in the accompanying Schedule of State Award Findings and Questioned Costs, the Ventura County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2005.

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

Varrini, Tuna, Day & Co., LLP

Rancho Cucamonga, California
September 8, 2005

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, 2005**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions 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>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Qualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>Yes</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.031S</u>	<u>Title V Hispanic Servicing Institutions</u>
<u>84.033, 84.063, 84.007, 84.032</u>	<u>Financial Aid Cluster</u>
<u>84.048</u>	<u>Title IC - VATEA</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 500,309</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions 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, 2005**

None reported.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2005

The following finding represents reportable conditions, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

2005-1

Personnel Activity Reports

The District is not preparing personnel activity reports as required by OMB Circular A-87, Attachment B, Section 8(h)(3) and Section 11(h)(5) for employees charged to the Title V - Strengthening Institutions.

Recommendation

Under the cost principles set forth by OMB Circular A-87 Attachment B (11)(h)(5), employees who work on multiple activities must complete personnel activity reports or equivalent documentation and must meet the following standards:

- Reflect actual activity of each employee,
- Account for total activity that an employee is compensated for,
- Prepared monthly and must coincide with one or more pay periods, and
- Signed by employee.

For employees who work solely on a single Federal Program, OMB Circular A-87 Attachment B (11)(h)(5) states that the payroll charges must be supported by certifications. These certifications must be prepared at least semi-annually, signed by the employees, and state that the employee worked solely on the program for the period covered by the certification.

District Response

The District concurs with the finding and recommendation. The District is currently in the process of developing written procedures and a standard time and effort reporting form. The District will ensure that staff working under Federal programs complete time and effort reporting that meets the standards of OMB Circular A-87.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2005

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

2005-2

Student Fees

We noted the following area of concerns regarding student fees:

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

Recommendation

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

District Response

The District concurs with the finding and recommendation. The District is in the process of updating Board approved policies. The District and the three colleges will review with the Board and revise policies as they pertain to student instructional material fees. The policy will outline policies for both required and optional fees and will be consistent among the three colleges. Upon adoption of the Board approved policy for instructional material fees, the catalogs and the schedule of classes at each college will be updated to ensure proper compliance with State regulations.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005**

There were no audit findings reported in the prior year's audit report.

