

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2003**

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

June 30, 2003

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VENTURA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Ventura Unified School District, as of and for the year ended June 30, 2003 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2003, 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 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, 2003 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 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 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 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.


VICENTI, LLOYD & STUTZMAN LLP

September 19, 2003

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2003

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, 2003. 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 \$17.4 million or 16 percent over the course of the year.
- Total revenues were \$152.9 million. General revenue accounted for \$99.5 million or 65 percent of total revenues.
- The School District had \$135.5 million in expenses; \$52, 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 \$114,867,215 in revenues and \$110,809,636 in expenditures. However, due to the transfer of funds to the Retiree Benefit Funds and the Deferred Maintenance Fund the General Fund balance decreased \$539,595 over the course of the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, Management's 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 *government-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, 2003

(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 changes in the District property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are divided into two categories:

- *Governmental activities*—All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities. Other funds in the District include Adult Education and Food Services which are also considered governmental activities.
- *Business-type activities*—The District does not operate any enterprise funds.

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, 2003

(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 a reconciliation of 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

Net assets. The District's combined net assets were significantly larger on June 30, 2003 than they were the year before, increasing by 16% to \$126.7 million. (See table 1.) Most of this improvement in the District's position came from its governmental activities, the net assets of which grew 17.4 million to 126.7 million. Table 1 provides a summary of the District's net assets for 2003.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003

(Continued)

Table 1
Ventura Unified School District's Net Assets

Summary of Statement of Net Assets	Governmental Activities		Total Change	Total % Change
	2002	2003		
Non-capital Assets	\$ 58.3	\$ 64.7	\$ 6.4	11%
Capital Assets	123.3	148.0	24.7	20%
Total Assets	181.6	212.7	31.1	17.1%
Current Liabilities	13.8	18.7	4.9	34%
Long Term Liabilities	58.6	67.3	8.7	15%
Total Liabilities	72.4	86.0	13.6	19%
Invested in Capital Assets Net Of Related Debt	79.1	90.1	11.0	14%
Net Assets Legally Restricted	6.7	6.9	0.2	3%
Net Assets Unrestricted	23.4	29.7	6.3	26%
Total Net Assets	\$ 109.2	\$ 126.7	\$ 17.5	16%

Total asset were \$212.7 million, 69 percent (\$148.0 million) in capital assets and 31 percent (\$64.7 million) in non-capital assets. Total Liabilities were \$86.0 million 22 percent (\$18.7 million) current and 78 percent (\$67.3 million) long term. Of the District's *combined* net assets \$90.1 million, 71 percent were capital assets net of related debt, 6 percent (\$6.9 million) was net assets legally restricted, and 23 percent (\$29.7 million) was net assets unrestricted.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003

(Continued)

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

Summary of Statement of Activities	Governmental	
	Activities	
	2002	2003
Program Revenues	\$ 37.3	\$ 52.2
General Revenues	98.1	99.5
Gain on Sale of Land	0.6	1.2
Total Revenues	<u>136.0</u>	<u>152.9</u>
Expenses for Instruction and Related Services	89.1	90.5
Pupil Services	13.3	14.0
General Administration	8.0	8.2
Plant Services	12.4	12.7
Ancillary and Community Activities	0.6	0.6
Debt Service	3.1	3.6
Other Outgo	1.9	1.6
Depreciation	3.6	4.3
Total Expenses	<u>132.0</u>	<u>135.5</u>
Change in Net Assets	4.0	17.4
Net Assets, Beginning	105.3	109.3
Net Assets, Ending	<u>\$ 109.3</u>	<u>\$ 126.7</u>

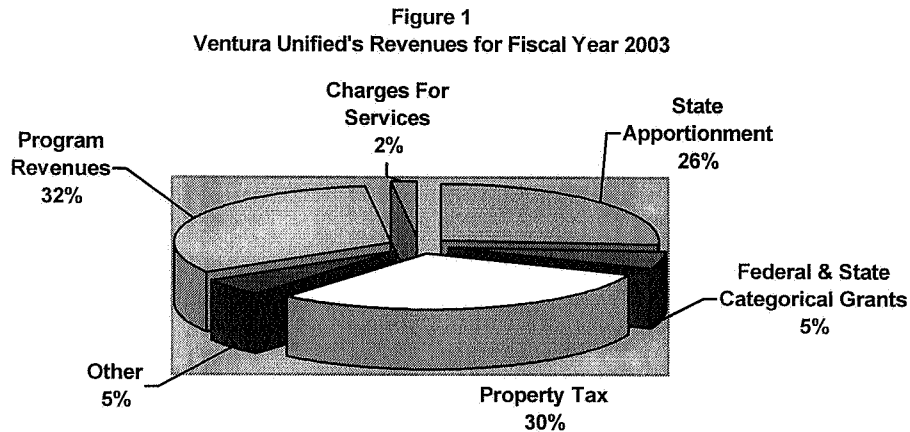
Total cost of all governmental activity programs and services were \$135 million. Instruction and pupil services made up 77 percent of total program cost. Plant services were 9 percent and general administration was 6 percent.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003

(Continued)

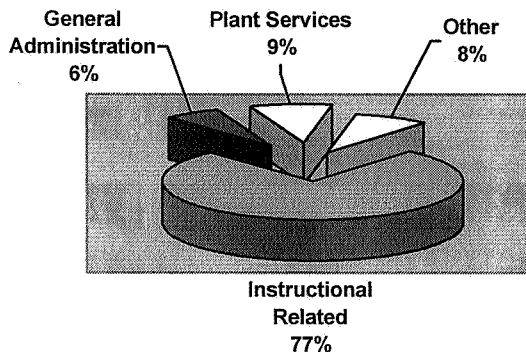
Governmental Activities

By the end of the fiscal year the revenues for the District's governmental activities totaled \$153 million. 66 percent was general revenues (mostly property taxes, state and federal aide), and 34 percent was program and charge for services revenues. State Apportionment and Property Tax produce 56 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 \$135 million. Some of the cost was paid by the users of the district programs (\$3.6 million). The federal and state governments subsidized certain programs with grants and contributions (\$48.6 million). Most of the districts cost (\$83.3 million) however was paid for by District taxpayers and the taxpayers of our state.

