NEW ISSUE – BOOK ENTRY ONLY

RATINGS: Moody's: "Aa2"
S&P: "AA"
See "RATINGS" herein.

In the opinion of Fulbright & Jaworski LLP, Los Angeles, California, Bond Counsel, a member of Norton Rose Fulbright, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein, including a discussion of the federal alternative minimum tax consequences for corporations.

$61,860,000
VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
(Ventura County, California)
2014 General Obligation Refunding Bonds

Dated: Date of Delivery **Due: August 1, as shown on inside cover.**

The 2014 General Obligation Refunding Bonds (the "Bonds") of the Ventura County Community College District (the "District") are payable from *ad valorem* taxes upon all property subject to taxation within the District, which the Board of Supervisors of Ventura County (the "County") is empowered and obligated to levy without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) all as more fully described herein. The Bonds are being issued (i) to refund the balance of the District's outstanding Election of 2002 General Obligation Bonds, Series A; (ii) to refund a portion of the District's outstanding Election of 2002 General Obligation Bonds, Series B; (iii) and to pay the costs of issuance of the Bonds. The Bonds are dated their date of delivery and are issued on a parity with the other outstanding general obligation bonds of the District.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON TAXABLE PROPERTIES WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES). THE BONDS ARE NOT AN OBLIGATION OF THE COUNTY OR OF THE GENERAL FUND OF THE DISTRICT. SEE "SECURITY FOR THE BONDS" HEREIN.

The Bonds are being issued in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds described herein under the caption "THE BONDS – Book-Entry Only System."

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2014. Principal of and interest on the Bonds is payable directly to DTC by U.S. Bank National Association, as Paying Agent for the Bonds. Upon receipt of payments of principal and interest, DTC is obligated in turn to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein.

The Bonds are subject to optional redemption prior to maturity as described herein. See "THE BONDS — Redemption" herein.

The Bonds are general obligations of the District. The Board of Supervisors of the County has the power and is obligated to levy a tax for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable in such fiscal year.

MATURITY SCHEDULE
on inside cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Fulbright & Jaworski LLP, Los Angeles, California, Bond Counsel, a member of Norton Rose Fulbright, and certain other conditions. Fulbright & Jaworski LLP, Los Angeles, California, is also acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriter by its counsel, Matt Juhl-Darlington & Associates, Los Angeles, California. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about January 28, 2014.

DE LA ROSA & CO.
INVESTMENT BANKERS

Dated: January 16, 2014

MATURITY SCHEDULE

$61,860,000
VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
(Ventura County, California)
2014 General Obligation Refunding Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No. (923040)*
2014	$1,975,000	3.00%	0.18%	FC8
2015	300,000	4.00	0.23	FD6
2016	1,855,000	5.00	0.40	FE4
2017	2,145,000	5.00	0.60	FF1
2018	2,445,000	5.00	0.96	FG9
2019	2,770,000	5.00	1.35	FH7
2020	3,120,000	5.00	1.76	FJ3
2021	3,490,000	5.00	2.09	FK0
2022	3,875,000	5.00	2.45	FL8
2023	4,300,000	5.00	2.71	FM6
2024	4,750,000	5.00	2.92(1)	FN4
2025	5,240,000	5.00	3.14(1)	FP9
2026	5,765,000	5.00	3.35(1)	FQ7
2027	4,465,000	5.00	3.47(1)	FR5
2028	4,495,000	5.00	3.56(1)	FS3
2029	5,110,000	5.00	3.66(1)	FT1
2030	5,760,000	4.00	4.09	FU8

(1) Priced to call on the optional redemption date of February 1, 2024 at par.

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of investors. None of the District, the Underwriter, or the Financial Advisor are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Ventura County Community College District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The information set forth herein has been obtained from official sources which are believed to be reliable. The District maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by Ventura County, Ventura County has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE VENTURA COUNTY POOLED SURPLUS INVESTMENTS."

The Preliminary Official Statement has been "deemed final" by the District for purpose of Rule 15c2-12 of the Securities and Exchange Commission.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
Ventura County, State of California

SPECIAL SERVICES

Underwriter

De La Rosa & Co.
Los Angeles, California

Bond and Disclosure Counsel

Fulbright & Jaworski LLP
(a member of Norton Rose Fulbright)
Los Angeles, California

Financial Advisor

Keygent LLC
El Segundo, California

Paying Agent

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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$61,860,000
VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
(Ventura County, California)
2014 General Obligation Refunding Bonds

INTRODUCTION

The Ventura County Community College District (the "District") proposes to issue $61,860,000 aggregate principal amount of its 2014 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued (i) to refund a portion of the District's outstanding $85,000,000 Election of 2002 General Obligation Bonds, Series A (the "Refunded Series A Bonds"); (ii) to refund a portion of the District's outstanding $80,000,000 Election of 2002 General Obligation Bonds, Series B (the "Refunded Series B Bonds" and, together with the Refunded Series A Bonds, the "Refunded Bonds"); (iii) and to pay the costs of issuance of the Bonds. See "PLAN OF REFUNDING" below.

The Refunded Bonds were originally issued under and pursuant to a bond authorization (the "Authorization") for the issuance and sale of not more than $356,347,814 of general obligation bonds approved by more than 55% of the voters of the District voting at an election held on March 5, 2002 (the "Election"). The Bonds are issued on a parity with all general obligation bonds of the District, including future general obligation bonds issued under any additional authorizations.

The District was established in 1962. The District provides public community college education over an 882-square-mile area in Ventura County (the "County"). The District is the only community college district in Ventura County. The District currently operates three community colleges: Ventura College, Moorpark College, and Oxnard College. Each college provides collegiate level instruction across a wide spectrum of subjects for grades 13 and 14, including general education, pre-professional training, occupational and vocational training, and technical, general, adult and community education.

The District had an enrollment of Full-Time Equivalent Students ("FTES") for fiscal year 2011-12 and 2012-13 of 26,458 and 25,036, respectively, and targeted enrollment of FTES for fiscal year 2013-14 of 25,693. The District has a 2013-14 assessed valuation of $107,943,677,725. The District has certain existing direct and overlapping bonded indebtedness as set forth under the caption "DISTRICT FINANCIAL INFORMATION — Direct and Overlapping Debt."

The District's audited financial statements for the fiscal year ended June 30, 2013, are attached hereto as APPENDIX C. For more complete information concerning the District, see the information set forth in "APPENDIX A – THE DISTRICT" attached hereto.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the District and are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53550 *et seq.* (the "Act"), and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on December 10, 2013 (the "Resolution").

Plan of Refunding

The proceeds from the sale of the Bonds will be used by the District to refund the Refunded Bonds and to pay certain costs associated with the issuance of the Bonds. The net proceeds from the sale of the Bonds will be deposited with U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the "Ventura County Community College District 2014 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund"). Pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent, a portion of the proceeds of the Bonds deposited in the Escrow Fund will be used to purchase certain Escrowed Securities, as defined in the Escrow Agreement, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal of the Refunded Series A Bonds on February 1, 2014 (the "Series A Bonds Redemption Date"), the principal of the Refunded Series B Bonds on August 1, 2015 (the "Series B Bonds Redemption Date" and together with the Series A Bonds Redemption Date, the "Redemption Dates"), plus any interest due on the Refunded Bonds on or prior to the respective Redemption Dates.

Description of the Bonds

The Bonds will be issued in denominations of $5,000 or any integral multiple thereof and will mature on the dates and in the amounts all as set forth on the inside cover page of this Official Statement.

Book-Entry Only System

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank National Association, as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Payments of principal and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" herein.

Payment

Interest on the Bonds is payable commencing August 1, 2014, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). Interest on each Bond shall accrue from its dated date. Interest on Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the registered owner (each, an "Owner") thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date"). Interest with respect to each Bond will be payable from the

Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Estimated Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follow:

Sources of Funds	
Principal Amount of Bonds	$61,860,000.00
Net Original Issue Premium	8,560,255.45
Total Sources	$70,420,255.45
Uses of Funds	
Deposit to Escrow Fund	$69,910,677.93
Payment of Costs of Issuance(1)	509,577.52
Total Uses	$70,420,255.45

(1) Includes payment of Underwriter's discount, paying agent and escrow agent fees, legal fees, verification agent fees, rating agency fees and other costs of issuance. Following payment of all costs of issuance, any remainder will be deposited in the Debt Service Account of the District, as established in the Resolution.

Redemption

The Bonds are subject to redemption as follows:

Optional Redemption of Bonds. The Bonds maturing on or before August 1, 2023, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2024, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after February 1, 2024, at par, together with interest accrued thereon to the date of redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the

Paying Agent shall determine; *provided, however,* that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest on Bonds shall cease to accrue.

The Paying Agent shall take the following actions with respect to such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register; and (ii) in the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (i) above, such Redemption Notice shall be given by (1) registered or certified mail, postage prepaid, (2) telephonically confirmed facsimile transmission or (3) overnight delivery service, to the Securities Depositories; and (iii) at least two days prior to the redemption date, such Redemption Notice shall be given by electronic means to the Information Services.

Neither failure to receive Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

<u>Conditional Notice.</u> The Paying Agent shall, at the direction of the District, issue a Redemption Notice on the foregoing terms that is conditioned upon the delivery of proceeds of refunding bonds or other funds lawfully available to pay the redemption price of the Bonds. Such a conditional Redemption Notice, if given, may be rescinded by the Paying Agent at the direction of the District at any time prior to the scheduled redemption date, whereupon the Redemption Notice shall: (i) be deemed null and void, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof of a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Account, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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Debt Service Schedule

The following table summarizes the debt service requirements of the District for the general obligation bonds issued under the Authorization (collectively, the "Existing Bonds") and the Bonds, assuming no optional redemption.

Bond Year Ending August 1	Existing Bonds Debt Service[(1)]	The Bonds Principal	The Bonds Interest	Total
2014	$15,487,537.50	$ 1,975,000	$ 1,521,390.83	$18,983,928.33
2015	15,713,537.50	300,000	2,933,650.00	18,947,187.50
2016	14,932,737.50	1,855,000	2,921,650.00	19,709,387.50
2017	15,664,737.50	2,145,000	2,828,900.00	20,638,637.50
2018	16,418,337.50	2,445,000	2,721,650.00	21,584,987.50
2019	17,206,537.50	2,770,000	2,599,400.00	22,575,937.50
2020	18,044,337.50	3,120,000	2,460,900.00	23,625,237.50
2021	18,909,137.50	3,490,000	2,304,900.00	24,704,037.50
2022	19,849,375.00	3,875,000	2,130,400.00	25,854,775.00
2023	20,793,625.00	4,300,000	1,936,650.00	27,030,275.00
2024	21,835,625.00	4,750,000	1,721,650.00	28,307,275.00
2025	22,846,125.00	5,240,000	1,484,150.00	29,570,275.00
2026	23,963,375.00	5,765,000	1,222,150.00	30,950,525.00
2027	27,078,125.00	4,465,000	933,900.00	32,477,025.00
2028	29,185,875.00	4,495,000	710,650.00	34,391,525.00
2029	30,365,875.00	5,110,000	485,900.00	35,961,775.00
2030	31,505,450.00	5,760,000	230,400.00	37,495,850.00
2031	39,541,600.00			39,541,600.00
2032	41,222,950.00			41,222,950.00
2033	42,980,700.00			42,980,700.00
Total	$483,545,600.00	$61,860,000	$31,148,290.83	$576,553,890.83

(1) Excludes the Refunded Bonds.

Defeasance

All outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Account is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal and interest and premium, if any; or

(b) by irrevocably depositing with an independent escrow agent selected by the District noncallable United States Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Account together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date; then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

Continuing Disclosure Certificate

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the beneficial owners of the Bonds, to provide certain information as set forth therein. The covenants contained in the Continuing Disclosure Certificate have been made to assist the Underwriter in complying with the Rule. The District has, in the past, failed to file certain portions of its annual reports with respect to its previous continuing disclosure undertakings, but has subsequently filed all required reports and is now current. The District has retained Keygent LLC to assist it with its filings under the Continuing Disclosure Certificate and the District's previous continuing disclosure undertakings. See "CONTINUING DISCLOSURE" herein.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of the principal of and interest on the Bonds.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

For fiscal year 2013-14, the District's total net secured and unsecured assessed valuation is $107,943,677,725. Shown in the following tables are the assessed valuation of property in the District during the past five fiscal years, including the current figures for 2013-14, a list of assessed valuation in the District by jurisdiction for the 2013-14 fiscal year, assessed valuation and parcels by land use for the 2013-14 fiscal year and the twenty largest locally secured taxpayers in the District for the 2012-13 fiscal year.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2009-10 THROUGH 2013-14

	Local Secured	Utility	Unsecured	Total
2009-10	$ 99,874,489,508	$111,238,254	$4,445,768,536	$104,431,496,298
2010-11	99,769,371,199	123,561,980	4,217,265,969	104,110,199,148
2011-12	99,726,958,618	110,633,707	4,093,657,056	103,931,249,381
2012-13	100,411,917,705	126,334,142	4,028,806,417	104,567,058,264
2013-14	103,703,102,485	153,331,365	4,087,243,875	107,943,677,725

Source: California Municipal Statistics, Inc.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
2013-14 Assessed Valuation by Jurisdiction[1]

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction[1]	% of Jurisdiction in District
City of Camarillo	$ 10,540,043,283	9.76%	$10,540,043,283	100.00%
City of Fillmore	912,340,695	0.85	912,340,695	100.00
City of Moorpark	4,883,679,699	4.52	4,883,679,699	100.00
City of Ojai	1,235,639,389	1.14	1,235,639,389	100.00
City of Oxnard	15,754,311,306	14.59	15,754,311,306	100.00
City of Port Hueneme	1,425,074,642	1.32	1,425,074,642	100.00
City of San Buenaventura (Ventura)	12,449,927,426	11.53	12,449,927,426	100.00
City of Santa Paula	1,674,860,886	1.55	1,674,860,886	100.00
City of Simi Valley	15,055,877,505	13.95	15,055,877,505	100.00
City of Thousand Oaks	24,176,224,516	22.40	24,176,224,516	100.00
Unincorporated Ventura County	19,835,698,378	18.38	19,871,374,354	99.82
Total District	$107,943,677,725	100.00%		
Ventura County	$107,943,677,725	100.00%	$107,979,353,701	99.97%

(1) Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
2013-14 Assessed Valuation and Parcels by Land Use

	2013-14 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$3,659,958,075	3.53%	5,141	1.96%
Commercial	6,912,485,687	6.67	3,972	1.52
Vacant Commercial	486,067,815	0.47	888	0.34
Professional/Office	2,796,652,112	2.7	1,543	0.59
Industrial	8,945,418,243	8.63	4,154	1.59
Vacant Industrial	313,125,301	0.3	615	0.23
Recreational/Open Space	373,643,429	0.36	339	0.13
Government/Social/Institutional	256,905,132	0.25	4,299	1.64
Miscellaneous	322,572,335	0.31	5,001	1.91
Subtotal Non-Residential	$24,066,828,129	23.21%	25,952	9.91%
Residential:				
Single Family Residence	$62,066,987,446	59.85%	166,401	63.53%
Condominium/Townhouse	10,474,670,730	10.1	39,994	15.27
Hotel/Motel	631,721,625	0.61	168	0.06
Timeshare	566,150	0	1,647	0.63
Mobile Home	349,651,114	0.34	11,714	4.47
Mobile Home Park	230,752,470	0.22	495	0.19
2-4 Residential Units	1,579,658,921	1.52	5,194	1.98
5+ Residential Units/Apartments	3,120,926,878	3.01	1,114	0.43
Vacant Residential	1,181,339,022	1.14	9,234	3.53
Subtotal Residential	$79,636,274,356	76.79%	235,961	90.09%
Total	$103,703,102,485	100.00%	261,913	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
2012-13 Largest Local Secured Taxpayers

	Property Owner	Primary Land Use	2012-13 Assessed Valuation	% of Total[1]
1.	Amgen Inc.	Industrial	$1,145,143,634	1.10%
2.	Aera Energy LLC	Oil & Gas	1,035,851,981	1.00
3.	Vintage Petroleum LLC	Oil & Gas	1,025,928,702	0.99
4.	Macerich Company	Shopping Center/Mall	432,666,345	0.42
5.	Essex Apartments	Apartments	385,667,133	0.37
6.	Proctor & Gamble Paper Products	Industrial	318,375,847	0.31
7.	Baxter Healthcare Corp.	Industrial	225,408,379	0.22
8.	Duesenberg Investment Co.	Office Building	192,806,908	0.19
9.	Los Robles Hospital	Hospital	186,949,728	0.18
10.	Chelsea GCA Realty Partners	Shopping Center/Mall	186,875,465	0.18
11.	Continuing Life Communities	Retirement Community	182,096,730	0.18
12.	Venoco Inc.	Oil & Gas	153,420,196	0.15
13.	Bank of America	Office Building	145,384,736	0.14
14.	Tishman Speyer Archstone & Smith	Apartments	140,924,213	0.14
15.	PEGH Investments LLC	Industrial	126,091,074	0.12
16.	SOCM I LLC	Shopping Center	116,023,164	0.11
17.	Sunbelt Enterprises LLC	Office Building	114,342,886	0.11
18.	Houweling Nurseries Oxnard Inc.	Agricultural	109,522,661	0.11
19.	Ovis LLC	Hotel	108,025,716	0.10
20.	Knolls Apartments LLC	Apartments	105,182,563	0.10
			$6,436,688,061	6.21%

(1) 2012-13 Local Secured Assessed Valuation (Includes Possessory Interest Values): $103,703,102,485.
Source: California Municipal Statistics, Inc.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30[2]
2008-09	$54,514,166.55	$3,396,646.53	6.23%
2009-10	53,224,174.46	2,562,416.27	4.81
2010-11	53,208,331.60	2,174,257.14	4.09
2011-12	52,966,494.21	1,795,205.85	3.39
2012-13	53,442,120.32	1,775,372.00	3.32

(1) 1% General Fund apportionment. Reflects county-wide delinquency rate.
(2) Ventura County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest. See "SECURITY FOR THE BONDS — Teeter Plan."
Source: California Municipal Statistics, Inc.

