

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2002**

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

June 30, 2002

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
FINANCIAL SECTION	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	13
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	15
Budgetary Comparison Schedule for the General Fund.....	16
Statement of Fiduciary Net Assets	17
Statement of Changes in Fund Net Assets – Fiduciary Funds	18
Notes to the Basic Financial Statements	19-47
SUPPLEMENTARY INFORMATION SECTION	
Combining Statements and Individual Fund Schedules:	
Combining Statements – Non-Major Funds:	
Balance Sheet – Non-Major Debt Service Fund	48
Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Debt Service Fund	49
Combining Balance Sheet – Non-Major Special Revenue Funds.....	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	51
Combining Balance Sheet – Non-Major Capital Projects Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Projects Funds.....	53

VENTURA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

June 30, 2002

CONTENTS

(Continued)

	<u>Page</u>
SUPPLEMENTARY INFORMATION SECTION (continued)	
Combining Balance Sheet – Fiduciary Fund Types – Agency Funds	54-55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Fiduciary Fund Types – Agency Funds	56-57
History and Organization	58
Schedule of Average Daily Attendance (ADA).....	59
Schedule of Instructional Time	60
Schedule of Expenditures of Federal Awards.....	61
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	62
Summary of the Office of Criminal Justice Planning Grant.....	63
Schedule of Financial Trends and Analysis.....	64
Notes to Supplementary Information.....	65
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	66-67
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	68-69
Report on State Compliance	70-72
Schedule of Findings and Questioned Costs - Summary of Auditor Results	73
Schedule of Findings and Questioned Costs - Related to General Purpose Financial Statements	74
Schedule of Findings and Questioned Costs - Related to Federal Awards.....	75
Status of Prior Year Findings and Questioned Costs.....	76



VICENTI ♦ LLOYD ♦ STUTZMAN LLP
B U S I N E S S C O N S U L T A N T S A N D C P A S

INDEPENDENT AUDITORS' REPORT

Board of Education
Ventura Unified School District
295 South Arcade Drive
Ventura, California 93003

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Partners
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RENÉE S. GRAVES
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WADE N. McMULLEN
KARIN HECKMAN NELSON
ARVEE ROBINSON
COLLEEN K. TAYLOR

We have audited the accompanying combined basic financial statements of the Ventura Unified School District, as of and for the year ended June 30, 2002 as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits and 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the Ventura Unified School District as of June 30, 2002, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the combined basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education
Ventura Unified School District

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 2002 on our consideration of the Ventura Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial and statistical information identified as supplemental information, including the Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the combined basic financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Ventura Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

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

September 19, 2002

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2002

The Management Discussion and Analysis section of Ventura Unified School District's financial report presents an overall review of the District's financial performance during the fiscal year that ended on June 30, 2002. Readers should also review the notes to the basic financial statements and the fund financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Net assets increased \$4 million or 3.81 percent over the course of the year.
- Total Revenues were \$136 million. General revenue accounted for \$99 million or 73 percent of total revenues.
- The School District had \$132 million in expenses; \$37, million of these expenses were offset by program specific charges for services and, grants and/or contributions.
- Outlays for capital improvements were \$29 million mostly because of the facilities modernization program. Governmental funds report capital outlay as expenditures. However in the statement of activities the cost of these assets is allocated over their useful lives as depreciation expense.
- Among major funds, the General Fund had \$113,516,857 in revenues and \$112,510,750 in expenditures. The General Fund balance increased \$1,006,107 over the course of the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, Managements Discussion and Analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include 2 kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term and long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the district, reporting the District's operations in more detail.

The financial statements also include *notes* that explain some of the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with comparison of the district's budget for the year.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2002

(Continued)

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets—the difference between the District's assets and liabilities—are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changed in the District property tax base and the condition of school buildings and other facilities.

Note: Comparative information will be provided in future years when prior year information is available.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2002

(Continued)

The District has two kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information in the reconciliation located after the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the District's net assets for 2002.

Table 1
Ventura Unified School District's Net Assets

Non-capital Assets	58,317,395 32%
Capital Assets	<u>\$123,289,294 68%</u>
Total Assets	<u>181,606,689</u>
Current Liabilities	13,768,162 19%
Long Term Liabilities	<u>58,571,202 81%</u>
Total Liabilities	<u>72,339,364</u>
Invested in Capital Assets Net Of Related Debt	79,117,138 72%
Net Assets Legally Restricted	6,733,348 6%
Net Assets Unrestricted	<u>23,416,839 22%</u>
Total Net Assets	<u>\$109,267,325</u>

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2002

(Continued)

Total assets were \$181.6 million, 68% (\$123 million) in capital assets and 32 percent (\$58.3 million) in non-capital assets. Total Liabilities were \$72.3 million 19 percent (\$13.8 million) current and 81 percent (\$58.6 million) long term. The District's *total net assets* as of June 30, 2002 was \$109 million, 72 percent of the net assets was capital assets net of related debt, and 21 percent (\$23.4 million) was net assets unrestricted.

Net assets increased 3.81 percent (\$4 million) over last year.

Table 2
Changes in Ventura Unified School District's Net Assets

Program Revenues	\$37,277,476
General Revenues	98,099,098
Gain on Sale of Land	640,520
Total Revenues	<u>136,017,094</u>
Expenses for Instruction and Related Services	89,093,500
Pupil Services	13,286,976
General Administration	8,025,873
Plant Services	12,397,703
Ancillary, Community and Enterprise Activities	590,238
Debt Service	3,146,251
Other Outgo	1,873,368
Depreciation	3,589,475
Total Expenses	<u>132,003,384</u>
Change in Net Assets	4,013,710
Net Assets, Beginning	<u>105,253,615</u>
Net Assets, Ending	<u><u>\$109,267,325</u></u>

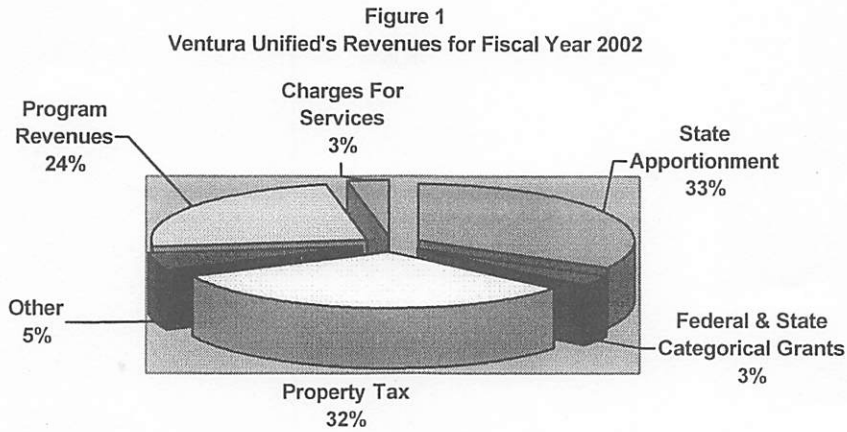
Total cost of all programs and services were \$132 million. Instruction and pupil services made up 77 percent of total program cost. Plant services were 10 percent and general administration was 6 percent.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2002

(Continued)

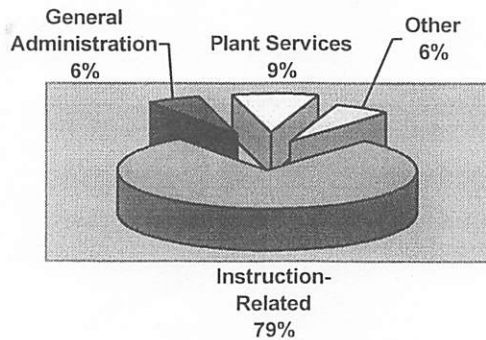
Governmental Activities

By the end of the fiscal year the revenues for the District's governmental activities totaled \$136 million. 72 percent was general revenues (mostly property taxes, state and federal aide), and 27 was percent program revenues. State Apportionment and Property Tax produce 65 percent of the revenues received to provide for the District's basic services.



The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$132 million. Some of the cost was paid by the users of the district programs (\$4.1 million). The federal and state governments subsidized certain programs with grants and contributions (\$33.1 million). Most of the districts cost (\$87.5 million) however was paid for by District taxpayers and the taxpayers of our state.

Figure 4. Ventura Unified's Expenses for Fiscal Year 2002



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2002

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

General Fund Budgetary Highlights

Over the course of the year, the District revises its annual operating budget several times. The District is required to adopt its budget by June 30th each year, which is prior to final funding information from the State. After the State budget is adopted the District is required to present the impacts of the State budget to the District budget within 45 days of the Governor's signature. Budget revisions are made to reflect the impacts. The District is also required by law to make two formal presentations each year on its financial condition. Budget revisions are made after the presentations to reflect current information. We also make budget revisions throughout the year as information regarding funding and expenditures become available.

Actual revenues were \$3.2 million less than the final budgeted amount. This is mostly because of deferred revenues in state and federal categorical programs. Deferred revenue is revenue received in a given period but unearned. Most categorical programs require the grant recipient to spend the funds in the year received. Because we were unable to spend all of the funds during the school year the unspent revenues were considered unearned. They were deferred and re-appropriated in next years budget. Revenues from apportionment were \$700 thousand less than the final budget. This variance is created by an underestimation of the property tax offset to the state apportionment.

Actual expenditures were \$6.8 million below final budget. The school district appropriates categorical programs up to their full allocations. The large variance at year-end is a result of these programs not being expended in total and much of the funding is deferred or restricted to the subsequent year.

Capital Assets

By the end of the school year the District had invested \$26.3 million in a broad range of capital assets, including school facilities, technology equipment and infrastructure, classroom and office furniture, and vehicles. Overall Capital Assets increased 27 percent from \$97 million as of July 1, 2001 to \$123 million as of June 30, 2002

Debt Administration

By year-end the District had \$60.5 million in long term debt a 33.6 percent (15.2 million) increase over last year. The District issued \$10 million in General Obligation bonds on July 11, 2002 to continue the school modernization program. The Standard & Poor's rating for the Districts most recent bond issuance was "A".