Figure 2. Ventura Unified's Expenses for Fiscal Year 2002



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 \$2.5 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 \$570 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 \$6.1 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 \$29 million in a broad range of capital assets, including school facilities, technology equipment and infrastructure, classroom and office furniture, and vehicles. Overall, net capital assets increased 20 percent from \$123 million as of July 1, 2002 to \$148 million as of June 30, 2003

Debt Administration

By year-end the District had \$67.3 million in long term debt a 15 percent (8.7 million) increase over last year. The District issued \$6 million in General Obligation bonds on July 2, 2003 to continue the school modernization program.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003

(Continued)

Average Daily Attendance

Average daily Attendance increased by 209 to 16,838. The District experienced minor growth and continued focusing on attendance as a major objective.

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 that would have negative impacts on school district budgets throughout the state. We anticipate expenditure growth to continue while revenues are expected to experience little or no growth.
- The rising cost of insurance continues to be a major concern for the District.
- The District is planning to consolidate its administrative offices at the recently purchased Stanley site. The move will help to 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.

FINANCIAL SECTION

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2003

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash in county treasury	\$ 47,309,056
Cash on hand and in banks	129,583
Cash in revolving fund	50,000
Investments with fiscal agent	2,437,383
Accounts receivable:	
Federal and state governments	11,503,529
Local governments	1,269,363
Miscellaneous	1,292,360
Due from fiduciary funds	2,332
Inventories	604,300
Prepaid expenditures	83,195
Land	12,966,730
Depreciable assets, net	<u>135,041,214</u>
Total Assets	<u>212,689,045</u>
 <u>Liabilities</u>	
Accounts payable and other current liabilities	13,951,355
Deferred revenue	2,764,464
Compensated absences	727,063
Current portion of long-term liabilities:	
General obligation bonds	1,025,000
Certificates of participation	200,000
Loan payable	12,167
Non-current portion of long-term liabilities:	
General obligation bonds	61,840,000
Certificates of participation	5,410,000
Loan payable	<u>84,035</u>
Total Liabilities	<u>86,014,084</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	90,161,607
Restricted for:	
Debt service	4,003,619
Educational programs	2,858,700
Unrestricted	<u>29,651,035</u>
Total Net Assets	<u>\$ 126,674,961</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2003

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities						
Instruction	\$ 77,480,549	\$ 1,414,062	\$ 16,709,388	\$ 16,479,756	\$ (42,877,343)	
Instruction - related services	12,924,780		2,166,647		(10,758,133)	
Pupil services	13,958,098	2,214,137	6,715,205		(5,028,756)	
Ancillary services	502,639				(502,639)	
Community services	134,003		2,217		(131,786)	
General administration	8,244,160		1,337,265		(6,906,895)	
Plant services	12,698,271		4,268,821		(8,429,450)	
Other outgo	1,636,583		924,627		(711,956)	
Debt service - interest	3,618,673				(3,618,673)	
Depreciation (unallocated)	4,320,932				(4,320,932)	
Total Governmental Activities	<u>\$ 135,518,688</u>	<u>\$ 3,628,199</u>	<u>\$ 32,124,170</u>	<u>\$ 16,479,756</u>	<u>(83,286,563)</u>	
General Revenues						
Property taxes levied for						
General purposes						41,990,324
Debt service						4,502,613
Federal and state aid not restricted to specific purposes						47,028,784
Interest and investment earnings						1,557,198
Interagency revenues						276,805
Miscellaneous						4,118,182
Special item - gain on sale of land						1,220,293
Total General Revenues and Special Items						<u>100,694,199</u>
Change in net assets						17,407,636
Net Assets at Beginning of Year						<u>109,267,325</u>
Net Assets at End of Year						<u>\$ 126,674,961</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2003

	General Fund	Building Fund	County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash in county treasury	\$ 14,467,306	\$ 10,064,135	\$ 5,521,915	\$ 17,255,700	\$ 47,309,056
Cash on hand and in banks				129,583	129,583
Cash in revolving fund	50,000				50,000
Investments with fiscal agent		2,437,383			2,437,383
Accounts receivable:					
Federal and state governments	4,742,981		5,840,138	920,410	11,503,529
Local governments	1,269,363				1,269,363
Miscellaneous	562,708	104,896	44,717	580,039	1,292,360
Due from other funds	1,387,862	102,106	258,826	165,645	1,914,439
Inventories	381,094			223,206	604,300
Prepaid expenditures	67,174			16,021	83,195
Total Assets	<u>\$ 22,928,488</u>	<u>\$ 12,708,520</u>	<u>\$ 11,665,596</u>	<u>\$ 19,290,604</u>	<u>\$ 66,593,208</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 8,349,188	\$ 1,697,225	\$ 1,783,652	\$ 654,361	\$ 12,484,426
Due to other funds	234,392	286,430	30,669	1,360,616	1,912,107
Deferred revenue	2,685,929			18,535	2,704,464
Total Liabilities	<u>11,269,509</u>	<u>1,983,655</u>	<u>1,814,321</u>	<u>2,033,512</u>	<u>17,100,997</u>
Fund Balances					
Restricted for debt service				4,003,619	4,003,619
Restricted for special purposes	2,858,700			210,944	3,069,644
Reserved for special purposes	498,268			239,227	737,495
Designated for special purposes	3,493,993	10,724,865	9,851,275	11,877,472	35,947,605
Undesignated	4,808,018			925,830	5,733,848
Total Fund Balances	<u>11,658,979</u>	<u>10,724,865</u>	<u>9,851,275</u>	<u>17,257,092</u>	<u>49,492,211</u>
Total Liabilities and Fund Balances	<u>\$ 22,928,488</u>	<u>\$ 12,708,520</u>	<u>\$ 11,665,596</u>	<u>\$ 19,290,604</u>	<u>\$ 66,593,208</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, 2003