Teeter Plan

The County has formally adopted the alternative method of apportioning secured property taxes which is authorized by California Revenue and Taxation Code Sections 4701 et seq. This method is commonly referred to as the "Teeter Plan." Generally, the Teeter Plan provides for a simplified tax distribution procedure in which taxes levied on the secured roll are distributed to participating agencies, including the District, on the basis of their levy, rather than on the basis of actual tax collections. In consideration for the County funding the "buy-out" (difference between tax levy and actual receipts), the County is entitled to receive all future delinquent tax payments, penalties and interest collected.

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors decides to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The delinquency rate for *ad valorem* property taxes exceeded 3% within the District in fiscal year 2008-09 through 2012-13 but the County's Teeter Plan has not been suspended. The District knows of no petition for the discontinuance of the Teeter Plan now pending in the County.

Tax Rates

A representative tax rate area ("TRA") located within the District is Tax Rate Area 05-001. The table below demonstrates the total *ad valorem* tax rates levied by all taxing entities in this TRA during the five-year period from 2009-10 through 2013-14.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rates per $100 Assessed Valuation (TRA 05-001)(1)

	2009-10	2010-11	2011-12	2012-13	2013-14
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Ventura Unified School District	.033200	.032400	.033100	.031900	.030600
Ventura Community College District	.013900	.015100	.014000	.019100	.016700
Casitas Municipal Water District	.013581	.018710	.016878	.004379	.005672
Total	1.060681%	1.066210%	1.063978%	1.055379%	1.052972%

(1) 2013-14 Assessed Valuation of TRA 05-001 is $1,769,574,504.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Following is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated December 1, 2013. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2013-14 Assessed Valuation: $107,943,677,725

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/13
Metropolitan Water District	3.746%	$ 6,184,084
Ventura County Community College District	**100.**	**304,428,714**[1]
Simi Valley Unified School District	100.	106,577,404
Ventura Unified School District	100.	59,940,000
Other Unified School Districts	100. [2]	162,850,410
High School Districts	100.	105,841,160
Oxnard School District	100.	148,678,139
Other School Districts	100.	106,654,170
Community Facilities Districts	100.	188,657,475
1915 Act Bonds	37.887-100.	21,132,158
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,210,943,714
OVERLAPPING GENERAL FUND DEBT:		
Ventura County General Fund Obligations	99.967%	$ 376,015,874
Ventura County Superintendent of Schools Certificates of Participation	99.967	11,156,317
School District Certificates of Participation	100.[3]	41,605,432
City of Oxnard General Fund Obligations	100.	64,299,500
City of Ventura General Fund Obligations	100.	41,545,000
Other City General Fund Obligations	100.	55,030,365
Pleasant Valley Recreation and Park District Certificates of Participation	100.	12,515,000
Carpinteria Sanitary District General Fund Obligations	1.978	220,053
Pleasant Valley County Water District Certificates of Participation	100.	208,831
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$ 602,596,372
Less: Carpinteria Sanitary District supported obligations		220,053
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$ 602,376,319
OVERLAPPING TAX INCREMENT DEBT:		$ 276,510,000
GROSS COMBINED TOTAL DEBT		$2,090,050,086[4]
NET COMBINED TOTAL DEBT		$2,089,830,033[4]

(1) Excludes general obligation bonds to be sold.
(2) All 100% except El Tejon Joint Unified School District (8.282%) and Las Virgenes Joint Unified School District (3.653%).
(3) All 100% except Las Virgenes Joint Unified School District (3.653%).
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:
Direct Debt ($304,428,714) 0.28%
Total Direct and Overlapping Tax and Assessment Debt............1.12%
Gross Combined Total Debt..1.94%
Net Combined Total Debt 1.94%

Ratios to Redevelopment Incremental Valuation ($9,703,958,382):
Total Overlapping Tax Increment Debt.......................................2.85%

Source: California Municipal Statistics, Inc.

District Investments

The County Treasurer manages, in accordance with California Government Code Section 53600 *et seq*., funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County's pooled investment fund (the "Pooled Investment Fund"). All money held in any of the funds or accounts established pursuant to the Resolution shall be held in the Pooled Investment Fund and disbursed in accordance with the Resolution.

The composition and value of investments under management in the Pooled Investment Fund vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Pooled Investment Fund, see the caption "THE VENTURA COUNTY POOLED SURPLUS INVESTMENTS" herein.

PLAN OF REFUNDING

The proceeds from the sale of the Bonds will be used by the District to refund the Refunded Bonds and to pay certain costs associated with the issuance of the Bonds.

The net proceeds from the sale of the Bonds will be deposited with the Escrow Agent to the credit of the Escrow Fund. Pursuant to an escrow agreement, a portion of the proceeds of the Bonds deposited in the Escrow Fund will be used to purchase certain Escrowed Securities, as defined in the Escrow Agreement, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal of the Refunded Bonds on the respective Redemption Dates, plus any interest due on the Refunded Bonds on or prior to such Redemption Dates.

Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the cash and securities deposited in the Escrow Fund to pay the principal and interest due with respect to the Refunded Bonds to and including the respective Redemption Dates, and to pay on the respective Redemption Dates the respective redemption prices thereof. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. California community college districts (other than Basic Aid Districts, as described below) receive, on average, approximately 52% of their funds from the State, approximately 44% from local sources, and approximately 4% from federal sources. State funds include general apportionment, categorical funds, capital construction, the State lottery, and other minor sources. Local sources include property taxes, student fees, and miscellaneous sources.

SB 361. Senate Bill 361, which was signed by the Governor on September 29, 2006 ("SB 361"), reformed the formulas for allocating general-purpose apportionments to California community college districts beginning fiscal year 2006-07. The new system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors will be required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each district, plus funding received based on the number of credit, noncredit and enhanced noncredit FTES in each district. SB 361 also specifies that the minimum funding per FTES will be: (a) not less than $4,367 per credit FTES (subject to cost of living adjustments funded through the budget act in subsequent fiscal years); (b) at a uniform rate of $2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and (c) set at $3,092 per enhanced noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation."

See "APPENDIX A – THE DISTRICT" herein for more detailed information regarding the District's FTES for 2012-13 and FTES projections for 2013-14.

The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues of the district. Property taxes and 98% of student enrollment fees are applied towards fulfilling the district's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the district. The sum of the property taxes, student enrollment fees, and State aid generally comprises the district's revenue limit. "Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid Districts do not receive any funds from the State appropriation. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid Districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a Basic Aid District.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State; however, a majority these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require a portion of the funds to be used for instructional purposes, and prohibits their use for capital purposes.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the accrual basis of accounting, and so revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For more information on the District's accounting method, see "APPENDIX C – VENTURA COUNTY COMMUNITY COLLEGE DISTRICT AUDITED FINANCIAL STATEMENTS 2012-13" attached hereto.

The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June, 30, 1999. GASB No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information. In November 1999, GASB released Statement No. 35, "Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities," which applies these reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these standards under the Business Type Activity ("BTA") model. The District uses the BTA model for reporting its financial statements. Under the BTA model, state and local taxes and investment income are classified as non-operating revenues.

The District's Audited Financial Statements for fiscal year 2012-13 were prepared by Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California and are attached as APPENDIX C.

The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in this Official Statement.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries. The County has adopted the Teeter Plan. Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. See "SECURITY FOR THE BONDS – The Teeter Plan" herein.

Proposition 98

In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

Application of Proposition 98. The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of $1.3 billion during fiscal year 1990-91, $1.1 billion during fiscal year 1991-92, $1.3 billion during fiscal year 1992-93 and $787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling $1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

In 1992, a lawsuit, *California Teachers' Association et al. v. Gould*, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 districts share in the repayment of prior years' emergency loans to schools. Of the total $1.76 billion in loans, the State will repay $935 million, while K-14 districts will repay $825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The K-14 districts' share of the repayment will count as appropriations that count toward satisfying the Proposition 98 guarantee, and thus are treated as from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. In April 1996, a court settlement was reached and $360 million in appropriations from the 1995-96 fiscal year was disbursed to districts in August 1996.

Substantially increased State General Fund revenues, above initial budget projections, in the fiscal years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent fiscal years' budgets. Because of the State's increasing revenues, per-pupil funding at the K-12 level has increased by about 42% from the level in place from 1991-92 through 1993-94. A significant amount of the "extra" Proposition 98 moneys in the last few years has been allocated to special programs, most particularly an initiative to allow each classroom from grades K-3 to have no more than 20 pupils by the end of the 1997-98 school year. There are also new initiatives to improve reading skills and to upgrade technology in high schools, as well as numerous programs approved by the State Budget Act for Fiscal Year 1999-2000 and proposed for Fiscal Year 2001-02. The economy of the State has slowed and the State is experiencing severe budget shortfalls. For a discussion of State funding of the District, see "FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA" herein.

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the**

Underwriter, Bond and Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, the County, Bond and Disclosure Counsel nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.

2013-14 State Budget. Governor Brown signed the final 2013-14 State Budget (the "2013-14 Budget") into law on June 27, 2013. The centerpiece of the 2013-14 Budget is the restructuring of the State's funding formula for K-12 schools through the implementation of the "Local Control Funding Formula" (the "LCFF"). The 2013-14 Budget allocates $2.1 billion to commence transitioning the State to the new formula, allocating proportionately more money to school districts with high levels of low-income students, those with limited English proficiency and foster children. Overall, the 2013-14 Budget boosts K-12 and community college funding to $55.3 billion while giving the University of California and California State University systems an additional $125 million each. The 2013-14 Budget also restores $63 million to the State court system that was subject to significant budget cuts in recent years and moves forward with the State-based approach to the optional expansion of care allowed under the Federal healthcare reform which will significantly increase health care coverage in the State.

Significant features of the 2013-14 Budget related to funding of Community Colleges education include:

- *Base Funding.* The 2013-14 Budget provides for an increase of $89.4 million in Proposition 98 funding for apportionment growth to increase course offerings, and $87.5 million to fund a cost-of-living adjustment.
- *Deferral Reduction.* The 2013-14 Budget includes $178.6 million of Proposition 98 funding to reduce fiscal year 2012-13 apportionment deferrals, and $30 million to reduce fiscal year 2013-14 deferrals. This will reduce outstanding community college deferrals to $592.5 million.
- *Proposition 39 Implementation* – The 2013-14 Budget allocates certain supplemental corporate tax revenues raised by Proposition 39 (approved at the November 2012 general election) to K-12 schools and community colleges. With respect to community colleges, the 2013-14 Budget allocates $47 million of such tax revenues for energy efficiency projects. The 2013-14 Budget also authorizes $28 million for interest-free revolving loans to assist eligible energy projects at schools and community colleges.
- *Adult Education.* The 2013-14 Budget includes $25 million of Proposition 39 funding for planning and implementation grants to support local coordination efforts of adult education providers. The funds are designed to assist school districts, community colleges and certain other adult education providers form partnerships to articulate curriculum, recognize regional needs and develop new ways of serving adult learners in their communities.
- *Apprenticeship Programs.* The 2013-14 Budget provides $15.7 million to fund the transfer of the State's apprenticeship program from schools to the Chancellor's office.
- *Online Courses.* The 2013-14 Budget provides $16.9 million of Proposition 98 funding to increase the number of courses available to matriculated students through the use of technology.
- *Categorical Programs*. The 2013-14 Budget provides an increase of $118 million in funding for various categorical programs, including (i) $50 million for Student Success and Support

to improve student outcomes, (ii) $15 million for Extended Opportunities Programs and Services to provide support services for disadvantaged students, (iii) $15 million for the Disable Students Program and Services, (iv) $7.9 million for Community College CalWORKs to assist student parents living in poverty, (v) $30 million in one-time funding for deferred maintenance, and (vi) $150,000 for Academic Senate participation at State-level activities.

Governor's Proposed 2014-15 State Budget. The Governor's proposed 2014-15 State Budget (the "Proposed 2014-15 Budget") was released on January 9, 2014 and includes: (i) spending of $154.9 billion from all funds, including $106.8 billion from the General Fund; (ii) a proposed reduction in the State's long-term debt by more than $11 billion in 2014-15, fully eliminating such long-term debt by 2017-18; (iii) proposed repayment of approximately $6 billion in deferred payments to K-12 schools; (iv) a contribution of $1.6 billion to a "rainy day fund" to protect against future economic downturns; (v) an increase in K-12 school funding levels of $3,410 per student through fiscal year 2017-18, including an increase of more than $2,188 per student in fiscal year 2014-15 over fiscal 2011-12 levels; and (vi) $670 million in new General Fund spending to fund the expansion of Medi-Cal benefits, including mental health, substance use disorder, adult dental, and specialized nutrition services. In addition, the Proposed 2014-15 Budget projects $217.8 billion in retirement-related unfunded liabilities. Combined with the other liabilities, the total long term State liabilities stand at $354.5 billion.

With regard to CCCs, the Proposed 2014-15 Budget provides for an increase in State funding of 11.4 percent in fiscal year 2014-15, focusing on increased funding to (i) support student achievement; (ii) prioritize expanded access in districts with the greatest unmet need; (iii) improve completion rates while closing achievement gaps; and (iv) expand current services to improve student outcomes, such as: effective orientation, assessment, placement, counseling, and other education planning services. The Proposed 2014-15 Budget also includes resources to mitigate disproportionate impacts on access and achievement in underrepresented student groups, aligned with each district's board-approved Student Equity Plan. The Proposed 2014-15 Budget provides districts with flexibility to reallocate up to 25 percent of select categorical programs to other federal, State, or local student support programs in an effort to meet the needs of underrepresented student groups.

Significant adjustments in the Proposed 2014-15 Budget affecting CCCs include the following:

- *Implementing Statewide Performance Strategies.* The Proposed 2014-15 Budget provides $1.1 million non-Proposition 98 General Fund and nine positions for the State Chancellor's Office to develop leading indicators of student success and to monitor districts' performance, as well as $2.5 million Proposition 98 General Fund to provide local technical assistance to support implementation of effective practices across all districts, with a focus on underperforming districts.
- *Student Success Programs.* The Proposed 2014-15 Budget provides $200 million Proposition 98 General Fund to (i) improve and expand student success programs and to strengthen efforts to assist underrepresented students, including $100 million to increase orientation, assessment, placement, counseling, and other education planning services for all matriculated students; (ii) provide $100 million to close achievement gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans, and (iii) allow colleges to better coordinate delivery of existing categorical programs.
- *Allocating Apportionments.* The Proposed 2014-15 Budget proposes an increase of $155.2 million Proposition 98 General Fund for growth in general-purpose apportionments, representing a 3 percent increase in enrollment. The Proposed 2014-15 Budget also directs

the Board of Governors to adopt a growth formula that gives first priority to districts identified as having the greatest unmet need in adequately serving their community's higher educational needs. All districts, however, would receive some additional growth funding, and over time would be fully restored to pre-recession apportionment levels.

- *Cost of Living Adjustment.* The Proposed 2014-15 Budget proposes an increase of $48.5 million for a statutory cost of living adjustment of 0.86 percent.
- *Eliminating Apportionment Deferrals.* The Proposed 2014-15 Budget proposes $235.6 million Proposition 98 General Fund, combined with $356.8 million Proposition 98 General Fund provided from fiscal year 2012-13 and 2013-14 funds, to eliminate all remaining outstanding deferral debt owed to the CCCs. Inter-year deferrals for CCCs reached a high of $961 million in fiscal year 2011-12. The increase is slated to eliminate borrowing costs borne by districts as a result of funding deferrals, and to allow those resources to instead be used in the classroom.
- *Financial Stability for Apportionments.* The Proposed 2014-15 Budget proposes an increase of $38.4 million in fiscal year 2013-14 and $35.6 million in fiscal 2014-15 in Proposition 98 General Fund by shifting a portion of the redevelopment agency revenues that are scheduled to be received in the final months of the fiscal year to the following fiscal year. Proposition 98 General Fund would be used to backfill the difference between estimated total fiscal year redevelopment agency revenues and the amount the CCCs receive through April 15th. This change is designed to allow districts to have more certainty when preparing their fiscal plans.
- *Deferred Maintenance and Instructional Equipment.* The Proposed 2014-15 Budget proposes a one-time increase of $175 million Proposition 98 General Fund, split equally between deferred maintenance and instructional equipment purchases, designed to allow districts to protect investments previously made in facilities, and improve students' experience by replenishing and investing in new instructional equipment.

