

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended June 30, 2005

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

June 30, 2005

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Ventura County Community College District
333 Skyway Drive
Camarillo, CA 93010-8552

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, 2005. 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, 2005, in conformity with accounting principles generally accepted in the United States of America.

VICENTI, LLOYD & STUTZMAN LLP

August 23, 2005

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET
BOND CONSTRUCTION FUND**

June 30, 2005

ASSETS

Cash in County Treasury	\$	46,299,648
Interest Receivable		<u>327,900</u>
TOTAL ASSETS	\$	<u>46,627,548</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	<u>1,481,606</u>
TOTAL LIABILITIES		<u>1,481,606</u>

FUND BALANCE

Designated		<u>45,145,942</u>
TOTAL FUND BALANCE		<u>45,145,942</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>46,627,548</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, 2005**

REVENUES

Interest Income \$ 1,186,068

TOTAL REVENUES 1,186,068

EXPENDITURES

Classified Salaries 100

Employee Benefits 4

Supplies and Materials 47,434

Other Expenses and Services 194,059

Capital Outlay 18,137,927

TOTAL EXPENDITURES 18,379,524

Deficiency of revenues over expenditures (17,193,456)

Fund Balance at Beginning of Year 62,339,398

Fund Balance at End of Year \$ 45,145,942

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, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 1,163,171	\$ 1,186,068	\$ 22,897
TOTAL REVENUES	<u>1,163,171</u>	<u>1,186,068</u>	<u>22,897</u>
EXPENDITURES			
Classified Salaries	100	100	-
Employee Benefits	4	4	-
Supplies and Materials	50,791	47,434	3,357
Other Expenses and Services	260,588	194,059	66,529
Capital Outlay	<u>330,770,843</u>	<u>18,137,927</u>	<u>312,632,916</u>
TOTAL EXPENDITURES	<u>331,082,326</u>	<u>18,379,524</u>	<u>312,702,802</u>
Deficiency of revenues over expenditures	<u>\$ (329,919,155)</u>	(17,193,456)	<u>\$ 312,725,699</u>
Fund Balance at Beginning of Year		<u>62,339,398</u>	
Fund Balance at End of Year		<u>\$ 45,145,942</u>	

See the accompanying notes to the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

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, 2005**

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, 2005, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$25,620,000. 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. In August 2002, \$85,000,000 of general obligation bonds were sold under Proposition 39/Measure S which provides that 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, 2005**

NOTE 3 – BONDED DEBT: (continued)

The outstanding related bonded debt for the Ventura County Community College District at June 30, 2005 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2004</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2005</u>
8/1/2002	3.00-5.00%	8/1/2027	\$85,000,000	\$77,700,000	\$0	\$8,500,000	\$69,200,000

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2005, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 2,500,000	\$ 3,308,250	\$ 5,808,250
2007	2,200,000	3,237,750	5,437,750
2008	1,000,000	3,189,750	4,189,750
2009	1,000,000	3,158,500	4,158,500
2010	1,000,000	3,126,000	4,126,000
2011-2015	8,400,000	14,874,375	23,274,375
2016-2020	16,500,000	9,644,000	26,144,000
2021-2025	21,200,000	7,846,250	29,046,250
2026-2028	<u>15,400,000</u>	<u>2,075,000</u>	<u>17,475,000</u>
Totals	\$ <u>69,200,000</u>	\$ <u>50,459,875</u>	\$ <u>119,659,875</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, 2005**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund for the fiscal year ended June 30, 2005.