Total fund balances-governmental funds \$ 49,492,211

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	12,966,730
Depreciable assets, net	<u>135,041,214</u>

Total capital assets 148,007,944

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	(5,610,000)	
Capital leases	(96,202)	
General obligation bonds payable	(62,865,000)	
Compensated absences	<u>(727,063)</u>	
		(69,298,265)

Deposit received related to future general obligation bond proceeds (60,000)

Interest expense related to certificates of participation and general obligation bonds payable was incurred but not accrued through June 30, 2003 (1,466,929)

Total net assets – governmental activities \$126,674,961

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2003

	<u>General Fund</u>	<u>Building Fund</u>	<u>County School Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue limit sources:					
State apportionments	\$ 39,950,569	\$	\$ 16,332,461	\$ 4,543,795	\$ 60,826,825
Local sources	41,943,996				41,943,996
Total revenue limit sources	81,894,565	-	16,332,461	4,543,795	102,770,821
Federal sources	7,887,973			3,203,213	11,091,186
Other state sources	15,508,916			1,651,083	17,159,999
Other local sources	9,575,761	992,211	107,602	9,963,454	20,639,028
Total Revenues	<u>114,867,215</u>	<u>992,211</u>	<u>16,440,063</u>	<u>19,361,545</u>	<u>151,661,034</u>
Expenditures					
Instruction	69,887,239			7,674,190	77,561,429
Instruction - related services	11,027,392			1,905,103	12,932,495
Pupil services	8,029,554			5,937,860	13,967,414
Ancillary services	478,932			23,707	502,639
Community services	127,952			6,333	134,285
General administration	7,092,937			1,350,975	8,443,912
Plant services	12,516,902	19,263,867	5,571,918	4,111,663	41,464,350
Other outgo	1,636,561				1,636,561
Debt service	12,167	448,037		3,995,357	4,455,561
Total Expenditures	<u>110,809,636</u>	<u>19,711,904</u>	<u>5,571,918</u>	<u>25,005,188</u>	<u>161,098,646</u>
Excess (deficiency) of revenues over expenditures	<u>4,057,579</u>	<u>(18,719,693)</u>	<u>10,868,145</u>	<u>(5,643,643)</u>	<u>(9,437,612)</u>
Other Financing Sources (Uses)					
Interfund transfers in	32,826	7,048,038	2,583,402	6,573,913	16,238,179
Proceeds from sale of bonds		9,960,000			9,960,000
Proceeds from sale of land		1,249,843			1,249,843
Interfund transfers out	(4,630,000)	(5,125,576)	(6,000,000)	(482,603)	(16,238,179)
Total Other Financing Sources (Uses)	<u>(4,597,174)</u>	<u>13,132,305</u>	<u>(3,416,598)</u>	<u>6,091,310</u>	<u>11,209,843</u>
Net changes in fund balances	(539,595)	(5,587,388)	7,451,547	447,667	1,772,231
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 11,658,979</u>	<u>\$ 10,724,865</u>	<u>\$ 9,851,275</u>	<u>\$ 17,257,092</u>	<u>\$ 49,492,211</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, 2003**

Net change in fund balances – Total government funds \$ 1,772,231

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	28,924,132	
Depreciation expense	<u>(4,320,932)</u>	
Excess of capital outlay over depreciation expense		24,603,200

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		(29,550)
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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		(10,000,000)
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Advance proceeds on issuance of long-term debt is reported as
proceeds in governmental funds but increases in deferred liabilities
in the statement of net assets

Deposit received related to future general obligation bond assets		(60,000)
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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	810,000	
Certificates of participation principal payments	225,000	
Capital lease principal payments	<u>25,322</u>	
		1,060,322

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

Donated property	145,000	
Net increase in accrued interest	(209,389)	
Net decrease in compensated absences	<u>125,822</u>	
		<u>61,433</u>

Change in net assets of governmental activities		<u>\$ 17,407,636</u>
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See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - FIDUCIARY FUNDS

June 30, 2003

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
<u>Assets</u>		
Cash in county	\$ 270,233	\$
Cash on hand and in banks		903,941
Accounts receivable:		
Miscellaneous	1,603	646
Inventories		37,321
Total Assets	<u>271,836</u>	<u>941,908</u>
<u>Liabilities</u>		
Accounts payable	2,062	16,429
Due to other funds	2,332	
Funds held in trust		605,898
Total Liabilities	<u>4,394</u>	<u>622,327</u>
<u>Net Assets</u>		
Restricted for special purposes	267,442	
Unrestricted		319,581
Total Net Asstes	<u>\$ 267,442</u>	<u>\$ 319,581</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, 2003

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
Additions		
Revenue from local sources	\$ 330,784	\$ 1,321,074
Total Additions	<u>330,784</u>	<u>1,321,074</u>
Deductions		
Scholarships	899	
Other expenses	110,560	1,318,716
Total Deductions	<u>111,459</u>	<u>1,318,716</u>
Changes in net assets	219,325	2,358
Net Assets at Beginning of Year	<u>48,117</u>	<u>317,223</u>
Net Assets at End of Year	<u>\$ 267,442</u>	<u>\$ 319,581</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

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 accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements and Management Discussion and Analysis – for State and Local Governments and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. The financial statement presentation required by GASB No. 34 provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements. The Fiduciary activities of the District's component unit are reported separately in the Fiduciary Fund statements.

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. The Fiduciary Funds are excluded.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

A. BASIS OF PRESENTATION: (continued)

1. Government-wide Financial Statements: (continued)

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.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

A. BASIS OF PRESENTATION: (continued)

2. Fund Financial Statements: (continued)

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.