The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is generally posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Proposition 30. The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 ballot results in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates will affect approximately 1 percent of California personal income tax filers and will be in effect starting in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from 2012–13 through 2016–17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011–12, 2017–18, and 2018–19. These additional monies were available to fund programs in the 2012-13 State Budget and prevented certain "trigger cuts" included in the 2012-13 State Budget from going into effect. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Revenues generated by Proposition 30 accounted for an increase of approximately 14 percent over fiscal year 2011–12 in funding for schools and community colleges as set forth in the 2012–13 State Budget. Almost all of this increase was used to pay K–14 expenses from the previous year and reduce delays in certain State K–14 payments. Proposition 30 also provides for additional tax revenues aimed at balancing the State's budget through 2018–19, providing several billion dollars annually through fiscal year 2018–19 available for purposes including funding existing State programs, ending K–14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

Future State Budgets. Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on June 30. Following the implementation of Proposition 25 (permitting State budget passage with a simple majority and mandating forfeiture of Legislators' daily salaries until the budget bill passes); the Governor signed the 2012-13 Budget on June 30, 2011. However, the Governor signed the 2010-11 Budget on October 8, 2010, the latest budget in the State's history. The District cannot fully anticipate future delays in State budget adoption or their impact. The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor's May Revision for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Recent Litigation Regarding State Funding of Education

On May 20, 2010, more than 60 individual students and their respective families, nine California school districts, the California Congress of Parents Teachers & Students, the Association of California School Administrators, and the California School Boards Association filed a complaint for declaratory and injunctive relief, entitled *Maya Robles-Wong, et al. v. State of California, et al.*, (the "Robles Complaint") in the Alameda County Superior Court. The Robles Complaint alleges, among other things, that the State's current system of funding public education is not designed to support core education programs and that the State has failed to meet its constitutional duties to maintain and support a system of common schools. The Robles Complaint further alleges that the State's system for funding education is not rationally or demonstrably aligned with the goals and objectives of the State's prescribed educational program, and the costs of ensuring that children of all needs have the opportunity to become proficient in accordance with State academic standards. The Robles Complaint requests that the court enter a permanent injunction to, among other things, require the State to align its school finance system with its prescribed educational program, as well as to direct the defendants to cease operating the existing public school finance system or any other system of public finance that does not meet the requirements of the State Constitution. On January 14, 2011, the Superior Court dismissed major portions of the case, allowing the plaintiffs to proceed only on the question of whether the State's public education funding scheme provides equal opportunities to students throughout the State, but rejecting the claim that the State Constitution mandates an overall qualitative standard for public education. On July 26, 2011, the Superior Court issued a ruling sustaining demurrer to the complaint but granting leave to amend the complaint on or before August 25, 2011. On November 3, 2011, the court dismissed the case.

On July 18, 2011, the California Redevelopment Association, the League of California Cities, and the Cities of Union City and San Jose filed petition for a writ of mandate (the "CRA Petition") with the Supreme Court of California (the "Court") alleging that ABx1 26 and ABx1 27 violate the California Constitution, as amended by Proposition 22. The petitioners alleged, among other things, that ABx1 26 and ABx1 27 seek to divert tax increment revenue illegally from redevelopment agencies by threatening such agencies with dissolution if payments are not made to support the State's obligation to fund education. The CRA Petition was accompanied by an application for a stay, seeking to delay implementation of the provisions of ABx1 26 and ABx1 27 until the claims are adjudicated. On December 29, 2011, the Supreme Court upheld the legality of ABx1 26, reasoning that the Legislature has broad powers to establish or dissolve local agencies as it sees fit. The Court, however, invalidated ABx1

27 on the grounds that the payments required of redevelopment agencies in order to remain in existence could not be characterized as voluntary, and thus violated Proposition 22.

On September 28, 2011, the California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District filed a petition for a writ of mandate in the Superior Court of the State of California in and for the County of San Francisco (the "CSBA Petition"). The petitioners alleged that the 2011-12 Budget improperly diverted sales tax revenues away from the State general fund, resulting in a reduction to the minimum funding guarantee of approximately $2.1 billion. The CSBA Petition sought an order from the Court compelling the State Director of Finance, Superintendent of Public Instruction and the State Controller to recalculate the minimum funding guarantee in accordance with the provisions of the California Constitution. On March 28, 2012, the superior court issued a tentative ruling asserting that the State's constitution and the language of the Proposition 98 ballot measure did not guarantee a certain level of base funding for schools under Proposition 98's Test 1. On June 1, 2012, such court adopted the tentative ruling as an order, ruling against CSBA. On July 27, 2012, the petitioners filed a notice of appeal of the Court's decision.

The District makes no representations as to how any final decision by the respective courts would affect the State's ability to fund education in Fiscal Year 2013-14, or in future fiscal years.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIIIA approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness for school facilities and equipment approved by 55 percent of the voters voting on the bond measure. See "Proposition 39" below. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-1976 tax bill under full 'cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. This system results in widely varying amounts of tax on similarly situated properties based on differences in the taxpayer's date of acquisition of the property. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIIIA (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIIIB of the California Constitution

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1,1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-1979 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Articles XIIIC and XIIID of the California Constitution (Proposition 218)

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 62

In 1986, California voters adopted Proposition 62, a statutory initiative which amended the California Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a "general tax") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "special tax") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 39

On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code. With respect to school districts, community colleges and county offices of education and effective upon its passage, Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: 1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," 2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list"; and 3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIIIA of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: 1) for a school district, indebtedness shall not exceed $30 per $100,000 of taxable property; 2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property; and, 3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Proposition 1A

Proposition 1A approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. (An exception for temporary shifts of property tax revenues was repealed by Proposition 22, adopted in November 2010. See "State Assistance – Prohibitions on Diverting Local Revenues for State Purposes" herein.) Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Pursuant to Proposition 1A, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

The Revised 2009-10 Budget included the suspension of Proposition 1A, shifted 8%, or approximately $1.935 billion in local government property tax revenues to the State, in exchange for the State's promise to repay the revenues with interest by 2013. Such diverted revenues were intended to offset State general fund spending for education and other programs. Proposition 1A was generally superseded by the passage of an initiative supporting another constitutional amendment at the November 2010 election, known as "Proposition 22." See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance – *Prohibitions on Diverting Local Revenues for State Purposes*" above under this caption.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 111 and 39 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

THE VENTURA COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Ventura County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer and has not been confirmed or verified by the District or the Underwriter. Moreover, neither the District nor the Underwriter makes any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

Moneys in the Debt Service Account established under the Resolution are expected to be invested at the direction of the District through the Treasury Pool. Decisions on the investment of funds in the Treasury Pool are made by the Treasurer in accordance with a Policy Statement, which is reviewed and approved by the Board of Supervisors on or before March 1 of each calendar year, after prior Treasury Oversight Committee policy review, in accordance with California Government Code Sections 27000.1 and 53607. The Policy Statement states that the Treasury Pool's investment objectives are capital preservation and liquidity, while seeking high current income consistent with capital preservation and liquidity. To achieve its objectives, the Treasury Pool will invest all of its assets in various types of money market instruments. The Treasury Pool will limit its investments to those instruments which are enumerated in California Government Code Section 53635, as further restricted by the Policy Statement.

The Treasurer prepares a Monthly Investment Report (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. According to the Investment Report for the month of September 30, 2013, the average daily portfolio balance value of the Treasury Pool was approximately $1.6 billion. The portfolio yield for the month of April was 0.496%, and the weighted average days to maturity was 271 days.

The following table identifies the types of securities held by the Pool as of September 30, 2013.

Type of Investment	% of Pool
Government Agencies	50.72%
Commercial Paper	22.99
Medium Term Notes (MTN)	15.40
YCD	6.25
Pools	2.44
Munis	1.26
CalTRUST	0.94

The Ventura County Board of Supervisors has enacted a resolution creating the County Treasury Oversight Committee pursuant to Section 27131 of the Government Code. The Committee's stated purpose is to promote public interest by involving depositors in the management of their funds and by enhancing the security and investment return on their funds by providing a more stable and predictable balance for investment by establishing criteria for the withdrawal of funds. The Committee, which meets semi-annually, reviews and monitors for compliance the investment policies prepared by the Treasurer.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current Investment Policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Board of Supervisors may change the Investment Policy at any time.

Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein.

LEGAL MATTERS

Fulbright & Jaworski LLP (a member of Norton Rose Fulbright), Los Angeles, California, Bond Counsel, will render an opinion with respect to the validity and enforceability of the Bonds. The proposed form of the opinion of Bond Counsel is set forth in "APPENDIX B – FORM OF BOND COUNSEL OPINION" herein. Fulbright & Jaworski LLP is also serving as Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriter by its counsel, Matt Juhl-Darlington & Associates.

TAX MATTERS

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California that interest on the Bonds is exempt from personal income taxes of the State of California. The form of Bond Counsel's anticipated opinion is included as APPENDIX B. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Resolution and the Tax Certificate contain covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the Owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to Bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the beneficial Owners of the Bonds, to provide audited financial statements of the District and certain other information to the Municipal Securities Rulemaking Board at the times and in the manner set forth in the Continuing Disclosure Certificate. The District has, in the past, failed to file certain portions of its annual reports with respect to its previous continuing disclosure undertakings, but has subsequently filed all required reports and is now current on all filings required pursuant to its previous continuing disclosure undertakings. The District has retained Keygent LLC to assist it with its filings under the Continuing Disclosure Certificate and the District's previous continuing disclosure undertakings. The form of Continuing Disclosure Certificate is attached to this Official Statement as APPENDIX D.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned the municipal bond ratings of "Aa2" and "AA," respectively, to the Bonds. Such ratings reflect only the views of Moody's and S&P, and an explanation of the significance of such ratings may be obtained as follows: Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 553-0300 or S&P at 55 Water Street, New York, New York 10041, telephone: (212) 438-2000. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering to the public by E. J. De La Rosa & Co., Inc. (the "Underwriter"), pursuant to the terms of a bond purchase contract executed on January 16, 2014, by and between the Underwriter and the District (the "Purchase Contract"). The Underwriter has agreed, pursuant to the Purchase Contract, to purchase the Bonds at an aggregate purchase price of $70,085,311.89 (consisting of the aggregate principal amount of the Bonds of $61,860,000, plus net original issue premium of $8,560,255.45, less an Underwriter's discount of $334,943.56). The Underwriter has agreed to purchase all of the Bonds, if any are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

Keygent LLC (the "Financial Advisor") has been employed by the District to perform financial services in relation to the sale and delivery of the Bonds. Keygent LLC will not participate in the underwriting of the Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees charged by Keygent LLC are contingent upon the sale of the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning (1) the adequacy of the cash and securities deposited in the Escrow Fund to pay the interest due with respect to the Refunded Bonds to and including the respective Redemption Dates, and to pay on the respective Redemption Dates the respective Redemption Prices thereof, and (2) the yields on the Bonds and the Escrowed Securities, which will be relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that the Verification Agent has no obligation to update its report because of events occurring, or data or information coming to its attention, after the date of its report.

NO LITIGATION

No litigation is pending concerning the validity of the Bonds, and the District's certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds. The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operation of the District.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the District at 255 West Stanley Avenue, Suite 150, Ventura, California 93001, Attention: Vice Chancellor, Business & Administrative Services. A fee may be imposed for copying, mailing and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the District.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

By: /s/ Jamillah Moore, Ed.D.
Chancellor

APPENDIX A

THE DISTRICT

This Appendix A provides information concerning the operations and finances of the Ventura County Community College District (the "District") and general demographic data of Ventura County, California (the "County"). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the District's financial condition, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem tax revenues collected by the County to pay debt service on the Bonds (or its other general obligation bonds). Pursuant to Section 15251 of the Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the interest and sinking fund of the District. The Bonds are and will continue to be payable solely from ad valorem taxes collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY FOR THE BONDS."

District Organization

The District was established in 1962. The District provides public community college education over an 882 square mile area in the County. The District is the only community college district in Ventura County. The District provides credit classes for approximately 36,400 (unduplicated) students.

The District currently operates three community colleges in the County: Ventura College, Moorpark College and Oxnard College. Each College provides collegiate level instruction across a wide spectrum of subjects for grades 13 and 14 including general education, pre-professional training, and vocational, technical, general, adult and community education.

Ventura College was founded in 1925 and is one of the oldest community colleges in California. The 112-acre campus, set in the rolling hills of Ventura, has a student enrollment of approximately 12,979 students. Ventura College offered a Fall 2013 full curriculum of approximately 1,179 course sections and 78 State-approved program options.

Moorpark College was founded in 1967 in response to the high technology industries growth at the eastern end of the County. The Moorpark campus, located on 150 rolling acres in the foothills between Moorpark and Simi Valley, is the largest campus with a student enrollment of approximately 14,254 students. The Moorpark campus offered a Fall 2013 full curriculum with approximately 1,357 course sections and 118 State-approved program options.

Oxnard College was founded in 1975 to serve the residents of the Oxnard Plain. The Oxnard Campus is the newest campus of the District. The 118-acre campus, two miles from the Pacific Ocean, has an enrollment of 6,961 students. Oxnard College offered a Fall 2013 full curriculum with approximately 591 course sections and 133 State-approved program options.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held on even-numbered years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

Name	Office	Term Expires
Arturo D. Hernández	Chair	December 2014
Dianne B. McKay	Vice Chair	December 2014
Stephen P. Blum	Trustee	December 2014
Larry Kennedy	Trustee	December 2016
Bernardo M. Perez	Trustee	December 2016

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements may be obtained by contacting: Ventura County Community College District, 255 West Stanley Avenue, Suite 150, Ventura, California 93001, Attention: Vice Chancellor, Business & Administrative Services or by visiting the website at: http://www.vcccd.edu/departments/accounting/financial_statements.shtml. The information set forth on such website is not incorporated herein by reference. A fee may be imposed for copying, shipping and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District:

Name	Title
Dr. Jamillah Moore	Chancellor
Brian Fahnestock	Vice-Chancellor, Business & Administrative Services
Michael Shanahan	Vice-Chancellor, Human Resources
Mary Anne McNeil	Director of Fiscal Services

The Chancellor of the District is appointed by the Board and reports to the Board. The Chancellor is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of key administrators follow:

Dr. Jamillah Moore, Ed.D., Chancellor. Dr. Moore has served as Chancellor of the District since August 1, 2012. Prior to joining the District, Dr. Moore served as President of Los Angeles City College, Interim President of Compton Community College, Senior Vice-Chancellor for Governmental and External Relations, Director of Governmental Relations at the Los Angeles County Office of Education, and Senior Consultant for the California State Senate Select Committee on College and University Admissions and Outreach. Dr. Moore received her Bachelor of Arts and Master of Arts degrees from California State University, Sacramento, and holds a doctorate in International and Multicultural Education from the University of San Francisco. Dr. Moore has 18 years of experience in educational policy, instruction, and advocacy.

Brian Fahnestock, Vice-Chancellor, Business & Administrative Services. Mr. Fahnestock served as the Interim Vice Chancellor of Business and Administrative Services at Ventura County

Community College District until he was selected by the Chancellor and approved by the Board to serve in a permanent capacity on January 14, 2014. Prior to joining the District, Mr. Fahnestock was a consultant at the University of California, Santa Barbara, and is a former Vice President of Business Services at Santa Barbara City College. Mr. Fahnestock has been active in local government and education for the past 20 years, serving at various levels of responsibility, including Division Chief, Vice President, Chief Financial Officer, and Board Director.

Mr. Fahnestock holds a Bachelor's Degree in Liberal Arts and Sciences and a Master's Degree in Finance and Administration.

District Employees

The District currently employs approximately 379 full-time and 707 part-time certificated professionals, 431 full-time and part-time classified employees and 41 managerial employees. These employees, except supervisors, management and some part-time employees, are represented by two bargaining units as noted below:

BARGAINING UNITS
Ventura County Community College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Service Employees International Union	393	June 30, 2016
Ventura County Federation of College Teachers	1,042	June 30, 2016

Source: Ventura Community College District.

Insurance

The District purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $25,000,000 per occurrence, all subject to various deductibles. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

The District is a member of the Statewide Association of Community Colleges Joint Powers Authority ("JPA"). 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. 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.

Full-Time Equivalent Enrollment

The table below sets forth the enrollment of Full-Time Equivalent Students ("FTES") for the District for the fiscal years ending June 30, 2009 through 2013.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students
Fiscal Years Ending June 30, 2009 through 2013

Fiscal Year Ending June 30	FTES
2009	29,348
2010	29,218
2011	27,726
2012	26,458
2013	25,036

Source: Ventura Community College District.

Revenue Limits

California community college districts (other than Basic Aid districts, as described below) receive approximately 52 percent of their funds from the State, 44 percent from local sources, and 4 percent from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which is less than 3 percent of the District's General Fund), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources. The State calculates the allocation for each community college district based on both State and local resources. Funds for fiscal years up to and including 2005-06 were allocated to the colleges using a program-based model. The model used different factors to establish support levels for five different programs or functions: (1) Instruction and Instructional Administration; (2) Instructional Services; (3) Student Services; (4) Operation and Maintenance of Plants; and (5) Institutional Support. The program-based model was instituted in 1991, and replaced an older model based on enrollments. From and after fiscal year 2006-07, a revised model is being used based on the adoption of Senate Bill 361 ("SB 361"). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – *SB 361*." All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the District.

Funding of a district's revenue limit is accomplished by a mix of (1) local property taxes, (2) State apportionments of basic and equalization aid and (3) student enrollment fees. Generally, the State apportionments amount to the difference between the District's revenue limit, its local property tax revenues and student enrollment fees.

Proposition 13 and its implementing legislation permit each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribe how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax defaulted for non-payment on or about June 30 of the fiscal year and is subject to the power of sale five years from such date if delinquent taxes are not paid. Such property may be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then deeded to the State and is subject to sale by the Treasurer. For additional details on property tax levies and collections, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – *Ad Valorem* Property Taxes."

Federal Revenues

The federal government provides funding for several District programs, including Supplemental Education Opportunity Grants ("SEOG"), Work Study, Pell, Vocational Technology Education Act, Veterans' Education and TANF. The federal revenues, which are restricted, comprised approximately 3% of General Fund revenues in 2012-13. (Pell Grants and SEOG grants are accounted for in Financial Aid Funds, and not in the General Fund.)