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2002

(Continued)

Average daily Attendance increased to 16,629. Focusing on attendance as a major objective, School site teams were able to increase attendance by over 1/2% thus increasing revenue by \$700,000.

Factors bearing on the district's future

Although the District is financially stable, it's financial condition is highly dependent upon the economic condition of the State of California. At the time these financial statements were prepared and audited, the District was aware of four existing conditions that could significantly affect its financial picture in the future.

- The State of California is projecting major budget deficits and is proposing budget cuts that would have negative impacts on school district budgets throughout the state.
- The District must implement stringent academic assessments and standards mandated by the State of California
- The District is negotiating to purchase a multi-million dollar office facility. Currently the District has its administrative offices in several facilities. These facilities are very old, very small, and lack the infrastructure needed to implement and maintain technology. The new facility will allow the district to consolidate its administrative offices and streamline operations
- Several capital facilities projects are planned for the current year as part of the continued implementation of the District's Facilities Master Plan.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact Joseph Richards, Assistant Superintendent of Business at Ventura Unified School District, 120 E. Santa Clara Street, Ventura California 93001.

VENTURA UNIFIED SCHOOL DISTRICT
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2002

	Governmental Activities
<u>ASSETS</u>	
Cash in County Treasury	\$ 46,938,928
Cash on Hand and in Banks	154,152
Cash in Revolving Fund	50,000
Cash Collections Awaiting Deposit	324,320
Investments with Fiscal Agent	3,582,479
Accounts Receivable:	
Federal and State Governments	4,956,766
Local Governments	58,926
Miscellaneous	1,672,158
Inventories	579,666
Land	10,613,630
Depreciable Assets, net	112,675,664
TOTAL ASSETS	181,606,689
 <u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	8,376,269
Deferred Revenue	3,478,686
Compensated Absences	852,885
Current Portion of Long-term liabilities	
General Obligation Bonds	810,000
Certificates of Participation	225,000
Capital Leases	25,322
Non-Current Portion of Long-term liabilities	
General Obligation Bonds	52,865,000
Certificates of Participation	5,610,000
Capital Leases	96,202
TOTAL LIABILITIES	72,339,364
 <u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	79,117,138
Restricted for:	
Debt Service	3,429,495
Educational Programs	3,303,853
Unrestricted	23,416,839
TOTAL NET ASSETS	\$ 109,267,325

See accompanying notes to the financial statement.

VENTURA UNIFIED SCHOOL DISTRICT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2002

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Instruction	\$ 76,431,991	\$ 1,794,251	\$ 18,425,805	\$ (56,211,935)
Instruction-related Services	12,661,508		2,963,452	(9,698,056)
Pupil Services	13,286,976	2,350,558	7,285,210	(3,651,208)
Ancillary Services	453,689			(453,689)
Community Services	136,550			(136,550)
General Administration	8,025,873		1,720,911	(6,304,962)
Plant Services	12,397,703		2,149,681	(10,248,022)
Debt Service - Interest	3,146,251			(3,146,251)
Other Outgoing	1,873,368		587,608	(1,285,760)
Depreciation (unallocated)	3,589,475			(3,589,475)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 132,003,384	\$ 4,144,809	\$ 33,132,667	(94,725,908)

GENERAL REVENUES:

Property Taxes Levied for:	
General Purposes	38,939,226
Debt Service	3,858,553
Federal and State Aid Not Restricted to Specific Purposes	48,876,170
Interest and Investment Earnings	2,618,168
Transfers from Other Agencies	314,957
Miscellaneous	3,492,024
Special Item - Gain on Sale of Land	640,520

TOTAL GENERAL REVENUES and SPECIAL ITEMS 98,739,618

Change in Net Assets 4,013,710

Net Assets at Beginning of Year 105,253,615

Net Assets at End of Year \$ 109,267,325

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2002

	<u>General Fund</u>	<u>Building Fund</u>	<u>County School Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash in County Treasury	\$ 14,407,338	\$ 13,401,362	\$ 3,163,647	\$ 15,966,581	\$ 46,938,928
Cash on Hand and in Banks				154,152	154,152
Cash in Revolving Fund	50,000				50,000
Cash Collections Awaiting Deposit	158,048			166,272	324,320
Investments with Fiscal Agent		3,582,479			3,582,479
Accounts Receivable:					
Federal and State Governments	3,638,755			1,318,011	4,956,766
Local Governments				58,926	58,926
Miscellaneous	861,084	152,069	9,684	649,321	1,672,158
Due from Other Funds	1,192,537	8,528	314,537	415,447	1,931,049
Stores Inventory	357,418			222,248	579,666
TOTAL ASSETS	<u>\$ 20,665,180</u>	<u>\$ 17,144,438</u>	<u>\$ 3,487,868</u>	<u>\$ 18,950,958</u>	<u>\$ 60,248,444</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Account Payable	\$ 4,661,613	\$ 516,030	\$ 1,088,140	\$ 852,946	\$ 7,118,729
Deferred Revenue	3,384,351			94,335	3,478,686
Due to Other Funds	420,642	316,155		1,194,252	1,931,049
TOTAL LIABILITIES	<u>8,466,606</u>	<u>832,185</u>	<u>1,088,140</u>	<u>2,141,533</u>	<u>12,528,464</u>
Fund Balances:					
Restricted for Special Purposes	3,303,853				3,303,853
Reserved for Debt Service				3,429,495	3,429,495
Reserved for Special Purposes	407,418			222,248	629,666
Designated for Special Purposes	6,384,737	16,312,253	2,399,728	12,402,156	37,498,874
Undesignated	2,102,566			755,526	2,858,092
TOTAL FUND BALANCE	<u>12,198,574</u>	<u>16,312,253</u>	<u>2,399,728</u>	<u>16,809,425</u>	<u>47,719,980</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,665,180</u>	<u>\$ 17,144,438</u>	<u>\$ 3,487,868</u>	<u>\$ 18,950,958</u>	<u>\$ 60,248,444</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS**

June 30, 2002

Total fund balances-governmental funds \$ 47,719,980

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used for governmental activities are not financial
resources and therefore are not reported as assets in governmental
funds. These assets consist of:

Land	\$ 10,613,630
Depreciable assets, net	<u>112,675,664</u>

Total capital assets 123,289,294

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported as
liabilities in the funds. Long-term liabilities at year-end consist of:

Certificates of participation	\$ (5,835,000)
Capital leases	(121,524)
General obligation bonds payable	(53,675,000)
Compensated absences	<u>(852,885)</u>

(60,484,409)

Interest expense related to certificates of participation and
general obligation bonds payable was incurred but not accrued
through June 30, 2002

(1,257,540)

Total net assets – governmental activities \$109,267,325

The notes to the financial statements are an integral part of this statement.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002

	General Fund	Building Fund	County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from Revenue Limit Sources					
State Apportionment	\$ 40,086,609	\$	\$	\$ 4,587,626	\$ 44,674,235
Local Sources	<u>38,919,822</u>				<u>38,919,822</u>
Total Revenue from Revenue Limit Sources	79,006,431	-	-	4,587,626	83,594,057
Federal Sources	6,558,729			2,889,372	9,448,101
State Sources	19,074,042			2,142,074	21,216,116
Other Local Sources	<u>8,877,655</u>	<u>1,276,030</u>	<u>250,570</u>	<u>10,614,043</u>	<u>21,018,298</u>
TOTAL REVENUES	<u>113,516,857</u>	<u>1,276,030</u>	<u>250,570</u>	<u>20,233,115</u>	<u>135,276,572</u>
EXPENDITURES					
Instruction:					
Regular Instruction	68,890,784			7,564,900	76,455,684
Instruction- Related Services	<u>10,866,696</u>			<u>1,794,812</u>	<u>12,661,508</u>
Total Instruction	<u>79,757,480</u>	-	-	<u>9,359,712</u>	<u>89,117,192</u>
Support Services:					
Pupil Services	7,657,514			5,660,622	13,318,136
Ancillary Services	433,490			20,199	453,689
Community Services	130,470			6,080	136,550
General Administration	6,624,238			1,420,138	8,044,376
Plant Services	11,930,106	8,173,301	17,793,143	4,367,488	42,264,038
Other Outgo	1,873,368				1,873,368
Debt Service	4,198	433,270		3,199,508	3,636,976
Payment to Refunded					
Certificate of Participation Escrow Agent		<u>2,482,437</u>			<u>2,482,437</u>
Total Support Services	<u>28,653,384</u>	<u>11,089,008</u>	<u>17,793,143</u>	<u>14,674,035</u>	<u>72,209,570</u>
TOTAL EXPENDITURES	<u>108,410,864</u>	<u>11,089,008</u>	<u>17,793,143</u>	<u>24,033,747</u>	<u>161,326,762</u>
Excess (deficiency) of revenues over expenditures	<u>5,105,993</u>	<u>(9,812,978)</u>	<u>(17,542,573)</u>	<u>(3,800,632)</u>	<u>(26,050,190)</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	580,114	362,506	5,031,171	5,380,000	11,353,791
Proceeds from issuance of General Obligation Bonds		12,600,000			12,600,000
Proceeds from Certificates of Participation		3,475,000			3,475,000
Proceeds from Refunding Certificates of Participation		2,360,000			2,360,000
Proceeds from Capital Leases				108,369	108,369
Proceeds from Sale of Land		661,346			661,346
Interfund Transfers Out	<u>(4,680,000)</u>	<u>(5,918,689)</u>		<u>(755,102)</u>	<u>(11,353,791)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,099,886)</u>	<u>13,540,163</u>	<u>5,031,171</u>	<u>4,733,267</u>	<u>19,204,715</u>
Net Change in Fund Balances	1,006,107	3,727,185	(12,511,402)	932,635	(6,845,475)
Fund Balances at Beginning of Year	<u>11,192,467</u>	<u>12,585,068</u>	<u>14,911,130</u>	<u>15,876,790</u>	<u>54,565,455</u>
Fund Balances at End of Year	<u>\$ 12,198,574</u>	<u>\$ 16,312,253</u>	<u>\$ 2,399,728</u>	<u>\$ 16,809,425</u>	<u>\$ 47,719,980</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2002**

Net change in fund balances – Total government funds (6,845,475)

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlay as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their useful lives as depreciation expense.

