

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended June 30, 2009

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

MEASURE S

FINANCIAL AUDIT

June 30, 2009

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INDEPENDENT AUDITORS' 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, 2009. 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, 2009, in conformity with accounting principles generally accepted in the United States of America.

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

September 29, 2009

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET
BOND CONSTRUCTION FUND**

June 30, 2009

ASSETS

Cash in County Treasury	\$ 208,137,323
Interest Receivable	1,224,788
Prepaid Expenditures	<u>289,591</u>
TOTAL ASSETS	<u>\$ 209,651,702</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	<u>\$ 4,756,090</u>
TOTAL LIABILITIES	<u>4,756,090</u>

FUND BALANCE

Designated	<u>204,895,612</u>
TOTAL FUND BALANCE	<u>204,895,612</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 209,651,702</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, 2009

REVENUES

Interest Income \$ 4,356,293

TOTAL REVENUES 4,356,293

EXPENDITURES

Supplies and Materials 29,919

Other Expenses and Services 614,884

Capital Outlay 39,496,584

TOTAL EXPENDITURES 40,141,387

Deficiency of revenues over expenditures (35,785,094)

OTHER FINANCING SOURCES

Proceeds from Sale of Bonds 191,347,814

TOTAL OTHER FINANCING SOURCES 191,347,814

Net change in Fund Balance 155,562,720

Fund Balance at Beginning of Year 49,332,892

Fund Balance at End of Year \$ 204,895,612

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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$ 3,000,000	\$ 4,356,293	\$ 1,356,293
TOTAL REVENUES	<u>3,000,000</u>	<u>4,356,293</u>	<u>1,356,293</u>
EXPENDITURES			
Supplies and Materials	104,677	29,919	74,758
Other Expenses and Services	779,600	614,884	164,716
Capital Outlay	<u>240,027,962</u>	<u>39,496,584</u>	<u>200,531,378</u>
TOTAL EXPENDITURES	<u>240,912,239</u>	<u>40,141,387</u>	<u>200,770,852</u>
Excess (deficiency) of revenues over expenditures	<u>(237,912,239)</u>	<u>(35,785,094)</u>	<u>202,127,145</u>
OTHER FINANCING SOURCES			
Proceeds from Sale of Bonds	<u>191,347,814</u>	<u>191,347,814</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>191,347,814</u>	<u>191,347,814</u>	<u>-</u>
Net change in Fund Balance	<u>\$ (46,564,425)</u>	155,562,720	<u>\$ 202,127,145</u>
Fund Balance at Beginning of Year		<u>49,332,892</u>	
Fund Balance at End of Year		<u>\$ 204,895,612</u>	

See the accompanying notes to the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

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, 2009**

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, 2009, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$67,100,000. 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.

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 2008-09 is \$517,387. The first principal payment is due August 1, 2011.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 3 – BONDED DEBT: (continued)

The outstanding bonded debt for the Ventura County Community College District at June 30, 2009 is:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2008	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2009
08/01/02	3.00-5.00%	8/1/2027	\$ 85,000,000	\$ 63,500,000	\$ -	\$ 1,000,000	\$ 62,500,000
10/26/05	3.00-5.00%	8/1/2030	80,000,000	63,480,000	-	115,000	63,365,000
10/28/08	3.77-7.50%	8/1/2033	191,347,814	-	191,347,814	-	191,347,814
			<u>\$ 356,347,814</u>	<u>\$ 126,980,000</u>	<u>\$ 191,347,814</u>	<u>\$ 1,115,000</u>	<u>\$ 317,212,814</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2009, are as follows:

Year Ending June 30,	Principal	Accreted Interest Component	Current Interest Component	Total
2010	\$ 1,265,000	\$ -	\$ 12,368,216	\$ 13,633,216
2011	1,425,000	-	14,767,941	16,192,941
2012	1,884,123	30,877	14,713,775	16,628,775
2013	2,209,365	70,635	14,645,100	16,925,100
2014	4,145,612	129,388	14,521,950	18,796,950
2015-2019	29,701,135	3,138,865	69,579,225	102,419,225
2020-2024	47,437,121	17,207,879	62,126,838	126,771,838
2025-2029	60,715,458	46,459,542	51,086,750	158,261,750
2030-2034	<u>168,430,000</u>	<u>-</u>	<u>29,284,200</u>	<u>197,714,200</u>
	<u>\$317,212,814</u>	<u>\$ 67,037,186</u>	<u>\$ 283,093,995</u>	<u>\$667,343,995</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.

NOTE 4 – LITIGATION:

The District is a defendant in a pending liability lawsuit. The outcome of the litigation is unknown at the present time.



**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, 2009. 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 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 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 Bond Construction Fund 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 Bond Construction Fund financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over Bond Construction 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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over Bond Construction 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
VICENTI, LLOYD & STUTZMAN LLP

September 29, 2009

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund for the fiscal year ended June 30, 2009.

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

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2009**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund for the fiscal year ended June 30, 2008.