Expenditures

Funding of the above revenue limits is accomplished by a mix of local property taxes, State aid and enrollment fees. Since the passage of Article XIIIA of the California Constitution in 1978, property taxes received by the District have been limited to the District's share of one percent of the full cash value collected by the County. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the California Constitution."

As noted in the financial statements included herein, the District's major expenditures each year are employee salaries and benefits.

Budgets of District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. The District adopts on or before July 1 of each year a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The Chancellor of California Community Colleges imposes a uniform budgeting format for each community college district in the State.

Financial Statements of the District

The District's General Fund finances the operation of the District. General Fund revenues are derived from such sources as State apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's financial statements are prepared in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board ("GASB").

The General Fund of the District, as shown herein, is a combined fund comprised of monies, which are available to finance the operation of the District. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies and investment income.

The financial statements included herein were prepared by the District using information from the Annual Financial Report, and audited by independent certified public accountants each year. Certain information from the District's financial statements follows. Selected information from the District's audited financial statements for the 2012-13 fiscal year is attached hereto as Appendix C.

[Remainder of this page intentionally left blank.]

The following table describes the District's Statement of Revenues, Expenses and Changes in Net Assets for all fund types for the Fiscal Years ended June 30, 2009 through June 30, 2013.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Fiscal Years 2008-09 through 2012-13[1]
Ventura County Community College District

	2008-09	2009-10	2010-11	2011-12	2012-13
OPERATING REVENUES					
Tuition and Fees	$21,661,330	$26,378,403	$25,592,034	$31,277,910	$36,729,622
Less: Scholarship discount and allowance	(5,592,650)	(8,178,701)	(8,580,702)	(13,283,087)	(17,074,418)
Net tuition and fees	16,068,680	18,199,702	17,011,332	17,994,823	19,655,204
Auxiliary Enterprise Sales and Charges				-	
Bookstore	11,076,667	9,804,888	8,432,282	7,934,304	7,178,205
Cafeteria	1,767,485	1,839,295	1,754,192	1,270,503	162,765
Other Operating Revenues	145,520	218,970	291,773	296,467	310,576
TOTAL OPERATING REVENUES	29,058,352	30,062,855	27,489,579	27,496,097	27,306,750
OPERATING EXPENSES					
Salaries	105,838,278	102,407,100	96,856,499	92,504,447	86,887,759
Employee benefits	38,132,474	38,427,982	38,748,679	39,916,436	37,363,920
Supplies, materials, and other operating expenses and services	31,846,844	30,605,253	27,561,508	29,109,611	25,014,230
Student financial aid	17,201,203	26,694,588	38,850,085	49,189,512	44,545,650
Equipment, maintenance, and repairs	113,583	1,889,265	7,380,543	7,552,876	2,346,579
Depreciation	7,404,005	7,852,674	9,509,852	12,406,862	13,775,808
TOTAL OPERATING EXPENSES	200,536,387	207,876,862	218,907,166	230,679,744	209,933,946
OPERATING LOSS	(171,478,035)	(177,814,007)	(191,417,587)	(203,183,647)	(182,627,196)
NONOPERATING REVENUES (EXPENSES)					
State apportionments, noncapital	75,439,041	67,709,618	72,887,197	59,397,397	53,873,622
Local property taxes, levied for general purposes	49,172,305	49,902,088	47,979,140	49,108,340	49,807,845
Taxes levied for other specific purposes	16,440,924	15,220,105	16,161,819	15,044,524	20,283,980
Federal Grants	21,436,075	35,261,995	43,193,698	51,658,397	46,793,048
State Grants	16,038,013	10,783,722	10,141,866	9,590,522	9,346,040
State taxes and other revenues	4,176,907	4,181,505	5,462,545	4,215,730	4,934,981
Investment income	6,098,657	4,684,429	2,035,837	997,580	580,000
Interest expense on capital related debt	(12,258,964)	(17,365,222)	(17,473,454)	(17,426,074)	(12,237,580)
Interest income on capital asset-related debt	251,885	241,706	141,348	73,189	54,700
Transfer from fiduciary funds	165,956	123,184	1,143,401	84,529	138,579
Transfer to fiduciary funds	(1,191,255)	(354,604)	(415,442)	(545,844)	(296,734)
Other nonoperating revenue	7,771,469	5,305,666	6,326,332	7,167,756	10,185,385
TOTAL NONOPERATING REVENUES (EXPENSES)	183,541,013	175,694,192	187,584,287	179,366,046	183,463,866
INCOME (LOSS) BEFORE OTHER REVENUES	12,062,978	(2,119,815)	(3,833,300)	(23,817,601)	836,670
State revenues, capital	9,867,519	5,706,597	1,792,392	64,409	95,002
Local revenues, capital	1,129,410	1,139,576	1,337,974	454,340	1,092,265
TOTAL OTHER REVENUES AND EXPENSES	10,996,929	6,846,173	3,130,366	518,749	1,187,267
CHANGE IN NET POSITION	23,059,907	4,726,358	(702,934)	(23,298,852)	2,023,937
NET POSITION, BEGINNING OF YEAR	323,126,257	346,186,164	350,912,522	350,209,588	349,825,019
PRIOR PERIOD RESTATEMENT	-	-	-	22,914,283[1]	-
NET POSITION, END OF YEAR	$346,186,164	$350,912,522	$350,209,588	$349,825,019	$351,848,956

[1] The District's prior year beginning net position has been restated as of June 30, 2013. Effective in fiscal year 2012-2013, the District was required to capitalize interest as part of the historical cost of constructing certain business-type activity assets. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by $22,914,283.

Source: *Ventura County Community College District.*

The table below provides a comparison of General Fund Budgets to actual data for fiscal years 2010-11 through 2012-13.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
Comparison of General Fund Budgets to Audited Financial Results
Fiscal Years 2010-11, 2011-12,[1] 2012-13 and 2013-14 Budget

	Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14
	Budgeted	Unaudited	Budgeted	Unaudited	Budgeted	Unaudited	Budgeted
REVENUES:							
Federal	$ 7,592,992	$ 5,980,270	$ 6,415,979	$ 4,615,617	$ 6,436,105	$ 4,380,928	$ 6,587,123
State	87,259,416	86,929,725	71,879,405	71,175,885	66,028,746	66,085,713	139,797,472
Local	69,125,213	68,570,448	71,399,904	70,476,425	74,085,957	76,243,506	10,111,042
TOTAL REVENUES	163,977,621	161,480,443	149,695,288	146,267,927	146,550,808	146,710,147	156,495,637
EXPENDITURES:							
Academic Salaries	63,561,299	62,521,008	60,844,811	59,894,854	57,603,495	56,411,862	60,040,834
Classified Salaries	33,606,516	32,049,368	32,284,667	30,815,813	30,371,821	29,034,428	31,367,869
Employee Benefits	33,427,663	33,052,246	36,488,835	35,804,718	37,053,235	36,401,101	38,719,735
Books and Supplies	4,487,296	3,093,829	4,749,094	2,909,026	5,367,724	2,931,012	5,401,985
Services and Other Operating Expenditures	18,955,425	15,168,841	17,627,557	14,144,535	15,968,455	14,277,050	17,752,064
Capital Outlay	3,206,095	2,146,265	2,222,356	1,411,736	2,797,821	1,768,734	3,393,557
Debt Service - Principal	524,388	524,388	550,869	550,869	142,000	139,881	-
Debt Service – Interest and Other	50,726	50,726	24,245	24,245	-	1,744	-
TOTAL EXPENDITURES	157,819,408	148,606,671	154,792,434	145,555,796	149,304,551	140,965,812	156,676,044
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	6,158,213	12,873,772	(5,097,146)	712,131	(2,753,743)	5,744,335	(180,407)
OTHER FINANCING SOURCES (USES)	1,990,364	1,449,800	1,341,956	855,953	1,485,704	1,230,653	1,323,470
OTHER OUTGO	(10,213,036)	(8,253,023)	(5,998,774)	(5,147,602)	(6,062,230)	(4,406,861)	(4,504,060)
NET INCREASE (DECREASE) IN FUND BALANCES	(2,064,459)	6,070,549	(9,753,964)	(3,579,518)	(7,330,269)	2,568,127	(3,360,997)
BEGINNING FUND BALANCE	29,776,122	29,776,122	35,846,671	35,846,671	32,267,153	32,267,153	34,835,280
ENDING FUND BALANCE	$27,711,663	$35,846,671	$26,092,707	$32,267,153	$24,936,884	$34,835,280	$31,474,283

Source: *Ventura County Community College District.*

Retirement Systems

The District participates in the State Teachers' Retirement System ("STRS"). The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

Active members are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25 percent of annual payroll. The District's employer contributions to STRS for fiscal years ended June 30, 2011, 2012 and 2013 were $4,240,719, $4,084,960 and $3,875,557, respectively and equal 100 percent of the required contributions for each year. See Note 12 to the fiscal year 2012-13 audited financial statements of the District included in Appendix C hereto.

The District also participates in the State Public Employees' Retirement System ("CalPERS"). This plan covers all classified personnel who are employed four or more hours per day. Active plan members are required to contribute 7.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2012-13 was 11.417 percent of covered payroll. The District's employer contribution to CalPERS for fiscal years ended June 30, 2011, 2012 and 2013 were $3,148,619, $3,088,177 and $3,018,261, respectively and equal 100 percent of the required contributions for each year. See Note 12 to the fiscal year 2012-13 audited financial statements of the District included in Appendix C hereto.

Both CalPERS and STRS are operated on a statewide basis and, based on available information, both CalPERS and STRS have unfunded actuarial accrued liabilities. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (CalPERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. See "State Pension Trusts" below. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

Recent Legislation - California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act") into law on September 12, 2012. The Reform Act affects both STRS and PERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS and STRS including the following: (a) all new participants enrolled in PERS and STRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) STRS and PERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the

Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for STRS and PERS members not participating in social security.

On April 17, 2013 the PERS Board of Administration approved new actuarial policies aimed to fully fund the pension system's obligations within 30 years. The new policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses. PERS announced that, based on investment return simulations performed for the next 30 years, increasing contributions more rapidly in the short term is expected to result in almost a 25 percent improvement in funded status over a 30-year-period. The new amortization schedule will be used to set contribution rates for public agency employers in the State beginning in the 2015-16 fiscal year. This delay is intended to allow the impact of the changes to be built into the projection of employer contribution rates and afford employers with additional time to adjust to the changes.

According to PERS, the new policies will result in an increased likelihood of higher peak employer contribution levels in the future but not significantly increase average contribution levels. The median employer contribution rate over the next four years is expected to be higher. In the long-term, however, higher funded levels may result in lower employer contributions. Local agencies' contracts with PERS are unique to each agency.

In the June 30, 2012 actuarial valuations, which were completed in October 2013, PERS used the new actuarial methods for the calculation of the projected contribution rates. The District cannot currently anticipate to what extent the contribution requirements of the District will increase until it receives PERS actuarial valuations for June 30, 2013.

State Pension Trusts

The following information on the State Pension Trusts has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District or the Underwriter. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

The assets and liabilities of the funds administered by CalPERS and STRS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2012, as fiduciary funds. Both CalPERS and STRS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and CalPERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the CalPERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

Unlike typical defined benefit programs, however, neither the STRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses.

However, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS has increased significantly and is expected to continue to increase in the absence of legislation changing required employer or employee contributions. The District is unable to predict what the STRS program liabilities will be in the future, or whether the Legislature may elect to require the District to make larger contributions in the future.

STATE OF CALIFORNIA
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS

Name of Plan	Excess of Actuarial Value of Assets Over Actuarial Accrued Liabilities (Unfunded Actuarial Accrued Liability)
Public Employees' Retirement Fund (CalPERS)[1]	$(14.585) billion[2]
State Teachers' Retirement Fund Defined Benefit Program (STRS)[3]	$(70.957) billion[3]

(1) As of June 30, 2012, the CalPERS provided pension benefits to 1,564,067 active and inactive program members and 551,627 retirees, beneficiaries, and survivors. 38.8% of CalPERS members are school employees and 1,488 school districts are CalPERS employees.
(2) Figure as of June 30, 2012; schools portion only.
(3) As of June 30, 2011, the STRS Defined Benefit Program had approximately 603,319 active and inactive program members and 253,041 benefit recipients.
Source: CalPERS State and Schools Actuarial Valuation and STRS Defined Benefit Program Actuarial Valuation.

In June 2011, GASB approved two Exposure Drafts that propose changes to how State and local governments report and account for the pension benefits provided to their employees. One document relates to reporting by governments (employers) that provide pension benefits, and the other relates to reporting by the pension plans that administer those benefits through qualified trusts. The proposals relate only to accounting and financial reporting and do not extend to how governments approach pension plan funding. As proposed, governments would recognize a pension liability on the face of their financial statements. At present, the difference between a government's total pension obligation and assets available for benefits — often called the unfunded liability — is disclosed in notes, but does not appear on the face of the financial statements. GASB conducted a Field Test in November 2011 and the proposals are currently being deliberated. The District is unable to predict whether the proposed changes to pension liability reporting will be implemented.

Post-Employment Benefits

In June 2004, GASB issued pronouncement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement will require public agency 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 was staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35.

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements (the "Post-Employment Benefits"). Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The District has entered into an agreement with Benefit Trust Company to form the Futuris Public Entity Investment Trust to be used for the funding and payment of the District's obligations under the employee benefit plans that provide retiree health and other postemployment benefits. The Ventura County Community College District Health Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Ventura County Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 655 retirees and beneficiaries currently receiving benefits, 4 terminated Plan members entitled to but not receiving benefits, and 848 active full-time Plan members.

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal year 2012-13, the District contributed $10,949,220 to the Plan of which $10,099,220 was used for current premiums, and $850,000 was contributed to an irrevocable trust. See Note 10 to the District's most recent audit in "APPENDIX C – VENTURA COUNTY COMMUNITY COLLEGE DISTRICT AUDITED FINANCIAL STATEMENTS 2012-13."

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

Annual required contribution	$10,420,614
Contributions made by District	(10,099,220)
Contributions made to Irrevocable Trust	(850,000)
Change in value of Irrevocable Trust	(1,114,004)
Increase in net OPEB obligation	(1,642,610)
Net OPEB obligation, beginning of year	1,265,123
Net OPEB obligation, end of year	$ (377,487)

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

Year Ended June 30,	**Annual OPEB Cost**	**Actual Contribution**	**Percentage Contributed**	**Net OPEB Obligation**
2011	$10,679,700	$17,492,963	164%	$ 742,041
2012	10,679,700	10,175,724	95	1,265,123
2013	10,420,614	10,949,220	105	(377,487)

Certain Existing Obligations

The changes in the District's long-term obligations during the 2012-13 fiscal year consisted of the following:

Bonds and Notes Payable	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
General Obligation Bonds, 2002 Series A	$ 7,825,000	$ -	$ 1,000,000	$ 6,825,000	$ 305,000
General Obligation Bonds, 2002 Series B	62,080,000	-	780,000	61,300,000	975,000
General Obligation Bonds, 2002 Series C	199,577,254	3,056,536	500,000	202,133,790	700,000
2011 Refunding Bonds	49,905,000	-	-	49,905,000	2,380,000
Premium on refunding bonds	4,899,418	-	306,214	4,593,204	-
Notes Payable	139,881	-	139,881	-	-
Total Bonds and Notes Payable	324,426,553	3,056,536	2,726,095	324,756,994	4,360,000
Other Liabilities					
Compensated Absences	2,725,649	-	75,157	2,650,492	702,087
Load Banking	930,014	-	137,800	792,214	-
Net OPEB Obligation	1,265,123	10,420,614	11,685,737	-	-
Total Other Liabilities	4,920,786	10,420,614	11,898,694	3,442,706	702,087
Total Long-Term Obligations	$329,347,339	$13,477,150	$14,624,789	$328,199,700	$5,062,087

ECONOMIC AND DEMOGRAPHIC DATA FOR VENTURA COUNTY

The following information regarding economic activity within the County in which the District is located is provided as background information only, to describe the general economic health of the region. However, the District encompasses only a portion of the area within the County and the property tax required to be levied by the County to repay the Bonds will be levied only on property located in the District.

General

The County was incorporated as a general law county on March 22, 1872, with the City of Ventura (legally, San Buenaventura) as the County seat. A five-member Board of Supervisors elected to four-year terms serves as its legislative body. The County covers 1,873 square miles. It is bounded on the northwest by Santa Barbara County, on the north by Kern County, on the east and south by Los Angeles County, and on the southwest by 42 miles of Pacific Ocean shoreline. The County is a growing area closely allied with the economy of Southern California.

The County's historic economic strength in agriculture, food processing and mineral production has been supplemented in the past decade by the increasing prominence of business services, small manufacturing businesses, the electronics industry, biotechnology, tourism and the military's presence, as well as other diversified industries.

County Governance

The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. A five-member Board of Supervisors elected to four-year terms serves as the County's legislative body. Also elected are the Assessor, Auditor-Controller, Clerk-Recorder, District Attorney, Sheriff and Treasurer-Tax Collector. A County Executive Officer appointed by the Board of Supervisors runs the day-to-day business affairs of the County.

County administration includes nineteen officials appointed by the Board of Supervisors and six elected by countywide vote to four year terms including the Assessor, Auditor-Controller, Clerk-Recorder, District Attorney, Sheriff and Treasurer-Tax Collector-Public Administrator-Public Guardian. Many boards, commissions, and committees assist the Board of Supervisors and County officials.