Capital outlay	29,927,620	
Depreciation expense	<u>(3,589,475)</u>	
Excess of capital outlay over depreciation expense		26,338,145

The proceeds from the sale of land is reported as revenue in the
governmental funds. However, the cost of the land is
removed from the capital assets balance in the statement of net
assets and offset against the sale proceeds resulting in a gain on
the assets sold in the statement of activities.

Cost of land sold		(20,826)
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Issuance of long-term debt is reported as proceeds in
governmental funds, but increases long-term liabilities
in the statement of net assets.

General obligation bonds issued	12,500,000	
Certificates of Participation issued	3,475,000	
Refunding Certificates of Participation issued	2,360,000	
Capital lease proceeds	<u>108,369</u>	(18,443,369)

Repayment of long-term debt is reported as an expenditure
in governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

General obligation bond principal payments	520,000	
Certificates of participation principal payments	270,000	
Capital lease principal payments	16,522	
Payment to refunded Certificate of Participation Escrow Agent	<u>2,415,000</u>	3,221,522

Some items reported in the statement of activities do not require
the use of current financial resources and therefore are not
reported as expenditures in governmental funds. These
activities consist of:

Net increase in accrued interest	(248,360)	
Net decrease in compensated absences	<u>12,073</u>	
		<u>(236,287)</u>

Change in net assets of governmental activities		<u>4,013,710</u>
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See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2002

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual Favorable (Unfavorable)
REVENUES				
Revenue from Revenue Limit Sources				
State Apportionment	\$ 43,169,207	\$ 40,828,182	\$ 40,086,609	\$ (741,573)
Local Sources	34,650,000	38,850,812	38,919,822	69,010
Federal Sources	3,124,819	7,894,716	6,558,729	(1,335,987)
State Sources	14,635,983	20,288,395	19,074,042	(1,214,353)
Other Local Sources	8,433,817	8,887,441	8,877,655	(9,786)
TOTAL REVENUES	<u>104,013,826</u>	<u>116,749,546</u>	<u>113,516,857</u>	<u>(3,232,689)</u>
EXPENDITURES				
Certificated Salaries	52,846,309	54,872,549	54,849,789	22,760
Classified Salaries	17,555,505	18,372,392	18,116,465	255,927
Employee Benefits	19,029,725	19,602,723	19,462,243	140,480
Books and Supplies	4,479,063	13,530,101	7,224,106	6,305,995
Services and Other Operating Expenses	5,951,794	6,958,441	6,840,487	117,954
Capital Outlay	53,000	1,136,549	1,131,928	4,621
Outgoing Tuition	1,200,000	1,900,000	1,873,368	26,632
Direct Support/Indirect Costs	(1,043,669)	(1,093,971)	(1,091,720)	(2,251)
Debt Service		4,198	4,198	-
TOTAL EXPENDITURES	<u>100,071,727</u>	<u>115,282,982</u>	<u>108,410,864</u>	<u>6,872,118</u>
Excess (deficiency) of revenues over expenditures	<u>3,942,099</u>	<u>1,466,564</u>	<u>5,105,993</u>	<u>3,639,429</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	365,184	571,765	580,114	8,349
Interfund Transfers Out	(4,500,000)	(4,680,000)	(4,680,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,134,816)</u>	<u>(4,108,235)</u>	<u>(4,099,886)</u>	<u>8,349</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$ (192,717)</u>	<u>\$ (2,641,671)</u>	<u>1,006,107</u>	<u>\$ 3,647,778</u>
Fund Balances at Beginning of Year			<u>11,192,467</u>	
Fund Balances at End of Year			<u>\$ 12,198,574</u>	

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2002

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
<u>ASSETS</u>		
Cash in County Treasury	\$ 123,002	\$
Cash on Hand and in Banks:		
Checking		701,901
Savings		141,682
Accounts Receivable:		
Miscellaneous	1,025	
Inventories		<u>31,703</u>
TOTAL ASSETS	<u>124,027</u>	<u>875,286</u>
<u>LIABILITIES</u>		
Accounts Payable	910	20,835
Deferred Revenue	75,000	
Funds Held in Trust		<u>537,228</u>
TOTAL LIABILITIES	<u>75,910</u>	<u>558,063</u>
<u>NET ASSETS</u>		
Restricted for:		
Special Purposes	48,117	
Unrestricted		<u>317,223</u>
TOTAL NET ASSETS	<u>\$ 48,117</u>	<u>\$ 317,223</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FUND NET ASSETS- FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2002

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
ADDITIONS		
Revenue from Local Sources	\$ 7,951	\$ 1,147,899
Interest		<u>6,199</u>
TOTAL ADDITIONS	<u>7,951</u>	<u>1,154,098</u>
DEDUCTIONS		
Scholarships Awarded	1,200	
Services and Other Operating Expenses	<u>10,123</u>	<u>1,101,087</u>
TOTAL DEDUCTIONS	<u>11,323</u>	<u>1,101,087</u>
 Change in Net Assets	 (3,372)	 53,011
Fund Balance at beginning of year	<u>51,489</u>	<u>264,212</u>
Fund Balance at end of year	<u>\$ 48,117</u>	<u>\$ 317,223</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The significant accounting policies applicable to the District are described below.

A. BASIS OF PRESENTATION:

The School District's basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and fund financial statements.

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities displays information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. BASIS OF PRESENTATION: (continued)

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction – includes the activities directly dealing with the interaction between teachers and students.

Instruction-related services – includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil services – includes health, counseling, home to school transportation, food services and other pupil services.

Ancillary services – includes activities that are generally designed to provide students with experiences outside the regular school day.

Community services – includes activities that provide services to community participants other than students.

General administration – includes data processing services and all other general administration services.

Plant services – includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other outgo – includes transfers to other agencies.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. FUND ACCOUNTING:

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

The statements of revenue, expenditures and changes in fund balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do 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. The modified accrual basis of accounting is used for all governmental funds.

GOVERNMENTAL FUNDS - MAJOR

General Fund - the general operating fund of the District is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund – used to account for repairs, construction and/or acquisition of major capital facilities; acquisition, retro-fitting, and operation of real property; proceeds of general obligation bonds and Certificates of Participation and income from rental of unused sites. The Building Fund is a consolidation of four sub-funds.

County School Facilities Fund – used to account for the School Facility Program grants awarded for modernization of Buena High School, Ventura High School, and the elementary sites. The County School Facilities Fund is a consolidation of three sub-funds.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR

Debt Service Fund – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains one non-major debt service fund:

Bond Interest and Redemption Fund - used to collect taxes and pay for debt service associated with General Obligation Bonds.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains six non-major special revenue funds:

1. Adult Education Fund - used to account for resources committed to adult education programs maintained by the District.
2. Cafeteria Fund - used to account for revenues received and expenditures made to operate the District's cafeterias.
3. Child Development Fund - used to account for resources committed to child development programs.
4. Deferred Maintenance Fund - used for the purpose of major repair or replacement of District property.
5. Special Reserve Fund - Premium Deposits - used to account for financial transactions of the Pacific Mutual Premium Deposit Fund. This fund was closed in the subsequent fiscal year.
6. Retiree Benefit Fund – used to account for future payments of health and welfare benefits and future payments of the exempt governmental deferred compensation plan.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR

Capital Projects Funds - used to account for the acquisition and/or construction of major governmental general fixed assets. The District maintains three non-major capital projects funds:

1. Capital Facilities Fund – used to account for resources received from residential developer and commercial developer impact fees. The Capital Facilities Fund is a consolidation of two sub-funds.
2. State School Building Lease-Purchase Fund – used to account for modernization and construction funds for Anacapa Middle School, Cabrillo Middle School, and DeAnza Middle School. The State School Building Lease-Purchase Fund is a consolidation of three sub-funds.
3. Special Reserve Fund - Disasters - used to account for resources received to repair damages caused by natural disasters. This fund was closed in the subsequent fiscal year.

FIDUCIARY FUNDS - used to account for monies received and expenditures made for specific purposes in each fund.

1. Foundation Private Purpose Trust Fund – used to account for donations of funds from private individuals and organizations and to award scholarships through the David Graham and Stella Brittingham Memorial Scholarship Fund to students and/or graduates of Ventura Unified School District who have participated in aquatic sports.
2. Associated Student Body Funds - used to account for raising and expending money to promote the general welfare, morale and educational experiences of the student body organizations. The District operates ten organized Student Body Funds. During fiscal year end 2002, the District formed an unorganized associated student body at Elmhurst Elementary School. The student body ended the fiscal year with an ending fund balance of \$422. This amount is not reflected in the Statement of Fiduciary Net Assets.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

2. Inventory

Inventories are presented at average cost. Inventory consists of expendable supplies held for consumption. At June 30, 2002, the inventory for supplies is \$357,418 and for food is \$222,248.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

3. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-40 years
Furniture and Equipment	3-12 years
Vehicles	5-20 years

4. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

5. Compensated Absences

In accordance with GASB Statement No. 16, accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities, if material, is recognized in the applicable fund at year-end. The entire compensated absences liability is reported on the government-wide financial statements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave.

Accumulated employee sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

6. Long Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements.

7. Fund Balance Reservations and Designations

Reservations of the ending fund balance indicate the portions of the fund balance not appropriable for expenditure. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors or laws or regulations of other governments.

9. State Apportionments

Certain current year apportionments from the State are based upon various financial and statistical information of the previous year. Second period to annual corrections for revenue limits and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

10. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. There has been no receivable reported on the government wide financial statements as the amount is unknown.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

11. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement System on behalf of all school districts in California. However, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments. The amount of on-behalf payments made for the District is estimated at \$2,400,000.

12. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

The District has estimated the receivable for the State match of deferred maintenance funds based on the most recent estimate of the available funds. Any difference will be recorded in the year received and is not expected to be a material difference.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. REPORTING ENTITY:

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and GASB Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board of Education's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of the criteria listed above, the following potential unit has been included in the District's reporting entity:

Ventura County Schools Public Facilities Financing Corporation – The Corporation is a legally separate entity formed for the purpose of acquiring equipment and capital outlay and then leasing such items to the Ventura Unified School District and other participating districts.

Based upon the application of the criteria listed above, the following potential component unit has been excluded from the District's reporting entity:

Ventura Unified School District Education Foundation - The Foundation is a separate not-for-profit corporation. The Foundation Board of Directors are elected independent of any District Governing Board appointments. The Foundation Board is responsible for approving its own budget and accounting and finance related activities.

Separate financial statements for the Foundation can be obtained through the District.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 2 - BUDGETS:

By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented in the financial statements' budgetary comparison schedule in a column entitled "Budgeted Amounts."

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excesses of expenditures over appropriations in the General Fund.

NOTE 4 - DEPOSITS AND INVESTMENTS:

A. Deposits

Cash at June 30, 2002 consisted of the following:

	<u>Statement of Net Assets</u>	<u>Statement of Fiduciary Net Assets</u>	<u>Total</u>
Deposits:			
Cash on Hand and in Banks	\$ 154,152	\$ 843,583	\$ 997,735
Cash in Revolving Fund	50,000		50,000
Cash Collections Awaiting Deposit	324,320		324,320
Pooled Funds:			
Cash in County Treasury	46,938,928	123,002	47,061,930

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 4 – DEPOSITS AND INVESTMENTS: (continued)

A. Deposits (continued)

Cash balances held in banks and in revolving funds are insured up to \$100,000 by the Federal Depository Insurance Corporation. Not all cash held by the financial institutions is insured or collateralized as presented in the schedule below.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2002, as provided by the pool sponsor, was \$47,421,390. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

	<u>Category*</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash on Hand and in Banks	\$115,531	\$	\$ 859,532	\$ 975,063	\$ 997,735
Cash in Revolving Fund	37,915			37,915	50,000
Cash Collections Awaiting Deposit	<u>100,000</u>		<u>223,771</u>	<u>323,771</u>	<u>324,320</u>
Total Deposits	<u>\$253,446</u>	<u>\$</u>	<u>\$1,083,303</u>	<u>\$1,336,749</u>	<u>\$1,372,055</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 4 – DEPOSITS AND INVESTMENTS: (continued)

B. Investments

Government Code Section 16430 allows governmental entities to invest surplus moneys in certain eligible securities. The District did not violate any provisions of the Government Code during the 2001-02 fiscal year, nor were they involved in any reverse repurchase agreements during 2001-02.

Investments with Fiscal Agent at June 30, 2002, held on behalf of the Ventura Unified School District Building Corporation, are presented below, categorized separately to give an indication of the level of custodial risk associated with each investment:

	Category*			Carrying Amount	Fair Value
	1	2	3		
Treasury Obligations	\$	\$	\$3,128,392	\$3,128,392	\$3,128,392

*Category 1 includes amounts that are insured or collateralized. Category 2 includes amounts that are insured or collateralized by the pledging financial institution's trust department or agent in the District's name. Category 3 includes amounts that are insured or collateralized but not in the District's name.

Uncategorized Investments:

Guaranteed Investment Contracts (GIC)	\$454,087
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VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 5 - INTERFUND TRANSACTIONS:

Interfund activity has been eliminated in the Government-wide statements as required by GASB No. 34. The following balances and transactions are reported in the fund financial statements.

A. Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2002 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$1,192,537	\$ 420,642
Special Revenue Funds:		
Adult Education Fund	12,589	335,308
Cafeteria Fund	311,883	705,013
Child Development Fund		92,222
Deferred Maintenance Fund	89,260	
Capital Projects Funds:		
Building Fund	8,528	316,155
Capital Facilities Fund	1,715	61,709
County School Facilities Fund	<u>314,537</u>	<u> </u>
Totals	<u>\$1,931,049</u>	<u>\$1,931,049</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 5 - INTERFUND TRANSACTIONS: (continued)

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2001-02 fiscal year are as follows:

Transfer from General Fund to Deferred Maintenance Fund for State matching funds	\$ 680,000
Transfer from Capital Facilities Fund to General Fund to pay for developer's fees administration	61,709
Transfer from General Fund to Retiree Benefit Fund for expenditures and prefunding	4,000,000
Transfer from Special Reserve Fund (Special Revenue) to the General Fund to partially fund health and welfare benefits over cap	316,613
Transfer from Adult Education Fund to the Building Fund to pay for Certificates of Participation debt service	362,506
Transfer from the Building Fund to State School Building Lease-Purchase Fund for required District match	700,000
Transfer from Building Fund to County School Facilities Fund for required District match	5,031,171
Transfer from the Special Reserve Fund (Capital Projects) to the General Fund to close fund	14,274
Transfer from Building Fund to General Fund to offset hazard mitigation expenditures	<u>187,518</u>
Total	<u>\$11,353,791</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 6 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED:

The following amounts were reserved by the Board of Education for the special purposes below:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Associated Student Body Funds</u>
Revolving Cash	\$ 50,000	\$	\$
Stores Inventory	<u>357,418</u>	<u>222,248</u>	<u>31,703</u>
Total	<u>\$407,418</u>	<u>\$222,248</u>	<u>\$31,703</u>

The following amounts were legally restricted for the special purposes below:

General Fund:

Gifted and Talented Education	\$ 3,687
K-8 Instructional Materials	81,887
9-12 Math Instructional Materials	109,313
Tenth Grade Counseling	8,937
Medi-Cal	638,901
Library Grant	753,318
Pupil Block Grant	48,846
Restricted Lottery	483,020
Cal Safe Support	9,900
Classroom Library	41,717
English Language Acquisition Program	133,919
English Language Intensive Literacy Program	30,271
School Safety	296,020
Peer Assistance and Review	51,831
Professional Development	5,378
Office of Emergency Services – El Nino	15,467
Special Education	51,664

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 6 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED: (continued)

General Fund: (continued)

Maintenance and Operations	2,296
Digital High School Technology System	23,747
Digital High School Technology Support	5,174
Digital High School Technology Support and Staff Training	22
Educational Technology – Staff Development	36,072
Schiff Bustamante	394,002
Special Education Infant	73,464
Governor's Book Fund	<u>5,000</u>

Total \$3,303,853

Fiduciary Funds:

Foundation Private Purpose Trust	
Other Grants	\$ 16,022
Scholarships	<u>32,095</u>

Total \$ 48,117

The following amounts were designated by the Board of Education for the special purpose below:

General Fund:

Economic Uncertainties	\$ 3,400,000
Other Designations	<u>2,984,737</u>

\$ 6,384,737

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(continued)

NOTE 6 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED: (continued)

Major Funds:

Building Fund:

Future Projects:

Building Fund #210	\$ 816,023
Building Fund, Series A	3,997,232
Building Fund, Series B	420,724
Bond Building Fund	<u>11,078,274</u>

\$16,312,253

County School Facilities Fund:

Modernization Projects

\$ 2,399,728

Non-Major Funds:

Special Revenue Funds:

Adult Education Fund:

Other Designations \$ 639,662

Child Development Fund

Child Care 220,880

Deferred Maintenance Fund

Future Projects 1,323,138

Retiree Benefit Fund

Post-Retirement Benefits 5,278,715

The following amounts were designated by the Board of Education for the special purpose below:

Capital Projects Funds:

Capital Facilities:

Future Projects 4,740,359

State School Building Lease-Purchase Fund:

Modernization 199,402

Total \$12,402,156

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 7 - TAX REVENUE ANTICIPATION NOTES:

The District issued \$5,000,000 of Tax Revenue Anticipation Notes dated July 3, 2001. The notes included interest at a rate of 4.00% and matured on July 3, 2002. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that \$2,000,000 plus interest in January 2002, \$500,000 plus interest in both March 2002 and April 2002, and \$2,000,000 plus interest in May 2002 be deposited with U.S. Bank Trust N.A., (the "Trustee"). The total amount of interest paid was \$200,000. All deposits were made with the Trustee on a timely basis and, therefore, the liability is defeased and therefore not shown on the financial statements at June 30, 2002.

NOTE 8 - CAPITAL LEASES:

The District leases equipment valued at approximately \$161,100 under agreements which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2003	\$ 26,211
2004	12,167
2005	12,167
2006	12,167
2007	12,167
2008-2011	<u>47,534</u>
Total	122,413
Less Amount Representing Interest	<u>(889)</u>
Present Value of Net Minimum Lease Payments	<u>\$121,524</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 9 - BONDED DEBT - GENERAL OBLIGATION BONDS:

In June, 1997 the voters approved the issuance of bonds, not to exceed \$81 million, for the purpose of raising money to finance the acquisition, construction and modernization of school facilities and paying related costs.

The outstanding bonded debt of the Ventura Unified School District at June 30, 2002 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2001</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2002</u>
8/15/97 A	Various	8/1/2027	\$10,000,000	\$ 9,600,000	\$150,000	\$ 9,450,000
6/23/98 B	Various	8/1/2028	10,000,000	9,710,000	165,000	9,545,000
6/29/99 C	Various	2/1/2030	10,000,000	9,885,000	155,000	9,730,000
6/1/00 D	Various	2/1/2031	12,500,000	12,500,000	50,000	12,450,000
7/11/01 E	Various	2/1/2032	<u>12,500,000</u>			<u>12,500,000</u>
			<u>\$55,000,000</u>	<u>\$41,695,000</u>	<u>\$520,000</u>	<u>\$53,675,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2002, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 810,000	\$ 2,899,263	\$ 3,709,263
2004	910,000	2,834,068	3,744,068
2005	960,000	2,763,391	3,723,391
2006	1,015,000	2,689,744	3,704,744
2007	1,080,000	2,614,547	3,694,547
2008-2012	6,310,000	12,047,754	18,357,754
2013-2017	8,105,000	10,259,093	18,364,093
2018-2022	10,485,000	7,874,041	18,359,041
2023-2027	13,660,000	4,696,687	18,356,687
2028-2032	<u>10,340,000</u>	<u>1,084,544</u>	<u>11,424,544</u>
Totals	<u>\$53,675,000</u>	<u>\$49,763,132</u>	<u>\$103,438,132</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 10 - CERTIFICATES OF PARTICIPATION:

The District entered into a certificates of participation agreement dated April 24, 2002. The proceeds of \$5,835,000, after payment of costs and establishment of reserves, have been used in part to refund the District's Certificates of Participation Series 1994A and in part will be used to finance the renovation of school facilities.