Fiduciary fund expenditures are presented by natural classification.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(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 –the Building Fund is a consolidation of four sub-funds:

1. Building Fund (Fund #210) – used to account for the construction and/or acquisition of major capital facilities. Income is from rental of unused sites.
2. Building Fund Series A (Fund #211) – used to account for the proceeds of Certificates of Participation and for acquisition, retro-fitting and operation of real property.
3. Building Fund Series B (Fund #212) – used to account for the proceeds of Certificates of Participation and the acquisition and operation of real property.
4. Bond Building Fund (Fund #213) – used to account for the proceeds of general obligation bonds and repairs and for construction of facilities.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – MAJOR (continued)

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.

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:

1. 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:

2. Adult Education Fund - used to account for resources committed to adult education programs maintained by the District.
3. Cafeteria Fund - used to account for revenues received and expenditures made to operate the District's cafeterias.
4. Child Development Fund - used to account for resources committed to child development programs.
5. Deferred Maintenance Fund - used for the purpose of major repair or replacement of District property.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR (continued)

5. Retiree Benefits Fund – used to account for future payments of health and welfare benefits.
6. Alternative Retiree Benefits Fund – used to account for future payments of the exempt governmental deferred compensation plan.

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 (Residential) – used to account for resources received from residential developer impact fees.
2. Capital Facilities Fund (Commercial) – used to account for resources received from commercial developer impact fees.
3. 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR (continued)

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

1. Foundation Private Purpose Trust Fund – is a consolidation of two subfunds: 1) David Graham and Stella Brittingham Memorial Scholarship Fund – used to award scholarships to students and/or graduates of Ventura Unified School District who have participated in aquatic sports. 2) Foundation Fund - used to account for donations of funds from private individuals and organizations.
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 eight organized Student Body Funds and three unorganized student body funds.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

C. BASIS OF ACCOUNTING: (continued)

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. Receivables

Receivables are generally recorded when the amount is earned and the amount can be estimated. Senate Bill XI 18 added Education Code Section 33128.1, allowing LEAs to recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year. There were four programs in 2002-03 for which all or a portion of the award amount was deferred to July 2003. Namely, Home-to-School Transportation, School Improvement, and Supplemental Grant programs. The District has recognized revenues for these programs, including this final allotment that was received in July 2003, up to the amount spent in 2002-03.

3. Inventories

Inventories are presented at average cost. Inventories consist of expendable supplies held for consumption. At June 30, 2003, total supply inventory is \$381,094 and food inventory is \$223,206.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

C. BASIS OF ACCOUNTING: (continued)

4. 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.

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 as defined in GASB No. 34. 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

5. 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, 2003

(Continued)

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

C. BASIS OF ACCOUNTING: (continued)

6. 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.

7. Long Term Obligations

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

8. 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, 2003

(Continued)

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

C. BASIS OF ACCOUNTING: (continued)

9. 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.

10. 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.

Per SBXI 18, the Legislature shifted the final Second Principal (P-2) apportionment payment related to the 2002-03 fiscal year from June 2003 to July 2003. This shift delayed the payment by two weeks. Since the payment is received within 60 days of year end and is based on 2002-03 attendance, the District has recognized this amount as part of the revenue limit calculation for the current fiscal year and this amount is included in the revenue in these financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

C. BASIS OF ACCOUNTING: (continued)

11. 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.

12. 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 and Public Employees Retirement Systems 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 \$2,500,000 for STRS and \$18,000 for PERS.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

C. BASIS OF ACCOUNTING: (continued)

13. 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.

Due to the uncertainty of funding the District has elected not to accrue a receivable for the State match of deferred maintenance funds. The State match will be recorded as revenue in the year received. The estimated allowance is \$214,000.

D. REPORTING ENTITY:

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Education.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, The Financial Reporting Entity. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

D. REPORTING ENTITY: (continued)

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

The Ventura County Schools Public Financing Corporation – the financial activity has been blended in the District's Building Fund Series A and Building Fund Series B. Individually prepared financial statements are not prepared for the Corporation.

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

The Ventura Unified School District Education Foundation - The Foundation is a separate not-for-profit corporation. The Board of Directors are elected by their own Board and independent of any District Board of Education appointments. The Foundation's Board is responsible for approving its own budget and accounting and finance related activities. Separate financial statements for the Foundation may be obtained through the District.

NOTE 2 - BUDGETS:

By state law, the District's Governing Board must adopt a final budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted in a basis consistent with generally accepted accounting principles (GAAP).

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 for the General Fund is presented in a budgetary comparison schedule in the supplementary section.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS:

A. Deposits

Cash at June 30, 2003 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	\$ 129,583	\$ 903,941	\$ 1,033,524
Cash in Revolving Fund	50,000		50,000
Pooled Funds (not required to be categorized):			
Cash in County Treasury	47,309,056	270,233	47,579,299

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 following schedule.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury (the County). 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, 2003, as provided by the pool sponsor, was \$47,767,181.

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS: (continued)

A. Deposits (continued)

	<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	\$313,328	\$	\$ 816,265	\$1,129,593	\$1,033,524
Cash in Revolving Fund	<u>36,326</u>	<u> </u>	<u> </u>	<u>36,326</u>	<u>50,000</u>
Total Deposits	<u>\$349,654</u>	<u>\$</u>	<u>\$ 816,265</u>	<u>\$1,165,919</u>	<u>\$1,083,524</u>

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 2002-03 fiscal year, nor were they involved in any reverse repurchase agreements during 2002-03.