The County provides a wide range of services to its residents, including police protection, lifeguard services, medical and health services, education, senior citizen assistance, consumer affairs, library services, judicial institutions including support programs, airport service, harbors, beaches and parks and a variety of public assistance programs. Other services provided by special districts include lighting, maintenance, sanitation and flood control, which are governed by the County Board of Supervisors.

Some municipal services are provided by the County, on a contract basis, to incorporated cities within its boundaries. This plan is designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the plan, the County provides any or all services to a city at the same level as provided in the unincorporated areas, or at any higher level the city may choose. Services are provided at cost.

Population

As of January 1, 2013, the County's population was approximately 835,436 which represents a 0.77% increase above the 2012 population. Population rose 74% in the 1950's, 85% in the 1960's, 44% in the 1970's, 26% in the 1980's, 13% in the 1990's, 11% in the 2000's and 9.3% between 2000 and 2010.

The following table shows a history of the County's population since 2009. Data for 2009 and 2011 through 2013 was estimated as of January 1 of the respective year, whereas data for 2010 reflects the actual census data as of April 1, 2010.

VENTURA COUNTY
POPULATION ESTIMATES
(As of January 1)[(1)]

City/Area	2009	2010 [(1)]	2011	2012	2013
Camarillo	66,087	65,201	66,140	66,094	66,428
Fillmore	15,622	15,002	15,085	15,074	15,175
Moorpark	37,051	34,421	34,629	34,660	34,904
Ojai	8,150	7,461	7,494	7,500	7,548
Oxnard	196,885	197,899	199,265	199,446	200,855
Port Hueneme	22,152	21,723	21,554	21,582	22,024
San Buenaventura	108,687	106,433	106,232	106,666	108,294
Santa Paula	29,697	29,321	29,464	29,741	29,953
Simi Valley	125,695	124,237	124,734	124,725	125,558
Thousand Oaks	128,443	126,683	127,264	127,431	128,143
Total Incorporated	738,469	728,381	731,861	732,919	738,882
Unincorporated	96,829	94,937	96,013	96,146	96,554
Total County	835,298	823,318	827,874	829,065	835,436
Change from Prior Year	0.97%	(1.43%)	0.55%	0.14%	0.77%
California	38,255,508	37,253,956	37,427,946	37,668,804	37,966,471
Change from Prior Year	0.98%	(2.62%)	0.47%	0.64%	0.79%

(1) Data for 2010 as of April 1, 2010 and reflects 2010 Census data.
Source: California Department of Finance, Demographic Research Unit.

Population centers in the County first developed in the Cities of Ventura, Santa Paula, Oxnard, Fillmore and Ojai. Agriculture and mineral production provided the major impetus for population growth. The spread of subdivisions and industries in the western San Fernando Valley area of Los Angeles stimulated growth in the Cities of Thousand Oaks, Simi Valley, Camarillo and Moorpark.

The Cities of Camarillo, Thousand Oaks, Oxnard and Simi Valley grew rapidly during the period from the 1960's to the 1990's. Growth in most cities is expected to continue and the County's population is expected to approach 860,060 by the year 2017.

The City of Oxnard is the County's largest in terms of population. Oxnard is the regional financial, industrial and commercial center for the surrounding area. Many food processing, retail outlets, electronics and other light industrial firms are located in Oxnard. The Channel Islands Harbor, one of two inland recreation waterways in the County, offers excellent boating and ocean sport fishing.

The City of Ventura is situated approximately 70 miles northwest of Los Angeles and 25 miles southeast of Santa Barbara. Ventura's economy revolves chiefly around the County government facilities, financial services, retail operations and a well-developed food processing industry.

In the central portion of the County, north of the City of Ventura, lies the scenic Ojai Valley. This prosperous region is characterized by tourist and resort activity, an expanding residential base as well as oil production facilities. The City of Ojai is situated at the foot of the Los Padres National Forest, in a valley surrounded by 6,000-foot mountains. Ojai is a long-established, high-quality suburban and retired residential area noted for its fashionable resorts and private schools.

The fertile Santa Clara River Valley is the major economic resource of the south-central and eastern area northeast of Ventura and Oxnard. The City of Santa Paula, in the heart of the valley, is the location of major oil producing activities and is the birthplace of the Union Oil Company. Santa Paula is also an important wholesale center for citrus products packing and shipping operations.

The Conejo Valley area, in the southeastern portion of the County, has been characterized by a high rate of growth in residential and industrial development. This area, a fully integrated community of homes, industries and related facilities, has attracted a large number of electronics and medical research firms, particularly in the City of Thousand Oaks.

Thousand Oaks, the County's largest city in terms of assessed valuation and second largest in population, typifies the changing character that has taken place in the County during the last fifteen years. The city has evolved from a semi-rural area into an urbanized center of master-planned communities such as Westlake Village and Newbury Park and is noted for its diverse residential areas, major shopping center, industrial centers and commercial facilities.

Construction and Commercial Activity

The following table provides a five-year summary of building permit calculations and number of new dwelling units authorized in the County for the years shown.

VENTURA COUNTY
BUILDING PERMIT VALUATIONS AND NEW DWELLINGS AUTHORIZED

	2008	2009	2010	2011	2012
Valuations (In Millions)					
Residential	$280.7	$175.3	$181.9	$196.0	$142.0
Non-residential	344.6	153.3	342.4	147.1	108.3
Total	$625.3	$328.6	$524.3	$343.1	$250.3
New Dwelling Units:					
Single Family	354	240	194	159	175
Multiple Family	488	164	398	541	147
Total Units	842	404	592	700	322

Source: CHF|CIRB

The U.S. Navy is the County's largest employer and also the County's largest employer of civilian workers. Naval Base Ventura County provides support to the Department of Defense through more than 70 military commands, including several air squadrons and four Seabee battalions. The U.S. Navy has had a presence in Ventura County for more than half a century.

As the following table indicates, four major industry categories provide approximately 73% of the employment in the County: services, government, retail trade and manufacturing. Figures as of June 30, 2013 are not yet available.

VENTURA COUNTY
INDUSTRY EMPLOYMENT
As of June 30
(in thousands)

Industry[1]	2008	2009	2010	2011	2012
Total, All Industries[2]	315.8	298.8	297.2	300.1	306.0
Total Farm	25.1	24.0	24.4	25.2	27.2
Total Nonfarm	290.8	274.8	272.7	274.8	278.8
Total Private	247.6	231.9	228.5	230.4	235.0
Goods Producing	53.8	47.0	44.0	43.2	42.7
Construction	16.7	13.2	11.3	11.3	11.7
Manufacturing	35.9	32.6	31.5	30.6	29.8
Service Providing	237.0	227.7	228.8	231.7	236.1
Trade Transportation & Utilities	56.1	52.5	53.1	54.3	55.4
Financial Activities	21.1	20.5	20.3	20.4	19.4
Professional & Business Services	37.8	35.2	33.8	33.4	34.7
Government[3]	43.1	42.9	44.2	44.4	43.9

(1) Industry employment is reported by place of work, rather than place of residence. It does not include self-employed persons, volunteer workers, unpaid family workers, farmers, private household workers or persons involved in labor-management disputes.
(2) Totals may not add due to rounding.
(3) Includes all civilian employees regardless of the activity in which the employee is engaged.
Source: State Department of Employment Development, Labor Market Information Division.

Large manufacturing employers, some of which are identified in the following table, are located throughout the County. They include companies involved in electronic and scientific research and design, aerospace systems and support and other manufacturing. Other large employers are local governmental entities, insurance services and providers of health care.

VENTURA COUNTY
TEN LARGEST EMPLOYERS [1]
(As of January 2013)

Firm Name	Product/Service	Employment
Naval Base Ventura County	U.S. Navy Installation Support Services	9,400[2]
Amgen	Biotechnological Research	6,000
Wellpoint/Anthem Blue Cross	Health Insurance	2,913
Community Memorial Hospital	Hospital	2,021
Dignity Health	Hospital	1,938
Los Robles Regional Medical Center	Hospital	1,600
Baxter Bioscience	Manufacturer	1,100
Haas Automation	Manufacturer	1,031
Verizon	Communication Services	1,026
Waterway Plastics	Manufacturer	925

(1) Excludes County employees, school district employees within the County and active duty/ready reserve military personnel.
(2) Civilian and contract portion of total employees; there are also approximately 10,660 active duty military and ready reserve military personnel at this facility.
Source: "The 2013 Real Estate and Economic Outlook," California Economic Forecast.

The County's unemployment rate in August 2013 of 7.8 percent was down from 9.5 percent in the prior year and compares with California and the nation at 8.8 percent and 7.3 percent, respectively.

The following table shows the County's taxable transactions for 2009 through 2011. In 2009 the type of business categories changed to the categories listed below. Annual figures are not yet available for 2012.

VENTURA COUNTY
TAXABLE TRANSACTIONS
2009, 2010 and 2011
(in thousands)

	2009	2010	2011
Motor Vehicle and Parts Dealers	$ 1,285,749	$ 1,351,557	$ 1,493,652
Furniture and Home Furnishings Stores	178,567	179,058	174,600
Electronics and Appliance Stores	296,472	289,838	289,812
Bldg. Matrl. and Garden Equip. and Supplies	567,675	569,099	599,430
Food and Beverage Stores	517,783	514,100	530,624
Health and Personal Care Stores	207,957	212,069	227,368
Gasoline Stations	809,704	957,689	1,184,899
Clothing and Clothing Accessories Stores	699,760	754,565	813,037
Sporting Goods, Hobby, Book, and Music Stores	260,723	265,106	281,467
General Merchandise Stores	1,008,611	1,044,770	1,083,396
Miscellaneous Store Retailers	261,899	264,514	275,014
Nonstore Retailers	93,138	91,587	87,776
Food Services and Drinking Places	1,025,568	1,053,007	1,115,328
Total Retail and Food Services	7,213,606	7,546,960	8,156,404
All Other Outlets	2,670,248	2,678,528	2,863,777
Total All Outlets(1)	$ 9,883,853	$10,225,488	$11,020,181

(1) Totals may not add due to rounding.
Source: State Board of Equalization, Research and Statistics Division.

The following table shows the County's taxable transactions for the first three quarters of 2012. Annual figures for 2012 are not yet available.

VENTURA COUNTY
TAXABLE TRANSACTIONS
First, Second and Third Quarter 2012
(in thousands)

	First Quarter 2012	Second Quarter 2012	Third Quarter 2012
Motor Vehicle and Parts Dealers	$ 407,249	$ 430,657	439,786
Furniture and Home Furnishings Stores	40,291	43,074	45,904
Electronics and Appliance Stores	65,180	65,631	63,630
Bldg. Matrl. and Garden Equip. and Supplies	150,721	166,966	166,413
Food and Beverage Stores	125,114	137,767	137,705
Health and Personal Care Stores	55,656	58,670	55,933
Gasoline Stations	302,666	327,780	315,157
Clothing and Clothing Accessories Stores	181,844	204,162	213,353
Sporting Goods, Hobby, Book, and Music Stores	65,386	64,831	71,685
General Merchandise Stores	241,184	259,999	260,528
Miscellaneous Store Retailers	65,076	70,557	69,001
Nonstore Retailers	19,196	23,722	24,027
Food Services and Drinking Places	287,726	300,834	302,869
Total Retail and Food Services	2,007,290	2,154,649	2,165,991
All Other Outlets	668,809	741,993	908,798
Total All Outlets(1)	$2,676,099	$2,896,642	3,074,789

(1) Totals may not add due to rounding.
Source: State Board of Equalization, Research and Statistics Division.

Much of the County's commercial activity is concentrated in central retail centers or in small neighborhood commercial centers in the cities within the County. Vacancy rates decreased from 9.0 percent in the 4th quarter of 2011 to 7.9 percent in the 4th quarter of 2012. Some of the decrease in vacancies was due to landlords abating rent and contributing to tenant build outs at levels the market hasn't experienced since the mid-1990s. Most new box leasing has been led by discounters, such as Wal-Mart and the various dollar stores.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

Board of Trustees
Ventura County Community College District
255 West Stanley Avenue, Suite 150
Ventura, California 93001

Re: $61,860,000 Ventura County Community College District 2014 General Obligation Refunding Bonds

Ladies and Gentlemen:

We have acted as bond counsel for the Ventura County Community College District, Ventura County, State of California (the "District"), in connection with the issuance by the District of $61,860,000 aggregate principal amount of the District's 2014 General Obligation Refunding Bonds (the "Bonds"). The Bonds are issued pursuant to Section 53506 *et seq*. of the Government Code of the State of California, as amended, and the resolution adopted by the Board of Trustees of the District on December 10, 2013 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution, and the Tax Exemption Certificate of the District, dated the date hereof (the "Tax Certificate"), and a special report of Grant Thornton, LLP (the "Report"). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and the Tax Certificate and in reliance upon the Report and representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

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APPENDIX C

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
AUDITED FINANCIAL STATEMENTS 2012-13

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VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2013 AND 2012

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2013 AND 2012

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ventura County Community College District
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Ventura County Community College District (the District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2013 and 2012, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Changes in Accounting Principles

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 62 for the year ended June 30, 2013. These changes require a restatement of the beginning net position of the District as discussed in Note 15. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013

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, 2013. The report consists of three basic financial statements: the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows and provides information about the District's Primary Government and its Fiduciary Funds. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities.* These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2012-2013 fiscal year, the reported FTES were 25,036 as compared to 26,458 in the 2011-2012 fiscal year. The fully funded cap for fiscal year 2012-2013 is 24,700 as compared to 24,502 for 2011-2012.

- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately $18.5 million in the 2012-2013 fiscal year. These projects are funded from local resources and from our voter approved general obligation bond.

- Costs for employee salaries decreased by 6.1 percent or $5.6 million in the 2012-2013 fiscal year and costs associated with employee benefits decreased by 6.4 percent or $2.6 million.

- During the 2012-2013 fiscal year, the District provided $61.6 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

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

THE DISTRICT AS A WHOLE

Net Position

Table 1

(Amounts in thousands)

	2013	2012*	2011
ASSETS			
Current Assets			
Cash and investments	$ 126,636	$ 125,928	$ 166,663
Accounts receivable (net)	20,355	27,485	26,611
Other current assets	2,366	2,459	2,008
Total Current Assets	149,357	155,872	195,282
Capital Assets (net)	553,754	544,905	513,242
Total Assets	$ 703,111	$ 700,777	$ 708,524
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	$ 23,062	$ 21,605	$ 32,658
Current portion of long-term obligations	5,062	3,146	3,289
Total Current Liabilities	28,124	24,751	35,947
Long-Term Obligations	323,138	326,201	322,367
Total Liabilities	351,262	350,952	358,314
NET POSITION			
Net investment in capital assets	228,997	220,479	192,343
Restricted	86,802	97,542	122,818
Unrestricted	36,050	31,804	35,049
Total Net Position	351,849	349,825	350,210
Total Liabilities and Net Position	$ 703,111	$ 700,777	$ 708,524

* As restated.

Cash and investments consist primarily of funds held in the Ventura County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 14 and 15.

Much of the unrestricted net position 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.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Position on page 13.

Table 2

(Amounts in thousands)

	2013	2012	2011
Operating Revenues			
Tuition and fees	$ 19,655	$ 17,995	$ 17,011
Auxiliary sales and charges/Other operating	7,652	9,501	10,479
Total Operating Revenues	27,307	27,496	27,490
Operating Expenses			
Salaries and benefits	124,252	132,421	135,605
Supplies and maintenance	27,361	36,662	34,942
Student financial aid	44,545	49,190	38,850
Depreciation	13,776	12,407	9,510
Total Operating Expenses	209,934	230,680	218,907
Loss on Operations	(182,627)	(203,184)	(191,417)
Nonoperating Revenues (Expenses)			
State apportionments	53,874	59,397	72,887
Property taxes	70,092	64,153	64,141
Grants and contracts	56,139	61,249	53,335
State revenues	4,935	4,216	5,463
Net interest expense	(11,603)	(16,355)	(15,296)
Other nonoperating revenues	10,027	6,706	7,054
Total Nonoperating Revenue	183,464	179,366	187,584
Other Revenues			
State and local capital income	1,187	519	3,130
Change in Net Position	$ 2,024	$ (23,299)	$ (703)

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 a slight increase in the property taxes levied and received from property within the county. We also noted a decrease in State apportionment primarily due to funding triggers included in the 2012-2013 State enacted budget.

Auxiliary revenue consists of bookstore and cafeteria net revenues. The three college campuses each maintain their own bookstores to provide services to the students and faculty of the college. The bookstore operations are self-supporting and contribute to the student programs on each campus. After many years of operating losses, in March 2012, the Board took action to close the cafeterias. The colleges have expanded vending operations and, at Oxnard College, the Culinary and Restaurant Management (CRM) program will provide some food service during lunch period as an outlet of their CRM instruction labs.

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 $.6 million was offset by interest expense of $12.2 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately $.4 million over the 2011-2012 fiscal year due to a decrease in the balance of cash held at the County Treasury and lower interest rate. Interest expense has remained steady with the prior year.

