

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended June 30, 2007

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

June 30, 2007

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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, 2007. 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, 2007, in conformity with accounting principles generally accepted in the United States of America.

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

September 17, 2007

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET
BOND CONSTRUCTION FUND**

June 30, 2007

ASSETS

Cash in County Treasury	\$	79,010,762
Interest Receivable		<u>1,013,049</u>
TOTAL ASSETS	\$	<u>80,023,811</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	<u>3,847,558</u>
TOTAL LIABILITIES		<u>3,847,558</u>

FUND BALANCE

Designated		<u>76,176,253</u>
TOTAL FUND BALANCE		<u>76,176,253</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>80,023,811</u>

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, 2007**

REVENUES

Interest Income \$ 4,144,743

TOTAL REVENUES

4,144,743

EXPENDITURES

Supplies and Materials 89,784

Other Expenses and Services 226,648

Capital Outlay 25,451,811

TOTAL EXPENDITURES

25,768,243

Deficiency of revenues over expenditures (21,623,500)

OTHER FINANCING SOURCES

Interfund Transfers In 64,239

TOTAL OTHER FINANCING SOURCES

64,239

Net change in Fund Balance (21,559,261)

Fund Balance at Beginning of Year

97,735,514

Fund Balance at End of Year

\$ 76,176,253

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 3,250,000	\$ 4,144,743	\$ 894,743
TOTAL REVENUES	3,250,000	4,144,743	894,743
EXPENDITURES			
Supplies and Materials	100,601	89,784	10,817
Other Expenses and Services	348,216	226,648	121,568
Capital Outlay	281,583,147	25,451,811	256,131,336
TOTAL EXPENDITURES	282,031,964	25,768,243	256,263,721
Excess (deficiency) of revenues over expenditures	(278,781,964)	(21,623,500)	257,158,464
OTHER FINANCING SOURCES			
Proceeds from Sale of Bonds	191,347,814	-	(191,347,814)
Interfund Transfers In	126,146	64,239	(61,907)
TOTAL OTHER FINANCING SOURCES	191,473,960	64,239	(191,409,721)
Net change in Fund Balance	\$ (87,308,004)	(21,559,261)	\$ 65,748,743
Fund Balance at Beginning of Year		97,735,514	
Fund Balance at End of Year		\$ 76,176,253	

See the accompanying notes to the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

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, 2007**

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, 2007, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$34,400,000. 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; 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, 2007**

NOTE 3 – BONDED DEBT: (continued)

The outstanding related bonded debt for the Ventura County Community College District at June 30, 2007 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2006</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2007</u>
08/01/02	3.00-5.00%	8/1/2027	\$ 85,000,000	\$66,700,000	\$ 0	\$2,200,000	\$ 64,500,000
10/26/05	3.00-5.00%	8/1/2030	80,000,000	80,000,000	0	8,720,000	71,280,000
			<u>\$165,000,000</u>	<u>\$146,700,000</u>	<u>\$ 0</u>	<u>\$10,920,000</u>	<u>\$135,780,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2007, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,595,000	6,082,900	7,677,900
2013-2017	18,415,000	28,443,425	46,858,425
2018-2022	31,285,000	22,428,438	53,713,438
2023-2027	45,985,000	12,615,375	58,600,375
2028-2031	<u>25,895,000</u>	<u>2,340,375</u>	<u>28,235,375</u>
Totals	<u>\$ 135,780,000</u>	<u>\$ 96,824,872</u>	<u>\$232,604,872</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, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura County Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

**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**

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over 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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura County Community College District's 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 Board, Citizen's 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

VICENTI, LLOYD & STUTZMAN LLP

September 17, 2007

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2007**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund for the fiscal year ended June 30, 2007.

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

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2007**

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.