The Series 1994A Certificates of Participation were refinanced for a total of \$2,360,000. The proceeds associated with the refunding are held in trust with a value at June 30, 2002 of \$2,483,990. These bonds are considered fully defeased and are not recorded on the financial statements. The difference in cash flow requirements related to this refunding amounted to a savings of approximately \$201,000. The present value of the economic gain to the District amounts to approximately \$135,325. These savings result in a recalculation of the collections and payments towards bond payoffs as outlined in the following schedule.

The Ventura County Schools Public Facilities Financing Corporation acts as a purchaser and lessor of the property and BNY Western Trust Company acts as trustee and disbursing agent. At June 30, 2002, the District had \$884,229 available with the Trustee for repayment. The principal amount due at June 30, 2002 is \$5,835,000.

Lease Payments - Lease payments are required to be made by the District under the lease each April 1 for use and possession of the property for the period commencing April 1, 2003 and terminating April 1, 2022. Lease payments will be funded in part from the proceeds of the Certificates.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 10 - CERTIFICATES OF PARTICIPATION: (continued)

Principal and interest payments (twice per year) are to be made according to the following schedule:

<u>Year Ending April 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 225,000	\$ 223,037	\$ 448,037
2004	200,000	247,995	447,995
2005	205,000	243,095	448,095
2006	210,000	237,355	447,355
2007	215,000	230,740	445,740
2008-2012	1,200,000	1,027,913	2,227,913
2013-2017	1,490,000	748,433	2,238,433
2018-2022	<u>2,090,000</u>	<u>349,365</u>	<u>2,439,365</u>
	<u>\$5,835,000</u>	<u>\$3,307,933</u>	<u>\$9,142,933</u>

The interest ranges from 2.00% to 5.18%.

NOTE 11 - LONG-TERM DEBT - SCHEDULE OF CHANGES:

A schedule of changes in long-term debt for the year ended June 30, 2002 is shown below.

	<u>Balance*</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2002</u>
General obligation bonds	\$41,695,000	\$12,500,000	\$ 520,000	\$53,675,000
Certificates of participation	2,685,000	5,835,000	2,685,000	5,835,000
Capital leases	29,677	108,369	16,522	121,524
Accrued vacation	<u>864,958</u>	<u> </u>	<u>12,073</u>	<u>852,885</u>
Totals	<u>\$45,274,635</u>	<u>\$18,443,369</u>	<u>\$3,233,595</u>	<u>\$60,484,409</u>

*Long-term debt related to alternative retiree benefits is not included in the government-wide statement of net assets and therefore the balance at July 1, 2001 has been revised. Additional information is reflected in Note 14.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 12 – CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES:

Capital asset activity for the year ended June 30, 2002 is shown below.

	<u>Balance*</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2002</u>
Land	\$ 10,634,456	\$	\$ 20,826	\$ 10,613,630
Building and improvements	111,776,611	29,763,344	143,817	141,396,138
Equipment and vehicles	<u>3,962,388</u>	<u>164,276</u>	<u> </u>	<u>4,126,664</u>
Totals at historical cost	<u>126,373,455</u>	<u>29,927,620</u>	<u>164,643</u>	<u>156,136,432</u>
Less accumulated depreciation for:				
Building and improvements	<u>27,545,597</u>	3,160,945	143,817	30,562,725
Equipment and vehicles	<u>1,855,883</u>	<u>428,530</u>	<u> </u>	<u>2,284,413</u>
Total accumulated depreciation	<u>29,401,480</u>	<u>3,589,475</u>	<u>143,817</u>	<u>32,847,138</u>
Governmental activities capital assets, net	<u>\$ 96,971,975</u>	<u>\$26,338,145</u>	<u>\$ 20,826</u>	<u>\$123,289,294</u>

*The historical cost balance at July 1, 2001 has been revised to reflect a change in the District's capitalization and recording policy as a result of implementation of GASB 34.

NOTE 13 - EMPLOYEE RETIREMENT PLANS:

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

State Teachers' Retirement System (STRS) (continued)

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2001-02 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Public Employees' Retirement System (PERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate report that includes required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. There was no required employer contribution rate for fiscal year 2001-02. The contribution requirements of the plan members are established and may be amended by State statute.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

Contributions to STRS and PERS

The District's contributions to STRS and PERS for each of the last three fiscal years is as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2000	\$3,846,199	100%	\$0	100%
2001	4,228,020	100%	0	100%
2002	4,430,830	100%	0	100%

NOTE 14 - RETIREE BENEFITS:

Retirement Plan Prior to June 30, 1993:

Ventura Unified School District Certificated and Classified employees, retired from the District as of June 30, 1993, have Health and Welfare benefits based on status at time of retirement. As of June 30, 2002, the District had 571 retired employees covered under the plan at a cost of \$3,607,503 for the fiscal year 2001-02, which is included in the Retiree Benefit Fund expenditures. The cost for 2002-03 is expected to be \$4,082,710. An actuarial study was conducted to estimate the liability of the revised retirement plan. The estimated present value as of July 1, 1999 is \$51,579,403.

Deferred Compensation Plan:

A deferred compensation plan was established effective July 1, 1993. Eligible employees, employed as of April 28, 1993, may receive \$1,500 per year of service (plus one year) as of June 30, 1993 to a maximum of 30 years. The employee must retire under PERS or STRS with Ventura Unified School District to be eligible. This amount is payable in five equal annual installments. New employees are not eligible for the program. At June 30, 2002 the District had 107 retired employees covered under the plan. The cost attributable to this program in 2001-02 was \$795,707, and \$835,000 is expected to be the cost in 2002-03. An actuarial study was conducted to estimate the liability of the deferred compensation plan. The estimated present value as of July 1, 1999 was \$8,968,457 for all eligible employees of this plan. The total estimated liability for known eligible employees at June 30, 2002, for the next four years is expected to be \$1,920,320.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 15 - JOINT POWERS AGREEMENTS:

The Ventura Unified School District participates in two joint powers agreement (JPA) entities: the Ventura County Schools Self-Funding Authority (the Authority) and the Gold Coast Joint Benefits Trust (the Trust). The Authority provides workers' compensation, property and liability insurance, boiler and machinery and fidelity bond coverages among other types of insurance. The member districts are subject to various deductible amounts in addition to payment of premiums assessed by the Authority. The Authority pools responsibility for claims up to certain limits and provides high level umbrella type coverage above its retention limits. The Trust arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

Each JPA is independently accountable for its fiscal matters and is governed by a board consisting of representatives from each member District. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPAs.

The relationships between the Ventura Unified School District and the JPAs are such that none of the JPAs is a component unit of the Ventura Unified School District for financial reporting purposes.

Condensed financial information for the most current year ended is as follows:

	The Authority (Audited) <u>June 30, 2001</u>	The Trust (Audited) <u>June 30, 2002</u>
Total Assets	\$26,549,227	\$ 3,914,749
Total Liabilities	<u>27,851,195</u>	<u>4,096,598</u>
Total Fund Balance	\$ <u>(1,301,968)</u>	\$ <u>(181,849)</u>
Total Revenues	\$ <u>13,400,230</u>	\$ <u>31,710,671</u>
Total Expenditures	\$ <u>20,092,171</u>	\$ <u>32,640,586</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 16 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. State School Building Lease-Purchase Fund and County School Facilities Fund

The District is currently involved in several construction and modernization projects funded through the Office of Public School Construction. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

C. Purchase Commitments

As of June 30, 2002, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$4,400,000. Projects will be funded through Bond Proceeds, State School Building Lease-Purchase Grants, State Deferred Maintenance Allocations, Capital Facilities Funds and General Funds.

NOTE 17 - SUBSEQUENT EVENT:

A. Tax Revenue Anticipation Notes

The District issued \$2,970,000 of Tax Revenue Anticipation Notes dated July 3, 2002. The notes include interest at a rate of 3.0% and mature on July 3, 2003. The notes were sold by the District to supplement its cash flow.

The District is required to deposit \$1,188,000 plus interest in February 2003, \$297,000 plus interest in both March 2003 and April 2003 and \$1,188,000 plus interest in May 2003 with the Trustee.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Continued)

NOTE 17 - SUBSEQUENT EVENT: (continued)

B. General Obligation Bonds

The District sold \$10,000,000 General Obligation Bonds, 1997 Election, Series F on July 11, 2002. The bonds were sold with an interest rate of 4.10% to 6.50% and mature in 2032. The bonds were sold for the construction of schools, to replace old portable buildings, for technology infrastructure and for modernization and renovation.

C. Sale of Property – Oak View School Site

During July 2002, the District entered into an escrow agreement to sell the Oak View School site for a total of \$1,200,000. The funds will be deposited in the Building Fund and are to be used for capital improvement/acquisition projects. In the subsequent fiscal year approximately \$200,000 was deposited into the Building Fund

D. Sale of Property Glickberg School Site

As of June 30, 2002, the District was committed under a sale agreement to sell a portion of the Glickberg School site for \$4,500,000. The funds will be deposited in the Building Fund and are to be used for capital improvement/acquisition projects. The estimated closing date of this escrow agreement is September 30, 2003.

E. Joint Use Project

In June 2002, the District entered into an agreement with the City of San Buenaventura (the City) and the Redevelopment Agency of the City of San Buenaventura (the Agency) on a joint use project. The terms of the agreement include the commitment of the District to appropriate up to \$3,000,000 in proceeds from the future disposition of the Hail site for construction of a City/District community swimming pool and amenities. In addition, the City and Agency agree to share with the District the tax increment generated from the future redevelopment of the Santa Clara site. The City, Agency and District will jointly market the sale of the property. The City will be reimbursed up to \$100,000 for actual cost of staffing a project development team for the Santa Clara site.