Expenses are reported by their functional categories as follows:

Table 3

(Amounts in thousands)

	Salaries	Employee Benefits	Supplies and Materials	Student Financial Aid	Equipment and Repairs	Depreciation	Total
Academic support	$ 11,352	$ 3,522	$ 352	$ -	$ 29	$ -	$ 15,255
Administrative support	11,305	9,282	8,306	-	1,132	-	30,025
Ancillary and auxiliary	2,285	822	6,803	-	36	-	9,946
Community services	657	197	159	-	12	-	1,025
Instructional	46,584	19,251	2,014	-	694	-	68,543
Instructional support	1,893	902	372	-	85	-	3,252
Plant operations	4,650	2,157	5,074	-	237	-	12,118
Student aid	-	-	218	44,546	-	-	44,764
Student services	8,158	2,873	1,300	-	215	-	12,546
Postemployment benefits	-	(1,642)	-	-	-	-	(1,642)
Depreciation	-	-	-	-	-	13,776	13,776
Physical property	4	-	416	-	(94)	-	326
Total	$ 86,888	$ 37,364	$ 25,014	$ 44,546	$ 2,346	$ 13,776	$ 209,934

Changes in Cash Position

Table 4

(Amounts in thousands)

	2013	2012	2011
Cash Provided by (Used in)			
Operating activities	$ (170,068)	$ (196,550)	$ (186,826)
Noncapital financing activities	183,131	178,388	182,196
Capital financing activities	(13,049)	(23,628)	(57,018)
Investing activities	694	1,056	2,719
Net Increase (Decrease) in Cash	708	(40,734)	(58,929)
Cash, Beginning of Year	125,928	166,662	225,591
Cash, End of Year	$ 126,636	$ 125,928	$ 166,662

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had $553.8 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2012, our net capital assets were $544.9 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2013-2014 fiscal year and beyond with primary funding through our general obligation bond.

Table 5

(Amounts in millions)

	Balance Beginning of Year, as Restated	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 178.9	$ 21.6	$ (29.8)	$ 170.7
Buildings and improvements	443.5	29.8	-	473.3
Equipment and vehicles	23.0	1.1	-	24.1
Subtotal	645.4	52.5	(29.8)	668.1
Accumulated depreciation	(100.5)	(13.8)	-	(114.3)
	$ 544.9	$ 38.7	$ (29.8)	$ 553.8

Obligations

At the end of the 2012-2013 fiscal year, the District had $324.8 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Ventura County Community College District boundaries.

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

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 324.3	$ 3.2	$ (2.7)	$ 324.8
Notes payable	0.1	-	(0.1)	-
	324.4	3.2	(2.8)	324.8
Other liabilities	4.9	10.4	(11.9)	3.4
Total Long-Term Obligations	$ 329.3	$ 13.6	$ (14.7)	$ 328.2
Amount due within one year				$ 5.1

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 2012-2013 fiscal year on August 13, 2013.

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

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

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 83 percent of the total unrestricted sources of revenue received within the General Fund.

In fiscal year 2012-2013, the District served 25,036 FTES, of which approximately 336 were unfunded. As a result of declining revenue over the past several years, the number of students (FTES) for which the District is funded has also declined considerably. The District continues to emphasize enrollment management with the effect of reducing unfunded FTES while continuing to meet our primary mission.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$ 93,823	$ 91,564
Cash and cash equivalents - restricted	13,562	2,704
Investments - unrestricted	28,430,704	16,852,264
Investments - restricted	98,098,247	108,981,143
Accounts receivable, net	19,771,641	26,551,062
Student loans receivable, net	583,141	934,022
Prepaid expenses	234,940	247,989
Inventories	1,392,666	1,827,093
Net OPEB assets	377,487	-
Deferred cost on issuance	360,533	384,568
Total Current Assets	149,356,744	155,872,409
NONCURRENT ASSETS		
Nondepreciable capital assets	170,685,008	178,940,419
Capital assets, net of depreciation	383,068,871	365,964,664
Total Noncurrent Assets	553,753,879	544,905,083
TOTAL ASSETS	703,110,623	700,777,492
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	9,659,626	9,349,640
Accrued interest payable	5,912,287	5,944,496
Deferred revenue	7,487,054	6,307,711
Other current liabilities	3,000	3,287
Accrued compensated absences	702,087	726,079
Bonds and notes payable	4,360,000	2,419,881
Total Current Liabilities	28,124,054	24,751,094
NONCURRENT LIABILITIES		
Accrued compensated absences payable	1,948,405	1,999,570
Bonds and notes payable	320,396,994	322,006,672
Other long-term obligations	792,214	2,195,137
Total Noncurrent Liabilities	323,137,613	326,201,379
TOTAL LIABILITIES	351,261,667	350,952,473
NET POSITION		
Net investment in capital assets	228,996,885	220,478,530
Restricted for:		
Debt service	10,730,943	6,822,579
Capital projects	69,417,578	84,677,735
Educational programs	6,241,209	5,498,204
Other activities	412,525	543,884
Unrestricted	36,049,816	31,804,087
Total Net Position	$ 351,848,956	$ 349,825,019

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Student Tuition and Fees	$ 36,729,622	$ 31,277,910
Less: Scholarship discount and allowance	(17,074,418)	(13,283,087)
Net tuition and fees	19,655,204	17,994,823
Auxiliary Enterprise Sales and Charges		
Bookstore	7,178,205	7,934,304
Cafeteria	162,765	1,270,503
Other Operating Revenues	310,576	296,467
TOTAL OPERATING REVENUES	27,306,750	27,496,097
OPERATING EXPENSES		
Salaries	86,887,759	92,504,447
Employee benefits	37,363,920	39,916,436
Supplies, materials, and other operating expenses and services	25,014,230	29,109,611
Student financial aid	44,545,650	49,189,512
Equipment, maintenance, and repairs	2,346,579	7,552,876
Depreciation	13,775,808	12,406,862
TOTAL OPERATING EXPENSES	209,933,946	230,679,744
OPERATING LOSS	(182,627,196)	(203,183,647)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	53,873,622	59,397,397
Local property taxes, levied for general purposes	49,807,845	49,108,340
Taxes levied for other specific purposes	20,283,980	15,044,524
Federal grants	46,793,048	51,658,397
State grants	9,346,040	9,590,522
State taxes and other revenues	4,934,981	4,215,730
Investment income	580,000	997,580
Interest expense on capital related debt	(12,237,580)	(17,426,074)
Investment income on capital asset-related debt, net	54,700	73,189
Transfer from fiduciary funds	138,579	84,529
Transfer to fiduciary funds	(296,734)	(545,844)
Other nonoperating revenue	10,185,385	7,167,756
TOTAL NONOPERATING REVENUES (EXPENSES)	183,463,866	179,366,046
INCOME (LOSS) BEFORE OTHER REVENUES	836,670	(23,817,601)
State revenues, capital	95,002	64,409
Local revenues, capital	1,092,265	454,340
TOTAL OTHER REVENUES	1,187,267	518,749
CHANGE IN NET POSITION	2,023,937	(23,298,852)
NET POSITION, BEGINNING OF YEAR	349,825,019	350,209,588
PRIOR PERIOD RESTATEMENT (See Note 15)	-	22,914,283
NET POSITION, END OF YEAR	$ 351,848,956	$ 349,825,019

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 19,780,865	$ 13,753,656
Payments to vendors for supplies and services	(27,141,771)	(38,490,395)
Payments to or on behalf of employees	(125,812,511)	(132,125,163)
Payments for scholarships and grants	(44,545,650)	(49,189,512)
Auxiliary enterprise sales and charges	7,651,546	9,501,274
Net Cash Flows From Operating Activities	(170,067,521)	(196,550,140)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	60,653,518	54,986,384
Grants and contracts	56,923,323	63,304,082
Property taxes - nondebt related	49,807,845	49,108,340
State taxes and other apportionments	5,045,655	4,074,922
Other nonoperating	10,700,529	6,913,854
Net Cash Flows From Noncapital Financing Activities	183,130,870	178,387,582
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(22,635,397)	(25,167,360)
State revenue - capital projects	95,002	64,409
Local revenue - capital projects	1,092,265	454,340
Property taxes - related to capital debt	20,283,980	15,044,524
Proceeds from capital debt	3,056,536	57,974,530
Principal paid on capital debt	(2,726,095)	(54,447,083)
Interest paid on capital debt	(12,269,789)	(17,624,829)
Interest received on capital asset-related debt	54,700	73,189
Net Cash Flows From Capital Financing Activities	(13,048,798)	(23,628,280)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	694,110	1,056,057
NET CHANGE IN CASH AND CASH EQUIVALENTS	708,661	(40,734,781)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	125,927,675	166,662,456
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 126,636,336	$ 125,927,675

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (182,627,196)	$ (203,183,647)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation expense	13,775,808	12,406,862
Changes in Assets and Liabilities:		
Receivables, net	350,881	1,302,248
Inventories	434,427	(132,068)
Prepaid expenses	(340,403)	(319,369)
Accounts payable and accrued liabilities	352,701	(599,450)
Accrued interest payable	(32,209)	(198,755)
Deferred revenue	(503,450)	(5,990,048)
OPEB obligation	(1,265,123)	523,082
Compensated absences/Load banking	(212,957)	(358,995)
Total Adjustments	12,559,675	6,633,507
Net Cash Used By Operating Activities	$ (170,067,521)	$ (196,550,140)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	$ 107,385	$ 94,268
Cash in county treasury	126,528,951	125,833,407
Total Cash and Cash Equivalents	$ 126,636,336	$ 125,927,675
NONCASH TRANSACTIONS		
On behalf payments for benefits	$ 2,646,711	$ 2,599,418

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2013 AND 2012

	2013	2012
	Trust	**Trust**
ASSETS		
Investments	$ 7,062,532	$ 6,653,470
Accounts receivable	4,109	6,204
Student loan receivable	139,366	149,680
Total Assets	7,206,007	6,809,354
LIABILITIES		
Accounts payable	75,116	42,600
Deferred revenue	68,416	77,953
Total Liabilities	143,532	120,553
NET POSITION		
Unreserved	7,062,475	6,688,801
Total Net Position	$ 7,062,475	$ 6,688,801

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

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013 Trust	2012 Trust
ADDITIONS		
Local revenues	$ 1,983,178	$ 1,896,708
DEDUCTIONS		
Academic salaries	17,524	532
Classified salaries	129,016	162,626
Employee benefits	14,222	12,771
Books and supplies	470,088	546,592
Services and operating expenditures	590,410	555,035
Capital outlay	173,321	97,464
Total Deductions	1,394,581	1,375,020
OTHER FINANCING SOURCES (USES)		
Operating transfers from primary government	296,734	545,844
Operating transfers to primary government	(138,579)	(84,529)
Other uses	(373,078)	(356,477)
Total Other Financing Sources (Uses)	(214,923)	104,838
Change in Net Position	373,674	626,526
Net Position - Beginning	6,688,801	6,062,275
Net Position - Ending	$ 7,062,475	$ 6,688,801

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

NOTE 1 - ORGANIZATION

The Ventura County Community College District (the District) was established in 1962 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of Ventura County. The District operates under a locally elected five-member Board of Trustees form of government which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within Ventura County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This Statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. The District has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2013 and 2012, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $8,386,621 and $8,396,461 for the years ended June 30, 2013 and 2012, respectively.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2013.

Inventories

Inventories consist primarily of bookstore merchandise 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 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

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

Accrued Liabilities and Long-Term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Amount on Refunding

Deferred amount on refunding is amortized using the straight-line method over the remaining life of the new debt.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

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.

Noncurrent Liabilities

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

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

> **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.
>
> **Restricted**: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.
>
> **Unrestricted**: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $86,802,255 of restricted net position.

State Apportionments

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

Property Taxes

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

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

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study programs, and Stafford Direct Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the related *Compliance Supplement*.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2013, was $2,646,711 for CalSTRS and $0 for CalPERS. These amounts are reflected in the District's audited financial statements.

Estimates

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

Interfund Activity

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

Changes in Accounting Principles

In March 2012, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 establishes standards of financial accounting and reporting for capitalizing interest cost as a part of the historical cost of acquiring certain assets. For the purposes of applying this Statement, interest cost includes interest recognized on obligations having explicit interest rates and interest imputed on certain types of payables, as well as interest related to capital leases.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

In June 2012, the GASB issued Statement No. 68*, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

Comparative Financial Information

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2013, consist of the following:

Primary government	$ 126,636,336
Fiduciary funds	7,062,532
Total Deposits and Investments	$ 133,698,868

Cash on hand and in banks	$ 82,385
Cash in revolving	25,000
Investments	133,591,483
Total Deposits and Investments	$ 133,698,868

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County investment pools.

Specific Identification

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

Investment Type	Fair Value	Weighted Average Maturity in Days
Ventura County Investment Pool	$ 133,348,441	276

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Ventura County pool is not required to be rated. 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.

Investment Type	Fair Value	Minimum Legal Rating	Rating June 30, 2013
Ventura County Investment Pool	$ 133,348,441	N/A	AAAf

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - ACCOUNTS RECEIVABLES

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

	Primary Government	
	2013	2012
Federal Government		
Categorical aid	$ 791,905	$ 1,045,298
State Government		
Apportionment	15,507,490	21,067,169
Categorical aid	210,074	278,340
Lottery	1,857,939	1,903,018
Mandated cost claims	6,673,514	6,964,775
State construction claims	-	65,595
Local Sources		
Interest	183,716	297,826
RDA	-	771,760
Other local sources	1,220,517	1,122,056
Accounts receivable	26,445,155	33,515,837
Less reserve	(6,673,514)	(6,964,775)
Accounts receivable, net	$ 19,771,641	$ 26,551,062
Student loan receivables	$ 2,296,248	$ 2,365,708
Less reserve	(1,713,107)	(1,431,686)
Student loan receivables, net	$ 583,141	$ 934,022

	Fiduciary Funds	
	2013	2012
Local Sources		
Interest	$ 3,985	$ 6,154
Other local sources	124	50
Total	$ 4,109	$ 6,204
Student loan receivables	$ 139,366	$ 149,680

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2013, was as follows:

	Balance Beginning of Year as Restated	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 120,475,827	$ -	$ -	$ 120,475,827
Construction in progress	58,464,592	21,568,307	29,823,718	50,209,181
Total Capital Assets Not Being Depreciated	178,940,419	21,568,307	29,823,718	170,685,008
Capital Assets Being Depreciated				
Buildings and improvements	388,758,982	26,486,979	-	415,245,961
Site improvements	54,756,730	3,336,740	-	58,093,470
Furniture and equipment	20,420,167	671,089	-	21,091,256
Vehicles	2,562,358	385,207	-	2,947,565
Total Capital Assets Being Depreciated	466,498,237	30,880,015	-	497,378,252
Total Capital Assets	645,438,656	52,448,322	29,823,718	668,063,260
Less Accumulated Depreciation				
Buildings and improvements	65,567,489	9,562,781	-	75,130,270
Site improvements	16,027,084	2,824,416	-	18,851,500
Furniture and equipment	16,738,546	1,253,242	-	17,991,788
Vehicles	2,200,454	135,369	-	2,335,823
Total Accumulated Depreciation	100,533,573	13,775,808	-	114,309,381
Net Capital Assets	$ 544,905,083	$ 38,672,514	$ 29,823,718	$ 553,753,879

Depreciation expense for the year was $13,775,808.

Interest expense on capital related debt for the year ended June 30, 2013, was $16,972,030. Of this amount, $4,734,450 was capitalized.

Capital asset activity for the District for the fiscal year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Additions	Deductions	*GASB Statement No. 62 Restatement	Balance End of Year as Restated
Capital Assets Not Being Depreciated					
Land	$ 120,475,827	$ -	$ -	$ -	$ 120,475,827
Construction in progress	127,779,721	19,629,346	100,237,721	11,293,246	58,464,592
Total Capital Assets Not Being Depreciated	248,255,548	19,629,346	100,237,721	11,293,246	178,940,419
Capital Assets Being Depreciated					
Buildings and improvements	277,985,966	99,032,707	-	11,740,309	388,758,982
Site improvements	53,290,552	1,205,014	-	261,164	54,756,730
Furniture and equipment	18,971,359	1,448,808	-	-	20,420,167
Vehicles	2,485,241	77,117	-	-	2,562,358
Total Capital Assets Being Depreciated	352,733,118	101,763,646	-	12,001,473	466,498,237
Total Capital Assets	600,988,666	121,392,992	100,237,721	23,294,719	645,438,656
Less Accumulated Depreciation					
Buildings and improvements	57,833,461	7,381,769	-	352,259	65,567,489
Site improvements	13,283,506	2,715,401	-	28,177	16,027,084
Furniture and equipment	14,594,488	2,144,058	-	-	16,738,546
Vehicles	2,034,820	165,634	-	-	2,200,454
Total Accumulated Depreciation	87,746,275	12,406,862	-	380,436	100,533,573
Net Capital Assets	$ 513,242,391	$ 108,986,130	$ 100,237,721	$ 22,914,283	$ 544,905,083

* As restated. See Note 15 for more information.

Depreciation expense for the year was $12,406,862.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2013	2012
Accrued payroll and benefits	$ 2,135,194	$ 2,217,946
Construction	3,510,048	3,520,841
Student liability	2,421,785	2,036,527
Other	1,592,599	1,574,326
Total	$ 9,659,626	$ 9,349,640

	Fiduciary Funds	
	2013	2012
Student liability	$ 3,633	$ 413
Other	71,483	42,187
Total	$ 75,116	$ 42,600

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	Primary Government	
	2013	2012
Federal categorical aid	$ 7,493	$ 4,563
FEMA	24,368	24,367
State categorical aid	1,124,391	1,405,552
Lottery	1,338,700	1,039,345
Apportionment	2,138,014	917,797
RDA	661,897	152,676
Schedule maintenance	136,188	231,190
Other State	364,245	674,807
Enrollment fees/student fees	1,532,921	1,758,141
Other local	158,837	99,273
Total	$ 7,487,054	$ 6,307,711

	Fiduciary Funds	
	2013	2012
Enrollment fees/student fees	$ 12,941	$ 13,598
Other local	55,475	64,355
Total	$ 68,416	$ 77,953

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2013, there were no interfund receivable and payable balances between the government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2013 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to $138,579. The amount transferred to the fiduciary funds from the primary government amounted to $296,734.

