

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

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

**Fiscal Year Ended June 30, 2012**

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

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

**June 30, 2012**

**CONTENTS**

	<u>Page</u>
<b>Independent Auditor’s Report.....</b>	<b>1</b>
<b>Balance Sheet – Bond Construction Fund.....</b>	<b>2</b>
<b>Statement of Revenues, Expenditures and Change in Fund Balance – Bond Construction Fund.....</b>	<b>3</b>
<b>Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Bond Construction Fund.....</b>	<b>4</b>
<b>Notes to Financial Statements.....</b>	<b>5-9</b>
<b>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.....</b>	<b>10-11</b>
<b>Schedule of Findings and Responses.....</b>	<b>12</b>



## INDEPENDENT AUDITOR'S REPORT

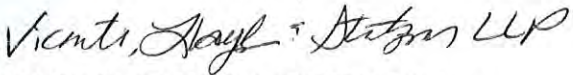
The Board of Trustees  
The Citizens' Oversight Committee  
Ventura County Community College District  
255 W. Stanley Avenue, Suite 150  
Ventura, CA 93001

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 and for the year ended June 30, 2012. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2012 on our consideration of the Ventura County Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
VICENTI, LLOYD & STUTZMAN LLP

September 5, 2012

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET  
BOND CONSTRUCTION FUND**

**June 30, 2012**

**ASSETS**

Cash in County Treasury	\$ 67,027,280
Accounts Receivable	<u>145,539</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 67,172,819</u></b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	<u>\$ 2,737,075</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,737,075</u></b>

**FUND BALANCE**

Restricted	<u>64,435,744</u>
<b>TOTAL FUND BALANCE</b>	<b><u>64,435,744</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 67,172,819</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, 2012

**REVENUES**

Interest Income \$ 524,797

**TOTAL REVENUES** 524,797

**EXPENDITURES**

Supplies and Materials 188,562

Other Expenses and Services 711,867

Capital Outlay 24,184,482

**TOTAL EXPENDITURES** 25,084,911

Net change in Fund Balance (24,560,114)

Fund Balance at Beginning of Year 88,995,858

Fund Balance at End of Year \$ 64,435,744

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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest Income	\$ 750,000	\$ 524,797	\$ (225,203)
<b>TOTAL REVENUES</b>	<u>750,000</u>	<u>524,797</u>	<u>(225,203)</u>
<b>EXPENDITURES</b>			
Supplies and Materials	312,068	188,562	123,506
Other Expenses and Services	954,596	711,867	242,729
Capital Outlay	<u>88,235,175</u>	<u>24,184,482</u>	<u>64,050,693</u>
<b>TOTAL EXPENDITURES</b>	<u>89,501,839</u>	<u>25,084,911</u>	<u>64,416,928</u>
Net change in Fund Balance	<u>\$ (88,751,839)</u>	(24,560,114)	<u>\$ 64,191,725</u>
Fund Balance at Beginning of Year		<u>88,995,858</u>	
Fund Balance at End of Year		<u>\$ 64,435,744</u>	

See the accompanying notes to the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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 results 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, 2012**

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

**FUND BALANCE CLASSIFICATION**

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Ventura County Community College District Bond Construction Fund does not currently have any nonspendable fund balance.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Ventura County Community College District Bond Construction Fund does not currently have any committed fund balance.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. Ventura County Community College District Bond Construction Fund does not currently have any assigned fund balance.

Unassigned: The residual fund balance for the Bond Construction Fund and all other spendable amounts. Ventura County Community College District Bond Construction Fund does not currently have any unassigned fund balance.



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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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 – DEPOSITS – CASH IN COUNTY TREASURY:**

In accordance with Education Code Section 41001, the District maintains all of its cash in the Ventura County Treasury as part of the common investment pool. These pooled funds are carried at cost which may differ from fair value. The fair market value of the District’s deposits for the Bond Construction Fund in this pool as of June 30, 2012, as provided by the pool sponsor, was \$67,157,437.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**NOTE 3 – PURCHASE COMMITMENTS:**

As of June 30, 2012, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$3,500,000. Projects will be funded through bond proceeds.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 4 – 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; bond proceeds will not be used for salaries of school administrators or other operating expenses of the District.

Between 2002 and 2008, the District issued bonds, Series A through C, totaling \$356,347,814. In 2011, the District issued a refunding bond. The proceeds of the refunding bond were used to partially retire Series A. The difference in cash flow requirements related to this refunding is a savings of cash outflow of approximately \$5.3 million. The present value of the economic gain to the District amounts to approximately \$4.1 million. The balance of the bonds refunded was \$1,770,000 more than the amount paid into the escrow account. The balance of the in-substance defeased debt as of June 30, 2012 is \$51.7 million; approximately \$53.4 million was in an escrow account at June 30, 2012 to pay off this debt.

Capital appreciation bonds were issued as part of Series C with maturity dates from August 1, 2011 through 2028. Prior to the applicable maturity date, each bond will accrue accreted interest on the principal components, compounded semiannually on February 1 and August 1, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued in 2011-12 is \$2,863,898. The first principal payment is due August 1, 2012.

The outstanding bonded debt for the Ventura County Community College District at June 30, 2012 is:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2011	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2012
08/01/02	3.00-5.00%	8/1/2027	\$ 85,000,000	\$ 60,500,000	\$	\$ 52,675,000	\$ 7,825,000
10/26/05	3.00-5.00%	8/1/2030	80,000,000	62,675,000		595,000	62,080,000
10/28/08	3.77-7.50%	8/1/2033	191,347,814	191,347,814		289,123	191,058,691
07/14/11	2.50-5.00%	8/1/2027	49,905,000		49,905,000		49,905,000
			<u>\$ 406,252,814</u>	<u>\$ 314,522,814</u>	<u>\$ 49,905,000</u>	<u>\$ 53,559,123</u>	<u>\$ 310,868,691</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 4 – BONDED DEBT: (continued)**

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2012, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Accreted Interest Component</u>	<u>Current Interest Component</u>	<u>Total</u>
2013	\$ 2,209,365	\$ 70,635	\$ 14,228,138	\$ 16,508,138
2014	4,230,612	129,388	14,114,762	18,474,762
2015	4,741,632	208,368	13,957,412	18,907,412
2016	5,067,041	272,959	13,785,887	19,125,887
2017	5,870,924	529,076	13,598,287	19,998,287
2018-2022	39,927,117	10,212,883	64,438,020	114,578,020
2023-2027	58,056,715	29,613,285	55,441,588	143,111,588
2028-2032	113,075,285	25,969,715	41,772,175	180,817,175
2033-2034	<u>77,690,000</u>	<u>                    </u>	<u>6,513,650</u>	<u>84,203,650</u>
	<u>\$310,868,691</u>	<u>\$ 67,006,309</u>	<u>\$ 237,849,919</u>	<u>\$615,724,919</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.



**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***

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 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 of the Ventura County Community College District as of and for the year ended June 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Ventura County Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over Bond Construction Fund financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Bond Construction Fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

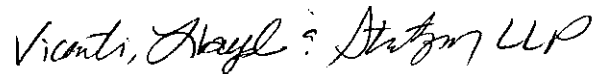
**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the District's Trustees, Citizens' Oversight Committee and District management, and is not intended to be and should not be used by anyone other than these specified parties.

  
VICENTI, LLOYD & STUTZMAN LLP

September 5, 2012

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

**SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2012**

There were no findings and responses related to the financial audit of the Bond Construction Fund for the fiscal years ended June 30, 2012 and 2011.