Investments with Fiscal Agent at June 30, 2003, held on behalf of the Ventura County Schools Public Financing Corporation, are presented below, categorized separately to give an indication of the level of custodial risk associated with each investment:

	<u>Category*</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Treasury Obligations	\$ <u> </u>	\$ <u> </u>	\$ <u>1,983,296</u>	\$ <u>1,983,296</u>	\$ <u>1,983,296</u>

*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)	<u>\$454,087</u>
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VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 4 - 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, 2003 are as follows:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$1,387,862	\$ 234,392
Special Revenue Funds:		
Adult Education Fund	23,364	267,635
Cafeteria Fund	141,871	636,184
Child Development Fund		69,398
Retiree Benefits Fund		387,399
Capital Projects Funds:		
Building Fund	9,157	13,746
Building Fund (Series A)		2,280
Building Fund (Series B)	2,280	11,168
Bond Building Fund	90,669	259,236
County School Facilities Fund	258,826	30,669
State School Building Lease-Purchase Fund	410	
Fiduciary Fund:		
Foundation Fund		2,332
Totals	<u>\$1,914,439</u>	<u>\$1,914,439</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(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 2002-03 fiscal year are as follows:

Transfer from General Fund to Deferred Maintenance Fund for State matching funds	\$ 580,000
Transfer from Capital Facilities Fund (Residential and Commercial) to General Fund to pay for developer's fees administration	32,826
Transfer from Capital Facilities Fund (Commercial) to State School Building Lease-Purchase Fund for additional funding support	1,739
Transfer from General Fund to Retiree Benefit Fund and the Alternative Retiree Benefit Fund for expenditures and prefunding	4,000,000
Transfer from County School Facilities Fund to Bond Building Fund for reimbursement of prior year capital projects	6,000,000
Transfer from Adult Education Fund to the Building Fund (Series A) to pay for Certificates of Participation debt service	448,038
Transfer from the Bond Building Fund to State School Building Lease-Purchase Fund for capital projects	1,942,174
Transfer from Bond Building Fund to County School Facilities Fund for required District match	2,583,402
Transfer from General Fund to State School Building Lease-Purchase Fund for capital project expenditures	50,000
Transfers between the Building Fund (Series A) and Building Fund (Series B) for temporary loan and subsequent repayment	<u>600,000</u>
Total	<u>\$16,238,179</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(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>
Revolving Cash	\$ 50,000	\$
Stores Inventory	381,094	223,206
Prepays	<u>67,174</u>	<u>16,021</u>
Total	<u>\$498,268</u>	<u>\$239,227</u>

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

Major Funds:

General Fund:

Gifted and Talented Education	\$ 56,140
K-8 Instructional Materials	46,687
9-12 Math Instructional Materials	14,871
Tenth Grade Counseling	12,133
Medi-Cal	848,557
Library Grant	233,240
Restricted Lottery	343,403
Classroom Library	1,342
English Language Acquisition Program	85,379
School Safety	174,820
Office of Emergency Services – El Nino	15,467
Instructional Materials Realignment Program	667,262
AB 115 – Instructional Materials/Staff Buyout	
One-Time Per-Pupil Block Grant	45,288
Digital High School Technology System	9,081
Educational Technology – Staff Development	65,407
Schiff Bustamante	130,295
Special Education Infant	108,602
Governor’s Book Fund	<u>726</u>
Total	<u>\$2,858,700</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

Non-Major Funds:

Child Development Fund:

Child Care Reserve Fund \$ 210,944

Fiduciary Funds:

David Graham Scholarship Fund

Scholarships \$ 31,983

Foundation Fund

Other Grants 235,459

Total \$ 267,442

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

Major Funds:

General Fund:

Economic Uncertainties \$ 3,463,200

Gray Family Trust 27,892

AB 3488 2,901

\$ 3,493,993

Building Fund:

Future Capital Projects:

Building Fund \$ 552,340

Building Fund (Series A) 2,552,017

Building Fund (Series B) 541,802

Bond Building Fund 7,078,706

\$ 10,724,865

County School Facilities Fund:

Modernization Projects \$ 9,851,275

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

Non-Major Funds:	
Special Revenue Funds:	
Adult Education Fund:	
Debt Service	\$ 447,995
Economic Uncertainties	156,040
Cafeteria Fund:	
Reserve for Economic Uncertainties	140,000
Deferred Maintenance Fund:	
Future Projects	334,709
Retiree Benefit Fund:	
Post-Retirement Benefits	3,566,262
Alternative Retiree Benefits Fund:	
Deferred Compensation of Eligible Retirees	1,082,005
Capital Projects Funds:	
Capital Facilities (Residential):	
Future Capital Improvement Projects	5,134,001
Capital Facilities (Commercial):	
Future Capital Improvement Projects	581,875
State School Building Lease-Purchase Fund:	
Modernization Projects	<u>434,585</u>
Total	<u>\$11,877,472</u>

NOTE 7 - TAX REVENUE ANTICIPATION NOTES:

The District issued \$2,970,000 of Tax Revenue Anticipation Notes dated July 3, 2002. The notes included interest at a rate of 3.00% and matured on July 3, 2003. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that \$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 be deposited with U.S. Bank Trust, N.A., (the "Trustee"). The total amount of interest paid was \$89,100. 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, 2003.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 8 – LOAN PAYABLE:

On June 20, 2000 the District entered into a loan agreement in the amount of \$121,673 with the State of California under the Child Care Facilities Revolving Fund Program. The proceeds of which were used for the purchase and installation of a new relocatable building for the preschool program. The outstanding debt and annual repayment requirements at June 30, 2003 are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2004	\$ 12,167
2005	12,167
2006	12,167
2007	12,167
2008	12,167
2009-2011	<u>35,367</u>
Total	96,202
Less Amount Representing Interest	<u>0</u>
Net Loan Payable	\$ <u>96,202</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(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, 2003 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2002</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2003</u>
8/15/97 A	Various	8/1/2027	\$10,000,000	\$ 9,450,000	\$160,000	\$ 9,290,000
6/23/98 B	Various	8/1/2028	10,000,000	9,545,000	175,000	9,370,000
6/29/99 C	Various	2/1/2030	10,000,000	9,730,000	165,000	9,565,000
6/1/00 D	Various	2/1/2031	12,500,000	12,450,000	170,000	12,280,000
7/11/01 E	Various	2/1/2032	12,500,000	12,500,000	140,000	12,360,000
7/11/02 F	Various	8/1/2032	<u>10,000,000</u>			<u>10,000,000</u>
			<u>\$65,000,000</u>	<u>\$53,675,000</u>	<u>\$810,000</u>	<u>\$62,865,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2003, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,025,000	\$ 3,336,489	\$ 4,361,489
2005	1,120,000	3,256,531	4,376,531
2006	1,180,000	3,171,915	4,351,915
2007	1,255,000	3,085,243	4,340,243
2008	1,320,000	2,998,908	4,318,908
2009-2013	7,720,000	13,825,550	21,545,550
2014-2018	9,880,000	11,677,879	21,557,879
2019-2023	12,790,000	8,784,421	21,574,421
2024-2028	16,610,000	4,940,998	21,550,998
2029-2033	<u>9,965,000</u>	<u>976,273</u>	<u>10,941,273</u>
Totals	<u>\$62,865,000</u>	<u>\$56,054,211</u>	<u>\$118,919,211</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(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 were held in trust until the extinguishment of the debt occurring in August 2002. The trust value at June 30, 2003 is \$1,217.