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2013 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	$ 7,825,000	$ -	$ 1,000,000	$ 6,825,000	$ 305,000
General obligation bonds, 2002 Series B	62,080,000	-	780,000	61,300,000	975,000
General obligation bonds, 2002 Series C	199,577,254	3,056,536	500,000	202,133,790	700,000
General obligation bonds, 2011 Refunding Bonds	49,905,000	-	-	49,905,000	2,380,000
Premium on refunding bonds	4,899,418	-	306,214	4,593,204	-
Notes payable	139,881	-	139,881	-	-
Total Bonds and Notes Payable	324,426,553	3,056,536	2,726,095	324,756,994	4,360,000
Other Liabilities					
Compensated absences	2,725,649	-	75,157	2,650,492	702,087
Load banking	930,014	-	137,800	792,214	-
Net OPEB obligation	1,265,123	10,420,614	11,685,737	-	-
Total Other Liabilities	4,920,786	10,420,614	11,898,694	3,442,706	702,087
Total Long-Term Obligations	$ 329,347,339	$ 13,477,150	$ 14,624,789	$ 328,199,700	$ 5,062,087

The changes in the District's long-term obligations during the 2012 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	$ 60,500,000	$ -	$ 52,675,000	$ 7,825,000	$ 1,000,000
General obligation bonds, 2002 Series B	62,675,000	-	595,000	62,080,000	780,000
General obligation bonds, 2002 Series C	197,033,356	2,863,898	320,000	199,577,254	500,000
General obligation bonds, 2011 Refunding Bonds	-	49,905,000	-	49,905,000	-
Premium on refunding bonds	-	5,205,632	306,214	4,899,418	-
Notes payable	682,376	-	542,495	139,881	139,881
Total Bonds and Notes Payable	320,890,732	57,974,530	54,438,709	324,426,553	2,419,881
Other Liabilities					
Compensated absences	2,994,820	-	269,171	2,725,649	726,079
Load banking	1,019,838	-	89,824	930,014	-
Capital leases	8,374	-	8,374	-	-
Net OPEB obligation	742,041	10,679,700	10,156,618	1,265,123	-
Total Other Liabilities	4,765,073	10,679,700	10,523,987	4,920,786	726,079
Total Long-Term Obligations	$ 325,655,805	$ 68,654,230	$ 64,962,696	$ 329,347,339	$ 3,145,960

Description of Debt

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

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was $356,347,814. At June 30, 2013, $356,347,817 had been issued and $320,163,790 was outstanding. Interest rates on the bonds range from 2.5 percent to 7.5 percent.

The notes payable were issued in 2001 in the amount of $4,248,885 to fund energy-retrofitting projects throughout the District. The notes were paid off in the 2013 fiscal year.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2012	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2013
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	$ 85,000,000	$ 7,825,000	$ -	$ -	$ 1,000,000	$ 6,825,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	62,080,000	-	-	780,000	61,300,000
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	199,577,254	-	3,056,536	500,000	202,133,790
7/14/2011	2011 Refunding	8/1/2027	2.50 - 5.00%	49,905,000	49,905,000	-	-	-	49,905,000
					$319,387,254	$ -	$3,056,536	$ 2,280,000	$ 320,163,790

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 305,000	$ 341,050	$ 646,050
2015	325,000	325,300	650,300
2016	340,000	308,675	648,675
2017	360,000	291,175	651,175
2018	385,000	272,550	657,550
2019-2023	2,265,000	1,037,175	3,302,175
2024-2028	2,845,000	372,413	3,217,413
Total	$ 6,825,000	$ 2,948,338	$ 9,773,338

The general obligation bonds mature through 2031 as follows:

2002 Series B

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 975,000	$ 2,967,575	$ 3,942,575
2015	1,185,000	2,924,375	4,109,375
2016	1,415,000	2,872,375	4,287,375
2017	1,660,000	2,810,875	4,470,875
2018	1,925,000	2,739,175	4,664,175
2019-2023	14,510,000	11,892,263	26,402,263
2024-2028	23,375,000	7,042,875	30,417,875
2029-2031	16,255,000	1,286,625	17,541,625
Total	$ 61,300,000	$ 34,536,138	$ 95,836,138

The general obligation bonds mature through 2034 as follows:

2002 Series C Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2014	$ 684,992	$ 15,008	$ 8,630,875	$ 9,330,875
2015	839,907	60,093	8,630,875	9,530,875
2016	867,868	112,132	8,630,875	9,610,875
2017	1,354,029	265,971	8,630,875	10,250,875
2018	1,820,632	494,368	8,630,875	10,945,875
2019-2023	13,435,329	10,049,671	43,154,375	66,639,375
2024-2028	19,640,355	30,444,645	43,154,375	93,239,375
2029-2033	122,750,678	13,989,322	31,886,663	168,626,663
2034	40,740,000	-	1,120,350	41,860,350
Total	$ 202,133,790	$ 55,431,210	$ 162,470,138	$ 420,035,138

In July 2011, the District issued $49,905,000 of general obligation refunding bonds. The net proceeds from the issuance provided for the partial refunding of $51,675,000 of the 2002 Series A bonds.

This was an advance refunding resulting in a legal defeasance of the previously issued bonds. An Escrow Fund was established to fund continued payment of the principal and interest as it becomes due. The Escrow Agreement provided for the redemption of the remaining outstanding principal of the Series A bonds on August 1, 2012.

Because the transaction qualifies as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The economic gain calculated as the sum of the project fund proceeds and the net present value savings was approximately $4,115,000.

As of June 30, 2013, the principal balance outstanding is $49,905,000. The general obligation refunding bonds mature through 2028 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 2,380,000	$ 2,175,263	$ 4,555,263
2015	2,540,000	2,076,862	4,616,862
2016	2,605,000	1,973,963	4,578,963
2017	2,760,000	1,865,362	4,625,362
2018	2,910,000	1,758,163	4,668,163
2019-2023	16,535,000	6,895,993	23,430,993
2024-2028	20,175,000	2,606,125	22,781,125
Total	$ 49,905,000	$ 19,351,731	$ 69,256,731

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS ASSET

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The District has entered into an agreement with Benefit Trust Company to form the Futuris Public Entity Investment Trust to be used for the funding and payment of the District's obligations under the employee benefit plans that provide retiree health and other postemployment benefits.

Plan Description

The Ventura County Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Ventura County Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 655 retirees and beneficiaries currently receiving benefits, 4 terminated Plan members entitled to but not receiving benefits, and 848 active full-time Plan members.

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal year 2012-2013, the District contributed $10,949,220 to the Plan of which $10,099,220 was used for current premiums, and $850,000 was contributed to an irrevocable trust.

Annual OPEB Cost and Net OPEB Asset

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

Annual required contribution	$ 10,420,614
Contributions made by District	(10,099,220)
Contributions made to Irrevocable Trust	(850,000)
Change in value of Irrevocable Trust	(1,114,004)
Decrease in net OPEB obligation	(1,642,610)
Net OPEB obligation, beginning of year	1,265,123
Net OPEB asset, end of year	$ (377,487)

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
2011	$ 10,679,700	$ 17,492,963	164%	$ 742,041
2012	10,679,700	10,175,724	95%	1,265,123
2013	10,420,614	10,949,220	105%	(377,487)

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 147,511,370
Actuarial Value of Plan Assets *	13,250,452
Unfunded Actuarial Accrued Liability (UAAL)	$ 134,260,918
Funded Ratio (Actuarial Value of Plan Assets/AAL)	9.0%
Covered Payroll	$ 73,415,704
UAAL as Percentage of Covered Payroll	183%

* Asset Valuation as of June 30, 2013

The above noted actuarial accrued liability was based on the February 20, 2013, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the February 20, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return, based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Medical, Dental, and Vision Programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period is 24 years. The actuarial value of assets was not determined in this actuarial valuation. The actuarial value of assets was not determined in this actuarial valuation. At June 30, 2013, the irrevocable trust held assets in the amount of $13,250,452.

NOTE 11 - RISK MANAGEMENT

Insurance Coverages

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

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2013, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2013, the District participated in the JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active members are required to contribute 8.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were $3,875,557, $4,084,960, and $4,240,719, respectively, and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the CalSTRS on behalf of all community colleges in the State.

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 11.417 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were $3,018,261, $3,088,177, and $3,148,619, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, which amounted to $2,646,711, $2,599,418, and $2,182,106, respectively, (5.176 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2013, 2012, and 2011. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

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

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

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

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

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

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, 2013.

Construction Commitments

As of June 30, 2013, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Moorpark College Planning and Development (indirect)	$ 77	06/30/17
Moorpark College CW Planning and Development (indirect)	1,721	06/30/17
Moorpark College Infrastructure	5,285	12/31/14
Moorpark College Library Renovation	56,954	12/31/14
Moorpark College Parking Structure	7,668,671	12/31/14
Moorpark College Piped Utility Systems	160,500	12/31/14
Oxnard College Planning and Development (indirect)	5,066,110	06/30/17
Oxnard College CW Planning and Development (indirect)	1,890	06/30/17
Oxnard College LRC Renovation	121,114	06/30/16
OC Dental Hygiene Expansion/Renovation	231,235	12/31/15
VC Planning and Development (indirect)	290,613	06/30/17
VC CW Planning and Development (indirect)	1,813	06/30/17
VC Applied Science Building	221,853	12/30/15
VC Maintenance and Operations Renovation	185,112	06/30/17
VC Electrical Systems Upgrade	91,976	06/30/17
VC Renovate Theater Building	102,671	12/31/13
VC Studio Arts Building	109,393	06/30/16
VC INF Piped Utility Systems	2,816	06/30/17
Fire/Sheriff Planning and Development Costs (indirect)	141,167	06/30/17
	$ 14,460,971	

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

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2013.

Effective in fiscal year 2012-2013, the District was required to capitalize interest as part of the historical cost of constructing certain business-type activity assets. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by $22,914,283.

Primary Government	
Net Position - Beginning	$ 350,209,588
Restatement of capital assets for implementation of GASB Statement No. 62	22,914,283
Net Position - Beginning, as Restated	$ 373,123,871

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
April 9, 2009	$ -	$ 173,733,730	$ 173,733,730	0.0%	$ 59,630,560	291%
February 16, 2011	11,286,448 *	146,646,320	135,359,872	7.7%	68,603,076	197%
February 20, 2013	13,250,452 **	147,511,370	134,260,918	9.0%	73,415,704	183%

* Asset Valuation as of June 30, 2012.

** Asset Valuation as of June 30, 2013.

SUPPLEMENTARY INFORMATION

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2013

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

BOARD OF TRUSTEES

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

ADMINISTRATION

Dr. Jamillah Moore	Chancellor
Ms. Susan F. Johnson	Vice Chancellor, Business and Administrative Services
Ms. Annette Loria	Interim Vice Chancellor, Human Resources
Mr. Dave Fuhrmann	Associate Vice Chancellor, Information Technology

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
HIGHER EDUCATION ACT			
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C		$ 1,000,084
Title V, Hispanic Serving Institutions	84.031S		1,221,360
Total Higher Education Act			2,221,444
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		797,081
Federal Direct Student Loans (Direct Loans)	84.268		7,407,892
Federal College Work Study (FWS)	84.033		616,180
Federal Pell Grant (PELL)	84.063		34,207,146
Student Financial Aid Administrative Costs	84.063		147,183
Total Student Financial Assistance Cluster			43,175,482
CAREER AND TECHNICAL EDUCATION ACT			
Passed through from California Community Colleges Chancellor's Office			
Perkins IV, Title I, Part C	84.048	12-C01-065	689,187
Career Technical Education (CTE) Transitions	84.243	12-112-681-682-683	139,961
Total Career and Technical Education Act			829,148
VOCATIONAL REHABILITATION ACT CLUSTER			
Passed through from Department of Rehabilitation			
Workability III	84.126A	27988	146,171
Total Vocational Rehabilitation Act Cluster			146,171
TOTAL U.S. DEPARTMENT OF EDUCATION			46,372,245
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from California Community Colleges Chancellor's Office			
Foster Kinship Care Education	93.658	[1]	145,374
Passed through from California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	149,711
Passed through from Yosemite Community College District			
Child Care and Development Grant	93.575	12-13-4089 / 12-13-3207 / 12-13-4149	63,689
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			358,774

[1] Pass-Through Number not available.
** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF COMMERCE			
Passed through from Foundation for California Community Colleges			
ARRA SBA Recovery Act "California Connects" - MESA Program	11.557	06-43-B10541	$ 969
TOTAL U.S. DEPARTMENT OF COMMERCE			969
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through from Oxnard Housing Authority			
Teen Parent Program	14.870	5821-07-HO	19,666
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			19,666
U.S. DEPARTMENT OF LABOR			
WIA Cluster			
Passed through from Ventura County			
Economic Development Collaborative	17.258	PC230000000314	2,813
TOTAL U.S. DEPARTMENT OF LABOR			2,813
NATIONAL SCIENCE FOUNDATION			
Passed through from Santa Clarita Community College District			
Project Create**	47.076	1002653	7,631
Passed through from Butler County Community College District			
NSF (ATE) Guitar Project**	47.076	03-01-5-3410-857-00	13,796
TOTAL NATIONAL SCIENCE FOUNDATION			21,427
TOTAL FEDERAL PROGRAMS			$ 46,775,894

[1] Pass-Through Number not available.
** Research and Development Grant

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
ADN Enroll. Growth 10-12 Yr 2	$ -	$ 88,671	$ 88,671
ADN Enroll. Growth 12-14 Yr 1	284,824	-	284,824
Cal Grant B	1,895,451	13,841	1,909,292
Cal Grant C	22,408	144	22,552
CalWorks 12-13	492,441	-	492,441
CalWorks Region 6 Support	4,800	-	4,800
Cooperative Agency Resource Education (CARE) 12-13	228,647	-	228,647
Student Success and Support (Credit) 12-13	877,427	-	877,427
Disabled Students Programs and Services (DSPS) 12-13	1,530,464	-	1,530,464
Prior Year Categorical (DSPS)	-	43,541	43,541
ESL/Basic Skills 10/11	-	126,837	126,837
ESL/Basic Skills 11/12	-	269,141	269,141
ESL/Basic Skills 12/13	270,000	-	270,000
Extended Opportunity Prog and Svc (EOPS) 12-13	1,395,643	-	1,395,643
EWD: Workplace Learning Res. Ctr. 11-12	-	71,858	71,858
EWD: Workplace Learning Res. Ctr. 12-13	205,000	-	205,000
Foster Kinship Care Education	146,904	-	146,904
FSS Mesa 12-13	50,500	-	50,500
IELM	-	405,914	405,914
Restricted Lottery	752,597	1,039,345	1,791,942
SB70 CTE Community Collaborative Yr 4 (Phase IV)	-	259,960	259,960
SB70 CTE Community Collaborative Yr 5 (Phase V)	-	348,000	348,000
SB70 CTE Community Collaborative Yr 6 (Phase VI)	348,000	-	348,000
Staff Diversity	10,895	37	10,932
Student Financial Aid Administration Allowance 12-13	1,119,811	-	1,119,811
Total	$ 9,635,812	$ 2,667,289	$ 12,303,101

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
$ 37,769	$ 50,902	$ -	$ 88,671	$ 88,671
239,252	45,118	-	284,370	284,370
1,902,342	6,950	-	1,909,292	1,909,292
22,552	-	-	22,552	22,552
506,441	-	22,241	484,200	484,200
-	1,884	-	1,884	1,884
228,647	-	2	228,645	228,645
877,427	-	14,137	863,290	863,290
1,530,464	-	5,121	1,525,343	1,525,343
43,541	-	32,785	10,756	10,756
126,837	-	14	126,823	126,823
269,141	-	144,774	124,367	124,367
270,000	-	220,932	49,068	49,068
1,395,643	-	184	1,395,459	1,395,459
66,392	-	-	66,392	66,392
123,000	62,045	-	185,045	185,045
125,051	22,978	2,655	145,374	145,374
30,300	20,197	-	50,497	50,497
405,914	-	307,972	97,942	97,942
1,177,334	635,050	1,338,700	473,684	473,684
259,960	-	18,456	241,504	241,504
313,200	-	97,525	215,675	215,675
261,000	-	255,408	5,592	5,592
10,932	-	-	10,932	10,932
1,119,811	-	2,185	1,117,626	1,117,626
$ 11,342,950	$ 845,124	$ 2,463,091	$ 9,724,983	$ 9,724,983

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2013

CATEGORIES	Reported Data	Audit Adjustments	Revised Audited Data
A. Summer Intersession (Summer 2012 only)			
1. Noncredit	-	-	-
2. Credit	1,571	-	1,571
B. Summer Intersession (Summer 2013 - Prior to July 1, 2013)			
1. Noncredit	-	-	-
2. Credit	1	-	1
C. Primary Terms Exclusive of Summer Intersessions			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,453	-	19,453
(b) Daily Census Contact Hours	841	-	841
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	254	-	254
(b) Credit	613	-	613
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	2,058	-	2,058
(b) Daily Census Procedure Courses	245	-	245
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	25,036	-	25,036
Supplemental Information			
E. In-Service Training Courses (FTES)	84	-	84
F. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	4	-	4
2. Credit	788	-	788
	792	-	792

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2013

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Reported Data	Reported Data	Audit Adjustments	Reported Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 24,395,657	$ -	$ 24,395,657	$ 26,323,574	$ -	$ 26,323,574
Other	1300	18,580,960	-	18,580,960	18,880,072	-	18,880,072
Total Instructional Salaries		42,976,617	-	42,976,617	45,203,646	-	45,203,646
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,917,371	-	7,917,371
Other	1400	-	-	-	573,787	-	573,787
Total Noninstructional Salaries		-	-	-	8,491,158	-	8,491,158
Total Academic Salaries		42,976,617	-	42,976,617	53,694,804	-	53,694,804
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	18,511,275	-	18,511,275
Other	2300	-	-	-	1,425,420	-	1,425,420
Total Noninstructional Salaries		-	-	-	19,936,695	-	19,936,695
Instructional Aides							
Regular Status	2200	1,581,392	-	1,581,392	1,583,428	-	1,583,428
Total Instructional Aides		1,581,392	-	1,581,392	1,583,428	-	1,583,428
Total Classified Salaries		1,581,392	-	1,581,392	21,520,123	-	21,520,123
Employee Benefits	3000	14,073,424	-	14,073,424	26,932,200	-	26,932,200
Supplies and Material	4000	-	-	-	1,703,573	-	1,703,573
Other Operating Expenses	5000	730,615	-	730,615	11,455,829	-	11,455,829
Total Expenditures Prior to Exclusions		59,362,048	-	59,362,048	115,306,529	-	115,306,529

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2013

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Reported Data	Reported Data	Audit Adjustments	Reported Data
<u>**Exclusions**</u>							
Activities to Exclude							
Objects to Exclude							
Rents and Leases	5060	$ -	$ -	$ -	$ 519,293	$ -	$ 519,293
Other Operating Expenses and Services	5000	-	-	-	3,183,579	-	3,183,579
Capital Outlay							
Library Books	6000	-	-	-	84,119	-	84,119
Total Equipment		-	-	-	84,119	-	84,119
Total Capital Outlay							
Total Exclusions		-	-	-	3,786,991	-	3,786,991
Total for ECS 84362, 50 Percent Law		$ 59,362,048	$ -	$ 59,362,048	$ 111,519,538	$ -	$ 111,519,538
Percent of CEE (Instructional Salary Cost/Total CEE)		53.23%		53.23%	100.00%		100.00%
50% of Current Expense of Education					$ 55,759,769		$ 55,759,769

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2013.