SUPPLEMENTARY INFORMATION SECTION

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND
BALANCE SHEET

June 30, 2002

	<u>Bond Interest and Redemption Fund</u>
<u>ASSETS</u>	
Cash in County Treasury	\$ 3,406,096
Accounts Receivable:	
Miscellaneous	23,399
TOTAL ASSETS	<u>\$ 3,429,495</u>
<u>FUND BALANCE</u>	
Reserved for Debt Service	<u>\$ 3,429,495</u>
TOTAL FUND BALANCE	<u>\$ 3,429,495</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2002

	<u>Bond Interest and Redemption Fund</u>
REVENUES	
State Sources	\$ 70,312
Other Local Sources	3,880,143
TOTAL REVENUES	<u>3,950,455</u>
EXPENDITURES	
Debt Service	3,185,464
TOTAL EXPENDITURES	<u>3,185,464</u>
Excess (deficiency) of revenues over expenditures	<u>764,991</u>
Fund Balances at beginning of year	<u>2,664,504</u>
Fund Balances at end of year	<u>\$ 3,429,495</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2002

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Special Reserve Fund - Premium Deposits	Retiree Benefit Fund	Total (Memorandum Only)
ASSETS							
Cash in County Treasury	\$ 496,417	\$ 616,272	\$ 384,744	\$ 890,894	\$	\$ 5,192,540	\$ 7,580,867
Cash on Hand and in Banks		154,152					154,152
Cash Collections Awaiting Deposit	165,807						165,807
Accounts Receivable:							
Federal and State Governments	329,529	449,133	19,995	519,354			1,318,011
Local Governments		58,926					58,926
Miscellaneous	412,310	71,591	3,680	7,614		86,175	581,370
Due from Other Funds	12,589	311,883		89,260			413,732
Stores Inventory		222,248					222,248
TOTAL ASSETS	\$ 1,416,652	\$ 1,884,205	\$ 408,419	\$ 1,507,122	\$ -	\$ 5,278,715	\$ 10,495,113
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts Payable	\$ 372,863	\$ 227,360	\$ 43,859	\$ 183,984	\$	\$	\$ 828,066
Deferred Revenue	68,819	20,994	4,522				94,335
Due to Other Funds	335,308	705,013	92,222				1,132,543
TOTAL LIABILITIES	776,990	953,367	140,603	183,984	-	-	2,054,944
FUND BALANCE							
Reserved for Special Purposes		222,248					222,248
Designated for Special Purposes	639,662		220,880	1,323,138		5,278,715	7,462,395
Undesignated		708,590	46,936				755,526
TOTAL FUND BALANCE	639,662	930,838	267,816	1,323,138	-	5,278,715	8,440,169
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,416,652	\$ 1,884,205	\$ 408,419	\$ 1,507,122	\$ -	\$ 5,278,715	\$ 10,495,113

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2002

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Special Reserve Fund - Premium Deposits	Retiree Benefits Fund	Total (Memorandum Only)
REVENUES							
Revenue from Revenue Limit Sources							
State Apportionment	\$ 3,486,983	\$ 1,100,643	\$ -	\$ -	\$ -	\$ -	\$ 4,587,626
Total Revenue from Revenue Limit Sources	3,486,983	1,100,643	-	-	-	-	4,587,626
Federal Sources	496,196	2,393,176					2,889,372
State Sources	380,542	173,384	977,208	540,628			2,071,762
Other Local Sources	1,807,959	2,367,419	12,707	36,309	7,686	258,440	4,490,520
TOTAL REVENUES	6,171,680	6,034,622	989,915	576,937	7,686	258,440	14,039,280
EXPENDITURES							
Instruction:							
Regular Instruction	3,648,363		706,458			3,210,079	7,564,900
Instruction- Related Services	1,177,134		111,327			506,351	1,794,812
Total Instruction	4,825,497	-	817,785	-	-	3,716,430	9,359,712
Support Services:							
Pupil Services	85,517	5,218,291				356,814	5,660,622
Ancillary Services						20,199	20,199
Community Services						6,080	6,080
General Administration	329,844	714,691	73,916			301,687	1,420,138
Plant Services	667,874		156,400	1,245,054			2,069,328
Debt Service		14,044					14,044
Total Support Services	1,083,235	5,947,026	230,316	1,245,054	-	684,780	9,190,411
TOTAL EXPENDITURES	5,908,732	5,947,026	1,048,101	1,245,054	-	4,401,210	18,550,123
Excess (deficiency) of revenues over expenditures	262,948	87,596	(58,186)	(668,117)	7,686	(4,142,770)	(4,510,843)
OTHER FINANCING SOURCES (USES)							
Interfund Transfers In				680,000		4,000,000	4,680,000
Proceeds from Loan Payable			108,369				108,369
Interfund Transfers Out	(362,506)				(316,613)		(679,119)
TOTAL OTHER FINANCING SOURCES (USES)	(362,506)	-	108,369	680,000	(316,613)	4,000,000	4,109,250
Excess (deficiency) of revenues over expenditures and other sources (uses)	(99,558)	87,596	50,183	11,883	(308,927)	(142,770)	(401,593)
Fund Balances at beginning of year	739,220	843,242	217,633	1,311,255	308,927	5,421,485	8,841,762
Fund Balances at end of year	\$ 639,662	\$ 930,838	\$ 267,816	\$ 1,323,138	\$ -	\$ 5,278,715	\$ 8,440,169

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

June 30, 2002

	Capital Facilities Fund	State School Building Lease- Purchase Fund	Special Reserve Fund - Disasters	Total (Memorandum Only)
<u>ASSETS</u>				
Cash in County Treasury	\$ 4,772,352	\$ 207,266	\$	\$ 4,979,618
Cash Collections Awaiting Deposit	465			465
Accounts Receivable:				
Miscellaneous	42,152	2,400		44,552
Due from Other Funds	1,715			1,715
TOTAL ASSETS	\$ 4,816,684	\$ 209,666	\$ -	\$ 5,026,350
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts Payable	\$ 14,616	\$ 10,264	\$	\$ 24,880
Due to Other Funds	61,709			61,709
TOTAL LIABILITIES	76,325	10,264	-	86,589
FUND BALANCE				
Designated for Special Purposes	4,740,359	199,402	-	4,939,761
TOTAL FUND BALANCE	4,740,359	199,402	-	4,939,761
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,816,684	\$ 209,666	\$ -	\$ 5,026,350

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2002

	<u>Capital Facilities Fund</u>	<u>State School Building Lease-Purchase Fund</u>	<u>Special Reserve Fund-Disasters</u>	<u>Total (Memorandum Only)</u>
REVENUES				
Other Local Sources	\$ 2,219,000	\$ 24,380	\$ -	\$ 2,243,380
TOTAL REVENUES	<u>2,219,000</u>	<u>24,380</u>	<u>-</u>	<u>2,243,380</u>
EXPENDITURES				
Support Services:				
Plant Services	<u>501,710</u>	<u>1,796,450</u>	<u>-</u>	<u>2,298,160</u>
TOTAL EXPENDITURES	<u>501,710</u>	<u>1,796,450</u>	<u>-</u>	<u>2,298,160</u>
Excess (deficiency) of revenues over expenditures	<u>1,717,290</u>	<u>(1,772,070)</u>	<u>-</u>	<u>(54,780)</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In		700,000		700,000
Interfund Transfers Out	<u>(61,709)</u>		<u>(14,274)</u>	<u>(75,983)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(61,709)</u>	<u>700,000</u>	<u>(14,274)</u>	<u>624,017</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	1,655,581	(1,072,070)	(14,274)	569,237
Fund Balances at beginning of year	<u>3,084,778</u>	<u>1,271,472</u>	<u>14,274</u>	<u>4,370,524</u>
Fund Balances at end of year	<u>\$ 4,740,359</u>	<u>\$ 199,402</u>	<u>\$ -</u>	<u>\$ 4,939,761</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUND TYPES - AGENCY FUNDS
 COMBINING BALANCE SHEET
 June 30, 2002

	Associated Student Body Funds					
	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
ASSETS						
Cash on Hand and in Banks:						
Checking	\$ 338,937	\$ 273,717	\$ 14,032	\$ 19,971	\$ 19,933	\$ 8,519
Savings	24,550	53,749		3,355	6,533	53,495
Stores Inventory	7,671	10,294				336
TOTAL ASSETS	\$ 371,158	\$ 337,760	\$ 14,032	\$ 23,326	\$ 26,466	\$ 62,350
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 3,615	\$ 6,939	\$ 252	\$ 29		\$ 10,000
Funds Held in Trust	290,525	209,147	638	1,332	13,563	2,588
TOTAL LIABILITIES	294,140	216,086	890	1,361	13,563	12,588
Fund Balance						
Reserved for Special Purposes	7,671	10,294				336
Undesignated	69,347	111,380	13,142	21,965	12,903	49,426
TOTAL FUND BALANCE	77,018	121,674	13,142	21,965	12,903	49,762
TOTAL LIABILITIES AND FUND BALANCE	\$ 371,158	\$ 337,760	\$ 14,032	\$ 23,326	\$ 26,466	\$ 62,350

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUND TYPES - AGENCY FUNDS
 COMBINING BALANCE SHEET
 June 30, 2002