The Ventura County Schools Public Facilities Financing Corporation acts as a purchaser and lessor of the property and U.S. Bank acts as trustee and disbursing agent. At June 30, 2003, the District had \$475,184 available with the Trustee for repayment. The principal amount due at June 30, 2003 is \$5,610,000.

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.

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

<u>Year Ending</u> <u>April 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 200,000	\$ 247,996	\$ 447,996
2005	205,000	243,094	448,094
2006	210,000	237,354	447,354
2007	215,000	230,740	445,740
2008	220,000	223,322	443,322
2009-2013	1,250,000	979,890	2,229,890
2014-2018	1,565,000	679,426	2,244,426
2019-2022	<u>1,745,000</u>	<u>243,072</u>	<u>1,988,072</u>
	<u>\$5,610,000</u>	<u>\$3,084,894</u>	<u>\$8,694,894</u>

The interest ranges from 2.00% to 5.18%.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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

A schedule of changes in long-term debt for the year ended June 30, 2003 is shown below.

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>
General obligation bonds	\$53,675,000	\$10,000,000	\$ 810,000	\$62,865,000
Certificates of participation	5,835,000		225,000	5,610,000
Loan payable	121,524		25,322	96,202
Accrued vacation	<u>852,885</u>		<u>125,822</u>	<u>727,063</u>
Totals	<u>\$60,484,409</u>	<u>\$10,000,000</u>	<u>\$1,186,144</u>	<u>\$69,298,265</u>

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

Capital asset activity for the year ended June 30, 2003 is shown below.

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2003</u>
Land	\$ 10,613,630	\$ 2,382,650	\$ 29,550	\$ 12,966,730
Building and improvements	141,396,138	26,290,564	330,606	167,356,096
Machinery, equipment and vehicles	<u>4,126,664</u>	<u>395,918</u>	<u>47,019</u>	<u>4,475,563</u>
Totals at historical cost	<u>156,136,432</u>	<u>29,069,132</u>	<u>407,175</u>	<u>184,798,389</u>
Less accumulated depreciation for:				
Building and improvements	30,562,725	3,965,514	330,606	34,197,633
Machinery, equipment and vehicles	<u>2,284,413</u>	<u>355,418</u>	<u>47,019</u>	<u>2,592,812</u>
Total accumulated depreciation	<u>32,847,138</u>	<u>4,320,932</u>	<u>377,625</u>	<u>36,790,445</u>
Governmental activities capital assets, net	<u>\$123,289,294</u>	<u>\$24,748,200</u>	<u>\$ 29,550</u>	<u>\$148,007,944</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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.

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 2002-03 was 8.25% of annual payroll. 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, 2003

(Continued)

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

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. The required employer contribution rate for fiscal year 2002-03 was 2.894% (July 1, 2002 to January 31, 2003) and 2.771% (February 1, 2003 to June 30, 2003) of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

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

Year Ended <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2001	\$4,228,020	100%	\$ 0	100%
2002	4,430,830	100%	0	100%
2003	4,664,684	100%	557,374	100%

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

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, are entitled to Health and Welfare benefits based on status at the time of retirement. As of June 30, 2003, the District had 555 retired employees covered under the plan at a cost of \$3,865,258 for the fiscal year 2002-03, which is included in the Retiree Benefits Fund expenditures. The cost for 2003-04 is expected to be \$4,993,506. An actuarial study was conducted to estimate the liability of the revised retirement plan. The estimated present value as of July 1, 2002 is \$57,921,459.

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, 2003 the District had 136 retired employees covered under the plan. The cost attributable to this program in 2002-03 was \$918,594, and \$605,994 is expected to be the cost in 2003-04. An actuarial study was conducted to estimate the liability of the deferred compensation plan. The estimated present value as of July 1, 2002 was \$7,659,112 for all eligible employees of this plan. The total estimated liability for known eligible employees at June 30, 2003, for the next four years is expected to be \$2,064,238.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(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, 2002</u>	The Trust (Audited) <u>June 30, 2002</u>
Total Assets	\$ 25,710,945	\$ 3,914,749
Total Liabilities	<u>37,129,006</u>	<u>4,096,598</u>
Total Fund Balance	\$ <u>(11,418,061)</u>	\$ <u>(181,849)</u>
Total Revenues	\$ <u>14,609,369</u>	\$ <u>31,710,671</u>
Total Expenditures	\$ <u>24,725,462</u>	\$ <u>32,640,586</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 16 – DEFICIT FUND BALANCE:

The Cabrillo Middle School Associated Student Body ended the fiscal year with a \$(3,056) deficit unrestricted ending fund balance. The fund balance of \$11,271 was not adequate to cover the required reserve balance for inventory of \$14,327.

NOTE 17 - 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. Construction Commitments

As of June 30, 2003, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$17,100,000. Projects will be funded through Bond Proceeds, State School Building Lease-Purchase Grants, Capital Facilities Funds and County School Facilities Grants.

D. Purchase of Equipment and Furnishings

As of June 30, 2003, the District was committed under an escrow agreement to purchase equipment and furnishings for a total of \$247,525.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 17 - COMMITMENTS AND CONTINGENCIES: (continued)

E. Sale of Property – Hails Property

As of December 2002, the District entered into an escrow agreement to sell the Hails Property for a total of \$33,500,000. 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 August 8, 2004.