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2013

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 18,919,348
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 18,919,348			$ 18,919,348
Total Expenditures for EPA		$ 18,919,348	-	-	$ 18,919,348
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Fund	$ 34,835,280	
Special Revenue Funds	455,830	
Capital Project Funds	69,417,578	
Debt Service Funds	16,643,230	
Enterprise Funds	6,198,261	
Internal Service Funds	2,463,411	
Fiduciary Funds	7,063,651	
Total Fund Balance - All District Funds		**$ 137,077,241**
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	668,063,260	
Accumulated depreciation is	(114,309,381)	
Less fixed assets already recorded in the enterprise funds	(40,023)	553,713,856
Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis.		360,533
Amounts held in trust on behalf of others (Trust and Agency Funds).		(7,062,475)
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(5,912,287)
In governmental funds, postemployment benefit costs are recognized as expenditures in the period they are paid. In the government-wide financial statements postemployment benefit costs are recognized in the period that they are incurred. The other postemployment benefit net asset is a result of the accumulated contributions in access of the annual required contribution (ARC).		377,487
Long-term obligations at year-end consist of:		
Bonds payable	320,163,790	
Premium on refunding bonds	4,593,204	
Load banking	792,214	
Compensated absences	2,650,492	
Less load banking already recorded in funds	(792,214)	
Less compensated absences already recorded in funds	(702,087)	(326,705,399)
Total Net Position		**$ 351,848,956**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

Subrecipients

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Title V, Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	
California State University - Channel Islands		$ 94,152
University of California - Santa Barbara		135,655
		$ 229,807

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

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

The following is a list of the grants and the differences between the District's accounting records and the Schedule of Expenditures of Federal Awards:

Description	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government:	$ 46,793,048
Unrestricted Federal revenue (Veteran's and other miscellaneous) not included on SEFA	(17,154)
Total Schedule of Expenditures of Federal Awards	$ 46,775,894

INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities of Ventura County Community College District (the District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2013.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 62 for the year ended June 30, 2013. These changes require a restatement of the beginning net position of the District as discussed in Note 15. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 5, 2013.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Ventura County Community College District
Ventura, California

Report on Compliance for Each Major Federal Program

We have audited Ventura County Community College District's (the District) compliance with the types of compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2013. The District's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, California

Report on State Compliance

We have audited Ventura County Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in April 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in April 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Basis for Qualified Opinion

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 437 Student Fees - Instructional and Other Materials - Finding 2013-1. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2013.

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Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2013, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 431	Gann Limit Calculation
Section 433	CalWORKS
Section 435	Open Enrollment
Section 437	Student Fees – Instructional and Other Materials
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

The District reports no attendance within class subject to the TBA hours; therefore, the compliance tests within this section were not applicable.

The District did not receive any funding through Proposition 1D State Bond Funded Projects, therefore, compliance tests within this section were not applicable.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program or Cluster
84.007; 84.268; 84.033; 84.063	Student Financial Assistance Cluster
84.031C; 84.031S	Title V, Hispanic Serving Institutions

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for State programs:	Qualified

Unmodified for all programs except for the following program which was qualified:

Section 437 - Student Fees - Instructional and Other Materials

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.

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

Student Fees - Instructional and Other Materials - Moorpark College

2013-1 Finding

Criteria

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

- The District may only charge instructional material fees for materials which are of a continuing value to the students outside of the classroom setting, is tangible personal property that is owned or primarily controlled by the student, and the material must not be solely or exclusively available from the District.
- Any instructional material fees that are optional in nature must be made clear to the students. Optional fees must clearly be described as optional in such a way that optional fees cannot be confused with required fees.

Condition

During our review of the requirements for instructional fees, it was observed that Moorpark College could not provide supporting documentation to justify the instructional materials fee charged to the students for the Fall 2012 Radiographic Clinical Lab Course. The fee appears to have not been communicated to the students through either the Catalog of Courses or the Schedule of Classes. Therefore, the District is not in compliance with the above mentioned criteria.

Questioned Costs

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

Context

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the 2012-2013 Catalog of Courses and Schedule of Classes at Moorpark College.

Cause

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

Recommendation

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

Management's Response and Corrective Action Plan

The District concurs with the finding and recommendation. Moorpark College has strengthened communications with the campus review committees to ensure that any mandatory instructional materials fees to be assessed to students are in compliance with applicable sections of the California Education Code and Title 5, include appropriate supporting documentation to justify the fees charged, and are communicated clearly to the students through either the Catalog of Courses or the Schedule of Classes.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

FEDERAL AWARD FINDINGS

Suspension and Debarment

2012-1 Finding

Programs Affected

CFDA #84.031C and #84.031S: U.S. Department of Education: CCRAA Strengthening STEM Pathways and Title V Hispanic Servicing Institutions

Compliance Requirement

Suspension and Debarment

Criteria or Specific Requirement

Title 34 - Education, Part 80 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Subpart C - Pre-Award Requirements, Section 80.35 Subawards to debarred and suspended parties:

- Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party, which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension".

OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Sub-Part C, Pre-Award Requirements, Section .33 Debarment and Suspension:

Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule.

Condition

Significant Deficiency: Procedures have not been implemented to verify that the District has not contracted with vendors who have been placed on the Excluded Parties List System (EPLS). The EPLS will disclose companies that have been suspended or debarred from providing services to agencies receiving Federal funds.

Questioned Costs

None.

Context

Contracts were provided to two companies in excess of $25,000 through the above Federal program. While neither of these two companies were on the EPLS, it could not be verified that the District had verified this prior to contracting with the companies.

Effect

By failing to verify if a company has been placed on the EPLS, the District is at risk of being out of compliance with the Federal regulations related to contracting with companies that have been suspended or debarred from federally funded programs.

Cause

A procedure to ensure the compliance with Federal requirements related to Suspension and Debarment and documentation of checking the EPLS has not been implemented.

Recommendation

The District should implement a procedure to verify that all vendors who are providing services to federally funded programs in excess of $25,000 are not suspended, debarred, or otherwise excluded from providing the services. This verification may be accomplished by checking the EPLS and requiring certification from the company that they have not been suspended or debarred from governmental contracts.

Current Status

Implemented.

STATE AWARD FINDINGS

Concurrent Enrollment of K-12 Students in Community College Credit Courses - Moorpark College

2012-2 Finding

Criteria or Specific Requirement

Education Code Section 76002(a) specifies that for purposes of receiving State apportionments, a community college district may include high school pupils who attend a community college within the district pursuant to Sections 48800 and 76001 in the district's report of *full-time equivalent students* (FTES) only if those pupils are enrolled in community college classes that meet certain criteria.

Condition

The following conditions were identified as not meeting the criteria for claiming apportionment for the concurrent enrolled high school students.

- Each student has to have proper approval from the student's high school before being admitted as a concurrent enrolled student. Two students tested did not have the required authorization form from their high school for the semester they attended Moorpark College.

- When a concurrent enrolled high school student graduates from high school, his/her enrollment status must be changed. During testing, one student that was identified as being a concurrent enrolled high school student in the system actually had graduated high school in 2010. This student's status code was incorrectly coded in the attendance system. As a result, the student was not assessed enrollment fees.

Questioned Costs

During the Summer of 2011, the student was enrolled in 10 units, and no enrollment fees were assessed. Enrollment fees per unit for the Summer term were $36 a unit. Therefore, questioned costs would be $360.

Recommendation

The college should review their existing procedures regarding concurrent enrolled K-12 students to ensure that the college is properly verifying and monitoring all concurrently enrolled students. In addition, the college should ensure that all concurrently enrolled students are being correctly recorded in the attendance system.

Current Status

Implemented.

California Work Opportunity and Responsibility to Kids (CalWORKs) - Ventura College

2012-3 Finding

Criteria or Specific Requirement

CalWORKs funds are allocated to provide assistance to welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges. Students need to be eligible for CalWORKs program services each semester based on guidelines provided in:

- Chancellor's Office CalWORKs *Program Handbook Guidelines_2007-08*

Condition

During the testing of the CalWORKs program at Ventura College, it was noted that the staff are only obtaining eligibility verification once a year, rather than each semester as required.

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

The college needs to be aware of all compliance requirements for the CalWORKs program to ensure that they remain in compliance with all regulatory guidelines; this includes obtaining the eligibility verification for all students each semester.

Current Status

Implemented.

Open Enrollment - Moorpark College, Oxnard College, and Ventura College

2012-4 Finding

Criteria or Specific Requirement

CCR, Title 5, Section 51006, specifies that the governing board of each community college district shall adopt by resolution a policy related to open courses. In addition, a statement of this policy shall be published in the official catalog, schedule of classes, and any addenda to the schedule of classes for which full-time equivalent students (FTES) is reported for State apportionment.

Condition

The class schedules that are published online for students did not have the open enrollment policy published in it.

Questioned Costs

There are no questions costs associated with this compliance requirement.

Recommendation

The colleges must make sure that all published schedules and catalogs (including all online information) contain the required compliance information.

Current Status

Implemented.

Student Fees - Health Fees and Use of Health Fees - Moorpark College

2012-5 Finding

Criteria or Specific Requirement

AB 982 Health Fee Waiver Guidance and *AB 982 Health Fee Waiver* Q & A, Chancellor's Office

Education Code Section 76355 requires boards to adopt rules and regulations that exempt certain students from the payment of health fees. Under subsection (c), districts **must** exempt students who depend on prayer for healing and students attending community college under an approved apprenticeship program. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions.

Condition

The Moorpark College course catalog includes a description of the required exemptions from payment for health fees; however, the catalog does not indicate a clear process through which students may claim an exemption.

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

The course catalog should indicate a clear process through which a student may claim an exemption for the student health fee.

Current Status

Implemented.

Extended Opportunity Programs and Services (EOPS) - Ventura College

2012-6 Finding

Criteria or Specific Requirement

EOPS was established "to encourage the enrollment of students handicapped by language, social, and economic disadvantages, and to facilitate the successful completion of their education goals and objectives". State allocations for EOPS are awarded on the basis of need, as supported by data submitted by community college districts. Students eligible for funding must have been verified and have all required EOPS documents.

Condition

At Ventura College, two of the students selected for verification did not have an educational plan documented in their files.

Questioned Costs

There are no questioned costs associated with this compliance requirement.

Recommendation

The EOPS coordinator should ensure that all required documentation is retained within each student's file in order to ensure that the college remains in compliance with the required guidelines.

Current Status

Implemented.

Cooperative Agencies Resources for Education (CARE) - Moorpark College

2012-7 Finding

Criteria or Specific Requirement

To ensure that CARE funds are spent appropriately, the ***Care Program Guidelines*** was established with guidelines concerning general provisions and requirements of the program. One of those requirements is regarding the need for an advisory committee. The committee shall meet at least twice during each academic year.

Condition

The Moorpark College advisory committee only met once during the academic year.

Questioned Costs

There are no questioned costs associated with this particular State compliance finding.

Recommendation

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

Current Status

Implemented.

To Be Arranged (TBA) Hours

2012-8 Finding

Criteria or Specific Requirement

- Second To Be Arranged (TBA) Hours Follow-Up Memorandum, June 10, 2009
- TBA Hours Follow-Up Memorandum, January 26, 2009
- TBA Hours Compliance Advice (Legal Advisory 08-02), October 1, 2008
- *Education Code* Sections 84040 and 88240
- CCR, Title 5, Sections referred to are 55002, 55002.5, 53415, 58000, 58003.1, 58006, 58020, 58030, 58050, 58051, 58056, 58102, 5804, 58108, 58168, 58170, 58172, 59020, and 59112
- Student Attendance Accounting Manual http://www.cccco.edu/ChancellorsOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/StudentAttendanceAccountingManual/tabid/833/Default.aspx
- Districts are required to list TBA Hours in the schedule of classes and describe them in the course outline.
- Districts need to track TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course.

Condition

During testing of State compliance regarding TBA Hours, three conditions were noted as follows:

- TBA Hours are required to take attendance on each class session in order to claim apportionment. In each class section coded as TBA class, the District could not provide supporting documentation (attendance rosters) to justify the TBA Hours associated with several courses tested.
- Some of the courses tested, that were coded by the District as TBA classes, failed to provide supporting documentation of the course outline that described the TBA Hours.
- Some of the courses tested could not provide a class syllabus that should have been provided to students.

Questioned Costs

The District is over capped on FTES for the current year being audited. However, because of the errors noted in the testing of this program, the District should remove the FTES associated with the condition noted above and revise their CCFS-320 report accordingly.

Recommendation

It is recommended that proper procedures be implemented to closely monitor courses with TBA Hours to ensure that the schedule of classes list the TBA Hours and that the course outline describes them. Procedures should also be implemented to verify that the District tracks and codes TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course or for classes in which the teachers neglect to keep the attendance rosters. It is also recommended that the course outlines, syllabus, and student participation records be kept for the required retention period and be available for review if required.

Current Status

Implemented.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Ventura County Community College District (the "District") in connection with the execution and delivery of $61,860,000 aggregate principal amount of the District's 2014 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on December 10, 2013 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist De La Rosa & Co. (the "Underwriter") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Designated Material Event" means any of the events listed in Section 6(a) of this Disclosure Certificate.

"Dissemination Agent" shall mean the District, or any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. Initially, the Dissemination Agent shall be Keygent LLC.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, which can be found at www.emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

"Material Event" means any of the events listed in Section 6(b) of this Disclosure Certificate.

"Material Events Disclosure" means dissemination of a notice of a Designated Material Event or Material Event as set forth in Section 6.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"State" shall mean the State of California.

SECTION 3. CUSIP® Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated January 16, 2014 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than nine months after the end of the District's Fiscal Year (currently ending June 30), commencing with the report for the Fiscal Year ending June 30, 2014, to provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB through the EMMA System in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding Fiscal Year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the EMMA System as soon as practical after it has been made available to the District.

(b) Material operating data, including the following information with respect to the District's preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) State funding received by the District for the last completed fiscal year;

(ii) Full time equivalent student counts of the District for the last completed fiscal year;

(iii) Outstanding indebtedness;

(iv) Summary financial information on revenues, expenditures, and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the EMMA System or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Material Events and Material Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following Designated Material Events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of or failure to perform by any credit provider;

(v) Issuance by the Internal Revenue Service of an adverse tax opinion, a proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; and

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following Material Events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material events affecting the tax status of the Bonds;

(ii) Modifications of rights to Bondholders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Upon the occurrence of a Designated Material Event described in Section 6(a) hereof, or if the District determines that knowledge of a Material Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence of the Designated Material Event or Material Event file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of a Designated Material Event described in subsection (a)(vii) or a Material Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Designated Material Event or a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event or Material Event.

Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event or Material Event, in addition to that which is required by this Disclosure Certificate.

SECTION 11. Default. The District shall give notice to the MSRB through the EMMA System of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[Remainder of this page intentionally left blank.]

SECTION 13. Governing Law. This Disclosure Certificate shall be governed by the laws of the State, applicable to contracts made and performed in such State.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

By: ______________________________
Authorized Officer

Dated: January 28, 2014

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Ventura County Community College District

Name of Issue: $61,860,000 2014 General Obligation Refunding Bonds

Date of Issuance: January 28, 2014

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Certificate dated January 28, 2014. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _________________

[ISSUER/DISSEMINATION AGENT]

By: ____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only, and the information on the internet site is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.