	<u>Associated Student Body Funds</u>				<u>Total (Memorandum Only)</u>
	<u>Cabrillo Middle School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	
<u>ASSETS</u>					
Cash on Hand and in Banks:					
Checking	\$ 5,439	\$ 17,716	\$ 993	\$ 2,644	\$ 701,901
Savings					141,682
Stores Inventory	<u>13,402</u>				<u>31,703</u>
TOTAL ASSETS	<u>\$ 18,841</u>	<u>\$ 17,716</u>	<u>\$ 993</u>	<u>\$ 2,644</u>	<u>\$ 875,286</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 3,358	\$ 16,077	\$ -	\$ -	\$ 20,835
Funds Held in Trust					<u>537,228</u>
TOTAL LIABILITIES	<u>3,358</u>	<u>16,077</u>	<u>-</u>	<u>-</u>	<u>558,063</u>
Fund Balance					
Reserved for Special Purposes	13,402				31,703
Undesignated	<u>2,081</u>	<u>1,639</u>	<u>993</u>	<u>2,644</u>	<u>285,520</u>
TOTAL FUND BALANCE	<u>15,483</u>	<u>1,639</u>	<u>993</u>	<u>2,644</u>	<u>317,223</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 18,841</u>	<u>\$ 17,716</u>	<u>\$ 993</u>	<u>\$ 2,644</u>	<u>\$ 875,286</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUND TYPES - AGENCY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2002

	Associated Student Body Funds					
	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
REVENUES						
Revenue from Local Sources						
Student Store Sales	\$ 44,360	\$ 47,418	\$ 5,992	\$ 15,809	\$ 11,943	\$ 25
Yearbook	75,207	85,988	9,309			20,090
Student Body Cards		26,330				
Athletics	92,695	166,811				
Fund Raising				13,874	15,286	134,751
Social Activities	15,550		9,423	4,610		
Vending Machines	13,192	24,569	2,879			
Interest		4,612				1,536
Other Revenues	7,288	34,979	43,957	33,428	3,478	28,011
TOTAL REVENUES	<u>248,292</u>	<u>390,707</u>	<u>71,560</u>	<u>67,721</u>	<u>30,707</u>	<u>184,413</u>
EXPENDITURES						
Student Store Expenses	43,742	33,998	7,119			
Yearbook	72,707	82,356	8,363	13,836	12,927	15,595
Athletics	94,203	175,491				
Fund Raising				5,460	11,191	116,383
Social Activities	14,888		7,369	2,813		
Vending Machines	2,032	5,873				
Other Expenses	12,217	60,359	45,003	47,330	14,916	41,626
TOTAL EXPENDITURES	<u>239,789</u>	<u>358,077</u>	<u>67,854</u>	<u>69,439</u>	<u>39,034</u>	<u>173,604</u>
Excess (deficiency) of revenues over expenditures	8,503	32,630	3,706	(1,718)	(8,327)	10,809
Fund Balances at beginning of year	<u>68,515</u>	<u>89,044</u>	<u>9,436</u>	<u>23,683</u>	<u>21,230</u>	<u>38,953</u>
Fund Balances at end of year	<u>\$ 77,018</u>	<u>\$ 121,674</u>	<u>\$ 13,142</u>	<u>\$ 21,965</u>	<u>\$ 12,903</u>	<u>\$ 49,762</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUND TYPES - AGENCY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2002

	Associated Student Body Funds				Total (Memorandum Only)
	Cabrillo Middle School	Adult Education	Pacific Continuation High School	El Camino Continuation High School	
REVENUES					
Revenue from Local Sources					
Student Store Sales	\$ 14,373	\$	\$	\$	\$ 112,168
Yearbook	20,969				239,315
Student Body Cards					26,330
Athletics					259,506
Fund Raising	100,991		1,477	529	266,908
Social Activities				4,923	34,506
Vending Machines					40,640
Interest	51				6,199
Other Revenues	7,976	5,112	2,254	2,043	168,526
TOTAL REVENUES	<u>144,360</u>	<u>5,112</u>	<u>3,731</u>	<u>7,495</u>	<u>1,154,098</u>
EXPENDITURES					
Student Store Expenses	13,371				98,230
Yearbook	15,529				221,313
Athletics					269,694
Fund Raising	91,468			55	224,557
Social Activities				5,376	30,446
Vending Machines					7,905
Other Expenses	18,885	4,598	3,412	596	248,942
TOTAL EXPENDITURES	<u>139,253</u>	<u>4,598</u>	<u>3,412</u>	<u>6,027</u>	<u>1,101,087</u>
Excess (deficiency) of revenues over expenditures	5,107	514	319	1,468	53,011
Fund Balances at beginning of year	10,376	1,125	674	1,176	264,212
Fund Balances at end of year	<u>\$ 15,483</u>	<u>\$ 1,639</u>	<u>\$ 993</u>	<u>\$ 2,644</u>	<u>\$ 317,223</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2002

The Ventura Unified School District was formed effective July 1, 1965 as the result of a unification election held March 16, 1965 and action of the Ventura County Board of Supervisors at the meeting of March 30, 1965. The unified district encompasses the former Ventura Union High School District and its former component elementary districts, namely the Avenue, Mill Union, Mound, Buena Ventura School Districts and the Arnaz portion of the Nordhoff Union School District. The district includes an area of approximately 165 square miles, including the City of Ventura and surrounding area, in the western most portion of Ventura County.

The District operates eight pre-schools, seventeen elementary schools, four middle schools, three high schools, one continuation high school, two independent study schools, one opportunity school and one adult education school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2002 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Velma Lomax	President	December 31, 2005
Mr. John Walker	Vice President	December 31, 2005
Mr. Cliff Rodrigues	Member	December 31, 2005
Mrs. Debbie Golden	Member	December 31, 2003
Mr. Jim Wells	Member	December 31, 2003

DISTRICT ADMINISTRATORS

Dr. Trudy Tuttle-Arriaga	Superintendent
Mr. Joseph Richards, Jr.	Assistant Superintendent, Business Services
Dr. Gerald Dannenberg	Assistant Superintendent, Educational Services
Dr. Richard Morrison	Assistant Superintendent, Human Resources

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2002

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the State for the fiscal year ended June 30, 2002 are as follows:

	<u>Second Period</u>	<u>Annual</u>
Elementary:		
Kindergarten	1,253	1,255
First through third grade	3,833	3,833
Fourth through eighth grade	6,427	6,428
Home or hospital - temporary physical disabilities	3	3
Special education master plan	285	286
Special education - nonpublic, nonsectarian schools	10	10
Extended year special education - mandated	13	13
Extended year special education - nonpublic nonsectarian	1	1
Opportunity schools and full-day opportunity classes	<u>18</u>	<u>19</u>
Total elementary ADA	<u>11,843</u>	<u>11,848</u>
Secondary:		
Regular classes	4,442	4,385
Continuation education	228	243
Home or hospital - temporary physical disabilities	1	1
Special education master plan	98	96
Special education - nonpublic, nonsectarian schools	7	6
Extended year special education - mandated	2	3
Extended year special education - nonpublic, nonsectarian	1	1
Opportunity schools and full-day opportunity classes	<u>7</u>	<u>8</u>
Total secondary ADA	<u>4,786</u>	<u>4,743</u>
Adult Education:		
Concurrently enrolled	17	24
Not concurrently enrolled	<u>1,459</u>	<u>1,562</u>
Total adult education ADA	<u>1,476</u>	<u>1,586</u>
 Total ADA	 <u>18,105</u>	 <u>18,177</u>
County:		
Community Schools	26	26
Special Education	<u>114</u>	<u>114</u>
Total County ADA	<u>140</u>	<u>140</u>

<u>Hourly Programs</u>	<u>Hours of Attendance</u>
Elementary	257,023
Secondary	144,477

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME OFFERED

For the Fiscal Year Ended June 30, 2002

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2001-02 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	31,500	36,000	180	In Compliance
Grade 1 to 3	50,400	42,060	50,505	180	In Compliance
Grade 4 to 8	54,000	51,595	54,090	180	In Compliance
Grade 9 to 12	64,800	64,642	65,160	180	In Compliance

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2002

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
National School Lunch Program	10.555	03396	\$ 1,740,212
National School Breakfast Program	10.553	03988	44,443
Especially Needy Breakfast Program	10.553	03526	608,521
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Improving America Schools Act			
Title I	84.010	03799	1,903,651
Title II - Education for Economic Security Act	84.281	03207	84,436
Title VI	84.298	03340	85,199
Title VII	84.003	03060	187,731
Migrant Education	84.011	03239	304,059
Special Education			
PL 94-142	84.027	03143	1,479,982
Infant Discretionary	84.027	03612	9,889
Low Incidence	84.027	03459	3,757
Preschool Local Entitlement	84.027	03682	213,804
Federal Class Size Reduction	84.340A	03073	334,514
Carl D. Perkins Vocational and Technical Education	84.048	03570	169,969
Indian Education	84.060	N/A	252,997
Pell Grant	84.063	N/A	201,294
STC-FHS	84.278	N/A	9,732
Safe and Drug Free Schools	84.184	10007	145,064
Federal Direct Loans	84.268	N/A	168,733
Transition Partnership	84.000	(1)	181,873
WIA/Soar	17.255	03422	91,515
MEES	84.214	(1)	9,485
High School Exit Exam		24028	3,927
AB 1331	84.276	13894	51,028
ROCP Professional	84.048	13920	4,500
ABE	84.002	13973	65,469
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Medi-Cal	93.773	10013	325,954
<u>FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION</u>			
Federal Emergency Management Administration	84.287	10041	750,072
Total Federal Programs			<u>\$ 9,431,810</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 9,431,810
Revenues in excess of expenditures related to Federal entitlement			
Program Medi-Cal			203,816
Expenditures in excess of revenues related to Federal Grant			
Program Federal Emergency Management Administration			<u>187,525</u>
Total Federal Program Revenue			<u>\$ 9,448,101</u>

(1) Pass-Through Entity Identifying Number not readily available.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

	<u>General Fund</u>	<u>Building Fund</u>
June 30, 2002 Annual Financial and Budget Report Fund Balances	\$12,004,757	\$15,858,166
Adjustments to Increase Fund Balance:		
Understatement of Accounts Receivable	193,817	
Understatement of Cash with Fiscal Agent	<u> </u>	<u>454,087</u>
June 30, 2002 Audited Financial Statement Fund Balances	<u>\$12,198,574</u>	<u>\$16,312,253</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SUMMARY OF THE OFFICE OF CRIMINAL JUSTICE PLANNING GRANT
For the Fiscal Year Ended June 30, 2002