F. Sale of Property – Glickberg School Site

As of June 30, 2003, 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 closing date of this escrow agreement is September 30, 2003.

G. 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 has jointly marketed 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

(Continued)

NOTE 18 - SUBSEQUENT EVENT:

A. Tax Revenue Anticipation Notes

The District issued \$5,000,000 of Tax Revenue Anticipation Notes dated July 3, 2003. The notes include interest at a rate of 2.0% and mature on July 6, 2004. The notes were sold by the District to supplement its cash flow.

The District is required to deposit \$2,000,000 plus interest in February 2004, \$500,000 plus interest in both March 2004 and April 2004 and \$2,000,000 plus interest in May 2004 with the Trustee.

B. General Obligation Bonds

The District sold \$6,000,000 General Obligation Bonds, 1997 Election, Series G on July 2, 2003. The bonds were sold with an interest rate ranging from 3.00% to 6.00% and mature in 2033. The bonds were sold to finance the construction of schools, to replace old portable buildings, for technology infrastructure and for modernization and renovation. An advance of \$60,000 in proceeds was received by the District during fiscal year end June 30, 2003.

SUPPLEMENTARY INFORMATION SECTION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2003

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, three continuation high schools, 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, 2003 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mr. John Walker	President	December 31, 2005
Mr. Cliff Rodrigues	Vice President	December 31, 2005
Mrs. Velma Lomax	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
Mr. Jeff Chancer	Assistant Superintendent, Educational Services
Dr. Richard Morrison	Assistant Superintendent, Human Resources

VENTURA UNIFIED SCHOOL DISTRICT

MAJOR BUILDING SUB-FUNDS
COMBINING BALANCE SHEET

June 30, 2003

	Building Fund	Building Fund (Series A)	Building Fund (Series B)	Bond Building Fund	Total (Memorandum Only)
Assets					
Cash in county treasury	\$ 627,177	\$ 407,517	\$ 533,397	\$ 8,496,044	\$ 10,064,135
Investment with fiscal agent		2,437,383			2,437,383
Accounts receivable:					
Miscellaneous	9,266	986	18,208	76,436	104,896
Due from other funds	9,157		2,280	90,669	102,106
Total Assets	\$ 645,600	\$ 2,845,886	\$ 553,885	\$ 8,663,149	\$ 12,708,520
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 79,514	\$ 291,589	\$ 915	\$ 1,325,207	\$ 1,697,225
Due to other funds	13,746	2,280	11,168	259,236	286,430
Total Liabilities	93,260	293,869	12,083	1,584,443	1,983,655
Fund Balances					
Designated for special purposes	552,340	2,552,017	541,802	7,078,706	10,724,865
Total Fund Balances	552,340	2,552,017	541,802	7,078,706	10,724,865
Total Liabilities and Fund Balances	\$ 645,600	\$ 2,845,886	\$ 553,885	\$ 8,663,149	\$ 12,708,520

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
MAJOR BUILDING SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2003

	Building Fund	Building Fund (Series A)	Building Fund (Series B)	Bond Building Fund	Total (Memorandum Only)
Revenues					
Other local sources	\$ 155,926	\$ 82,771	\$ 305,391	\$ 448,123	\$ 992,211
Total Revenues	<u>155,926</u>	<u>82,771</u>	<u>305,391</u>	<u>448,123</u>	<u>992,211</u>
Expenditures					
Plant services	1,669,452	1,527,987	184,312	15,882,116	19,263,867
Debt service		448,037			448,037
Total Expenditures	<u>1,669,452</u>	<u>1,976,024</u>	<u>184,312</u>	<u>15,882,116</u>	<u>19,711,904</u>
Excess (deficiency) of revenues over expenditures	<u>(1,513,526)</u>	<u>(1,893,253)</u>	<u>121,079</u>	<u>(15,433,993)</u>	<u>(18,719,693)</u>
Other Financing Sources (Uses)					
Interfund transfers in	300,000	748,038		6,000,000	7,048,038
Proceeds from sales of bonds				9,960,000	9,960,000
Proceeds from sales of land	1,249,843				1,249,843
Interfund transfers out	<u>(300,000)</u>	<u>(300,000)</u>		<u>(4,525,576)</u>	<u>(5,125,576)</u>
Total Other Financing Sources (Uses)	<u>1,249,843</u>	<u>448,038</u>	<u>-</u>	<u>11,434,424</u>	<u>13,132,305</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(263,683)</u>	<u>(1,445,215)</u>	<u>121,079</u>	<u>(3,999,569)</u>	<u>(5,587,388)</u>
Fund Balances at Beginning of Year	<u>816,023</u>	<u>3,997,232</u>	<u>420,723</u>	<u>11,078,275</u>	<u>16,312,253</u>
Fund Balances at End of Year	<u>\$ 552,340</u>	<u>\$ 2,552,017</u>	<u>\$ 541,802</u>	<u>\$ 7,078,706</u>	<u>\$ 10,724,865</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND
BALANCE SHEET

June 30, 2003

	<u>Bond Interest and Redemption Fund</u>
<u>Assets</u>	
Cash in county treasury	\$ 3,987,721
Accounts receivable	<u>15,898</u>
Total Assets	<u>\$ 4,003,619</u>
 <u>Liabilities and Fund Balances</u>	
Fund Balances	
Reserved for debt service	\$ <u>4,003,619</u>
Total Fund Balances	<u>4,003,619</u>
Total Liabilities and Fund Balances	<u>\$ 4,003,619</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2003

	Bond Interest and Redemption Fund
Revenues	
Other state sources	\$ 68,653
Other local sources	4,500,828
Total Revenues	4,569,481
Expenditures	
Debt service	3,995,357
Total Expenditures	3,995,357
Excess (deficiency) of revenues over expenditures	574,124
Fund Balances at Beginning of Year	3,429,495
Fund Balances at End of Year	\$ 4,003,619

