

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE S  
FINANCIAL AUDIT**

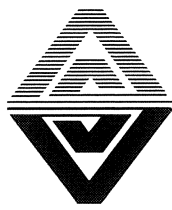
**Fiscal Year Ended June 30, 2006**

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE S**  
**FINANCIAL AUDIT**

**June 30, 2006**

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SHARI PROSSER

COLLEEN K. TAYLOR

**INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
The Citizens' Oversight Committee  
Ventura County Community College District  
255 W. Stanley Avenue, Suite 150  
Ventura, CA 93001

We have audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Bond Construction Fund – Measure S Bond Program of the Ventura County Community College District as of June 30, 2006. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Bond Construction Fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements for the Bond Construction Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Construction Fund financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Bond Construction Fund of the Ventura County Community College District as of June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

*Vicenti, Lloyd & Stutzman LLP*  
VICENTI, LLOYD & STUTZMAN LLP

August 24, 2006

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET  
BOND CONSTRUCTION FUND**

**June 30, 2006**

**ASSETS**

Cash in County Treasury	\$ 101,537,042
Interest Receivable	<u>1,065,196</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 102,602,238</u></b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ <u>4,866,724</u>
<b>TOTAL LIABILITIES</b>	<b><u>4,866,724</u></b>

**FUND BALANCE**

Designated	<u>97,735,514</u>
<b>TOTAL FUND BALANCE</b>	<b><u>97,735,514</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 102,602,238</u></b>

See the accompanying notes to the financial statements.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BOND CONSTRUCTION FUND**

**For the Fiscal Year Ended June 30, 2006**

**REVENUES**

Interest Income \$ 3,134,262

**TOTAL REVENUES** 3,134,262

**EXPENDITURES**

Supplies and Materials 6,856

Other Expenses and Services 195,321

Capital Outlay 30,342,513

**TOTAL EXPENDITURES** 30,544,690

Deficiency of revenues over expenditures (27,410,428)

**OTHER FINANCING SOURCES**

Proceeds from Sale of Bonds 80,000,000

**TOTAL OTHER FINANCING SOURCES** 80,000,000

Net change in Fund Balance 52,589,572

Fund Balance at Beginning of Year 45,145,942

Fund Balance at End of Year \$ 97,735,514

See the accompanying notes to the financial statements.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - BOND CONSTRUCTION FUND**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Interest Income	\$ 1,163,171	\$ 3,134,262	\$ 1,971,091
<b>TOTAL REVENUES</b>	<u>1,163,171</u>	<u>3,134,262</u>	<u>1,971,091</u>
<b>EXPENDITURES</b>			
Supplies and Materials	50,791	6,856	43,935
Other Expenses and Services	260,588	195,321	65,267
Capital Outlay	330,770,843	30,342,513	300,428,330
<b>TOTAL EXPENDITURES</b>	<u>331,082,222</u>	<u>30,544,690</u>	<u>300,537,532</u>
Excess (deficiency) of revenues over expenditures	<u>(329,919,051)</u>	<u>(27,410,428)</u>	<u>302,508,623</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Sale of Bonds	271,347,814	80,000,000	(191,347,814)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>271,347,814</u>	<u>80,000,000</u>	<u>(191,347,814)</u>
Net changes in Fund Balance	<u>\$ (58,571,237)</u>	<u>52,589,572</u>	<u>\$ 111,160,809</u>
Fund Balance at Beginning of Year		<u>45,145,942</u>	
Fund Balance at End of Year		<u>\$ 97,735,514</u>	

See the accompanying notes to the financial statements.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT  
BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.

**FUND STRUCTURE**

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Bond Construction Fund related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, this statement does not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**BASIS OF ACCOUNTING**

The Bond Construction Fund of the Ventura County Community College District is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

**BUDGET**

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT  
BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**CAPITAL ASSETS AND LONG-TERM DEBT**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Construction Fund are determined by its measurement focus. The Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Bond Construction Fund are accounted for in the basic financial statements of the Ventura County Community College District.

**NOTE 2 – PURCHASE COMMITMENTS:**

As of June 30, 2006, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$26,013,600. Projects will be funded through bond proceeds.

**NOTE 3 – BONDED DEBT:**

On March 5, 2002, the voters authorized the issuance and sale of general obligation bonds totaling \$356,347,814. The proceeds of the bonds will generally be used to construct, acquire, modernize and equip district facilities, classrooms and sites, including campus, facility and classroom replacement, modernization and seismic retrofit, parking construction and improvements and that bond proceeds will not be used for salaries of school administrators or other operating expenses of the District.



**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT  
BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2006**

**NOTE 3 – BONDED DEBT: (continued)**

The outstanding related bonded debt for the Ventura County Community College District at June 30, 2006 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2005</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2006</u>
08/01/02	3.00-5.00%	8/1/2027	\$ 85,000,000	\$69,200,000	\$ 0	\$2,500,000	\$ 66,700,000
10/26/05	3.00-5.00%	8/1/2030	80,000,000	0	80,000,000	0	80,000,000
			<u>\$165,000,000</u>	<u>\$69,200,000</u>	<u>\$80,000,000</u>	<u>\$2,500,000</u>	<u>\$146,700,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2006, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 10,920,000	\$ 6,668,056	\$ 17,588,056
2008	8,800,000	6,372,256	15,172,256
2009	1,115,000	6,222,281	7,337,281
2010	1,265,000	6,182,756	7,447,756
2011	1,425,000	6,137,066	7,562,066
2012-2016	15,250,000	29,219,450	44,469,450
2017-2021	28,695,000	23,904,313	52,599,313
2022-2026	42,665,000	14,884,875	57,549,875
2027-2031	<u>36,565,000</u>	<u>3,901,874</u>	<u>40,466,874</u>
Totals	<u>\$ 146,700,000</u>	<u>\$ 103,492,927</u>	<u>\$250,192,927</u>

The repayment of the debt related to the Measure S General Obligation Bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the Ventura County Community College District's basic financial statements.

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT  
BOND CONSTRUCTION FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2006**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund for the fiscal year ended June 30, 2006.