Gang Violence Suppression Program
Multi-Component Model
Grant Number GV00031670
July 1, 2001
to
June 30, 2002

Revenues	
State Program	\$ <u>60,827</u>
Expenditures	
Personal Services	\$ 38,838
Operating Expenses	<u>21,989</u>
	\$ <u>60,827</u>

NOTE: There was no required District match for the fiscal year.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Fiscal Year Ended June 30,

	2003 (Budgeted) (2)		2002		2001		2000	
	Amount	%	Amount	%	Amount	%	Amount	%
GENERAL FUND:								
Revenue								
Revenue Limit Sources	\$ 80,247,218	70.6	\$ 79,006,431	69.9	\$ 74,622,378	70.8	\$ 65,871,328	66.7
Federal	6,487,022	5.7	6,558,729	5.8	4,328,638	4.2	4,087,218	4.2
State	15,238,140	13.4	19,074,042	16.9	19,271,425	18.3	17,804,807	18.1
County and Local	8,818,036	7.8	8,877,655	7.9	7,978,543	7.6	7,865,620	8.0
Interfund Transfers	30,030	0.0	580,114	0.5	1,142,625	1.1	619,325	0.6
Total Revenue	<u>110,820,446</u>	<u>97.5</u>	<u>114,096,971</u>	<u>100.9</u>	<u>107,343,609</u>	<u>102.0</u>	<u>96,248,298</u>	<u>97.6</u>
Expenditures								
Certificated Salaries	\$ 54,908,747	48.3	54,849,789	48.5	52,085,609	49.4	47,175,171	47.8
Classified Salaries	18,650,868	16.4	18,116,465	16.0	16,419,285	15.6	15,251,016	15.5
Employee Benefits	21,973,705	19.3	19,462,243	17.2	15,852,464	15.1	13,917,508	14.1
Books and Supplies	5,907,643	5.2	7,224,106	6.4	5,207,181	4.9	4,911,698	5.0
Contracted Services	6,530,516	5.7	6,840,487	6.0	6,245,273	6.0	5,857,269	6.0
Capital Outlay	53,000	0.0	1,131,928	1.0	2,289,236	2.2	4,838,068	4.9
Interfund Transfers	4,619,440	4.1	4,680,000	4.1	4,900,391	4.7	4,569,855	4.6
Other Uses	2,137,000	1.9	1,873,368	1.7	3,098,576	2.9	2,770,385	2.8
Debt Service Payments			4,198	0.0	69,989	0.1	117,700	0.1
Direct Support/Indirect Costs	(1,070,938)	(0.9)	(1,091,720)	(1.0)	(916,165)	(0.9)	(807,516)	(0.8)
Total Expenditures	<u>113,709,981</u>	<u>100.0</u>	<u>113,090,864</u>	<u>100.0</u>	<u>105,251,839</u>	<u>100.0</u>	<u>98,601,154</u>	<u>100.0</u>
Change in Fund Balance	\$ (2,889,535)	(2.5)	\$ 1,006,107	0.9	\$ 2,091,770	2.0	\$ (2,352,856)	(2.4)
Ending Fund Balance	<u>\$ 9,309,039</u>	<u>8.2</u>	<u>\$ 12,198,574</u>	<u>10.8</u>	<u>\$ 11,192,467</u>	<u>10.6</u>	<u>\$ 9,100,697</u>	<u>9.2</u>
General Fund Available								
Reserve Balance (1)	<u>\$ 9,115,223</u>	<u>8.0</u>	<u>\$ 6,632,490</u>	<u>5.9</u>	<u>\$ 4,791,111</u>	<u>4.6</u>	<u>\$ 2,958,000</u>	<u>3.0</u>
Recommended Reserve Percentage		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>
Average Daily Attendance								
P-2, Excluding Adult Education	<u>16,689</u>		<u>16,629</u>		<u>16,405</u>		<u>16,196</u>	
Total Long-Term Debt	<u>\$ 69,424,087</u>		<u>\$ 60,484,409</u>		<u>\$ 45,274,635</u>		<u>\$ 46,119,780</u>	

IMPORTANT NOTES:

All Percentages are of total expenditures.

(1) Available reserves are those amounts designated for economic uncertainty, and any other remaining undesignated fund balance from the General Fund.

(2) Budget was adopted on June 25, 2002.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2002

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

C. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. To comply with A-133, this schedule was prepared for the District and is presented on the modified accrual basis of accounting.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the Form J-200 to the audited financial statements.

E. Summary of the Office of Criminal Justice Planning Grants

The schedule was prepared in order to provide information required in the Grantee Handbook of the Office of Criminal Justice Planning for all grants received by the County.

F. Schedule of Financial Trends and Analysis

The State Controller's Office requires that this report be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District has potential fiscal problems and if they have met the recommended available reserve percentages.



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

Board of Education
Ventura Unified School District
295 S. Arcade Drive
Ventura, California 93003

Chairman
ROYCE A. STUTZMAN

Partners
PETER F. GAUTREAU
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CARL PON
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Principal
JERI A. WENGER

Senior Managers
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PHEBE M. MCCUTCHEON
WADE N. McMULLEN
KARIN HECKMAN NELSON
ARVEE ROBINSON
COLLEEN K. TAYLOR

We have audited the combined basic financial statements of Ventura Unified School District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated September 19, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether Ventura Unified School District's combined basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura Unified School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. No matters were noted involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Ventura Unified School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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

(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended solely for the information and use of the Board, management, the California Department of Education, the State Controller's Office and federal awarding agencies and pass-through entities 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 19, 2002



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Ventura Unified School District
295 S. Arcade Drive
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COLLEEN K. TAYLOR

Compliance

We have audited the compliance of Ventura Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Ventura Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ventura Unified School District's management. Our responsibility is to express an opinion on Ventura Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ventura Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ventura Unified School District's compliance with those requirements.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

(Continued)

In our opinion, Ventura Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. The results of our auditing procedures disclosed no instances of noncompliance with these requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Ventura Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Ventura Unified School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, management, the California Department of Education, the State Controller's Office and federal awarding agencies and pass-through entities 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 19, 2002



REPORT ON STATE COMPLIANCE

Board of Education
 Ventura Unified School District
 295 S. Arcade Drive
 Ventura, California 93003

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 ARVEE ROBINSON
 COLLEEN K. TAYLOR

We have audited the combined basic financial statements of the Ventura Unified School District, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 19, 2002.

Our audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the U. S. General Accounting Office, and the State Controller's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	4	Yes
Kindergarten continuation	3	Yes
Independent study	13	Yes
Continuation education	11	Yes
Adult education	8	Yes

REPORT ON STATE COMPLIANCE

(Continued)

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting: (continued)		
Regional occupational center/programs	4	Not applicable
Staff development day	3	Yes
Incentive for longer instructional day:		
School Districts	3	Yes
County Office of Education	3	Not applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not applicable
Community day schools	8	Not applicable
Class size reduction program:		
Option 1	11	Yes
Option 2	10	Not applicable
Class size reduction in two courses in grade 9	8	Yes
State instructional materials fund (see below):		
Grades K-8	10	Yes
Grades 9-12	7	Yes
Schiff-Bustamante standards-based	9	Yes
Digital high school education technology grant program	5	Yes
California Public Schools Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	No (see below)

The District did not participate in the Early Retirement Incentive Program; therefore, the compliance procedures are not applicable. The District had two options under which to implement class size reduction; the District exercised Option One, therefore, audit procedures for Option Two were not performed. The above schedule lists twenty-six steps for State instructional materials. For clarification, there are five general steps that apply to all three categories and are reflected in each category; however these five procedures were only performed once. The above presentation was done to comply with the requirements of the State Controller's Audit Guide.

The District did not receive a grant directly from the Office of Criminal Justice Planning (OCJP) therefore, the District is not responsible for the grant audit. The audit will be performed by the pass-through agency auditors.

REPORT ON STATE COMPLIANCE

(Continued)

Based on our audit, we found that, for the items tested, the Ventura Unified School District complied with the laws and regulations of the state programs referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Ventura Unified School District had not complied with the laws and regulations of state programs and requirements.

This report is intended solely for the information and use of the Board, management, the California Department of Education, and the State Controller's Office 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 19, 2002

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2002

This information is provided to meet the requirements of recently issued OMB Circular A-133.

- A. An unqualified opinion was issued.
- B. No reportable conditions in internal control were disclosed by the audit of the general purpose financial statements.
- C. The audit did not disclose any items of non-compliance which are material to the general purpose financial statements of the District.
- D. No reportable conditions in internal control over major programs were disclosed by the audit.
- E. An unqualified opinion was issued on compliance for major programs.
- F. There were no audit findings which were required to be reported under Section .510(a) of OMB Circular A-133.
- G. The major programs for 2001-02 are:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.243	Vocational Program: Carl Perkins
10.555, 10.553, 10.558	National School Lunch Program
84.003	Improving America School Act – Title VII

- H. The dollar threshold to distinguish between Type A and Type B programs is \$300,000 for 2001-02.
- I. The District qualifies as a low risk auditee for fiscal year 2001-02.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

There were no findings or questioned costs related to general purpose financial statements in fiscal year 2001-02.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2002

There were no findings and questioned costs related to federal awards for fiscal year 2001-02.

VENTURA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2002

Finding No.	Finding	Code	Recommendation	Current Status
01-1	<u>CABRILLO MIDDLE SCHOOL STUDENT BODY FUND</u>	30000	The District should investigate the cause for the student store loss and develop a plan to monitor revenues and expenditures to ensure adequate funds are available to support reserve requirements.	Implemented.
	<p>The student store had a net loss of \$(6,652) and deficit spending for the year of \$(3,004). In addition, the ending fund balance was not adequate to support reserve requirements. This occurred because the inventory level at year end of \$11,199 was higher than the total fund balance of \$10,376. The net effect is a deficit undesignated balance of \$(823).</p> <p>It was also noted that the ASB expended more monies in the current year than it received in revenues. The deficit spending resulted in the lack of adequate fund balance to support reserve requirements.</p>			