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2003

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
Assets							
Cash in county treasury	\$ 425,883	\$ 819,931	\$ 178,740	\$ 340,204	\$ 3,934,041	\$ 1,076,900	\$ 6,775,699
Cash on hand and in banks		129,583					129,583
Accounts receivable:							
Federal and state governments		719,941	200,469				920,410
Miscellaneous	466,952	39,437	1,288	1,819	19,620	5,105	534,221
Due from other funds	23,364	141,871					165,235
Inventories		223,206					223,206
Prepaid expenditures		16,021					16,021
Total Assets	\$ 916,199	\$ 2,089,990	\$ 380,497	\$ 342,023	\$ 3,953,661	\$ 1,082,005	\$ 8,764,375
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 25,994	\$ 197,299	\$ 51,605	\$ 7,314	\$	\$	\$ 282,212
Due to other funds	267,635	636,184	69,398		387,399		1,360,616
Deferred revenue	18,535						18,535
Total Liabilities	312,164	833,483	121,003	7,314	387,399	-	1,661,363
Fund Balances							
Restricted for special purposes			210,944				210,944
Reserved for special purposes		239,227					239,227
Designated for special purposes	604,035	140,000		334,709	3,566,262	1,082,005	5,727,011
Undesignated		877,280	48,550				925,830
Total Fund Balances	604,035	1,256,507	259,494	334,709	3,566,262	1,082,005	7,103,012
Total Liabilities and Fund Balances	\$ 916,199	\$ 2,089,990	\$ 380,497	\$ 342,023	\$ 3,953,661	\$ 1,082,005	\$ 8,764,375

See the accompanying notes to the supplementary information.

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, 2003

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
Revenues							
Revenue from revenue limit sources:							
State apportionment	\$ 3,374,212	\$ 1,169,583	\$	\$	\$	\$	\$ 4,543,795
Revenue from federal sources	526,136	2,677,077					3,203,213
Revenue from other state sources	126,274	195,255	1,037,700	75,906			1,435,135
Revenue from local sources	<u>1,645,878</u>	<u>2,410,441</u>	<u>8,393</u>	<u>11,136</u>	<u>119,359</u>	<u>34,045</u>	<u>4,229,252</u>
Total Revenues	<u>5,672,500</u>	<u>6,452,356</u>	<u>1,046,093</u>	<u>87,042</u>	<u>119,359</u>	<u>34,045</u>	<u>13,411,395</u>
Expenditures							
Instruction	3,352,415		862,376		2,795,126	664,273	7,674,190
Instruction-related services	1,239,673		119,577		441,038	104,815	1,905,103
Pupil services	87,335	5,453,065			321,140	76,320	5,937,860
Ancillary services					19,155	4,552	23,707
Community services					5,117	1,216	6,333
General administration	262,583	669,352	67,940		283,682	67,418	1,350,975
Plant services	<u>318,083</u>	<u>4,270</u>	<u>4,522</u>	<u>1,655,471</u>			<u>1,982,346</u>
Total Expenditures	<u>5,260,089</u>	<u>6,126,687</u>	<u>1,054,415</u>	<u>1,655,471</u>	<u>3,865,258</u>	<u>918,594</u>	<u>18,880,514</u>
Excess (deficiency) of revenues over expenditures	<u>412,411</u>	<u>325,669</u>	<u>(8,322)</u>	<u>(1,568,429)</u>	<u>(3,745,899)</u>	<u>(884,549)</u>	<u>(5,469,119)</u>
Other Financing Sources (Uses)							
Interfund transfers in				580,000	3,500,000	500,000	4,580,000
Interfund transfers out	<u>(448,038)</u>						<u>(448,038)</u>
Total Other Financing Sources (Uses)	<u>(448,038)</u>	<u>-</u>	<u>-</u>	<u>580,000</u>	<u>3,500,000</u>	<u>500,000</u>	<u>4,131,962</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(35,627)</u>	<u>325,669</u>	<u>(8,322)</u>	<u>(988,429)</u>	<u>(245,899)</u>	<u>(384,549)</u>	<u>(1,337,157)</u>
Fund Balances at Beginning of Year	<u>639,662</u>	<u>930,838</u>	<u>267,816</u>	<u>1,323,138</u>	<u>3,812,161</u>	<u>1,466,554</u>	<u>8,440,169</u>
Fund Balances at End of Year	<u>\$ 604,035</u>	<u>\$ 1,256,507</u>	<u>\$ 259,494</u>	<u>\$ 334,709</u>	<u>\$ 3,566,262</u>	<u>\$ 1,082,005</u>	<u>\$ 7,103,012</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2003

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	State School Building Lease- Purchase Fund	Total (Memorandum Only)
<u>Assets</u>				
Cash in county treasury	\$ 5,109,441	\$ 579,145	\$ 803,694	\$ 6,492,280
Accounts receivable:				
Miscellaneous	26,060	2,730	1,130	29,920
Due from other funds			410	410
Total Assets	<u>\$ 5,135,501</u>	<u>\$ 581,875</u>	<u>\$ 805,234</u>	<u>\$ 6,522,610</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 1,500	\$ -	\$ 370,649	\$ 372,149
Total Liabilities	<u>1,500</u>	<u>-</u>	<u>370,649</u>	<u>372,149</u>
Fund Balances				
Designated for Special Purposes	5,134,001	581,875	434,585	6,150,461
Total Fund Balances	<u>5,134,001</u>	<u>581,875</u>	<u>434,585</u>	<u>6,150,461</u>
Total Liabilities and Fund Balances	<u>\$ 5,135,501</u>	<u>\$ 581,875</u>	<u>\$ 805,234</u>	<u>\$ 6,522,610</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2003

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	State School Building Lease- Purchase Fund	Total (Memorandum Only)
Revenues				
Other state sources	\$	\$	\$ 147,295	\$ 147,295
Other local sources	<u>1,104,648</u>	<u>124,926</u>	<u>3,800</u>	<u>1,233,374</u>
Total Revenues	<u>1,104,648</u>	<u>124,926</u>	<u>151,095</u>	<u>1,380,669</u>
Expenditures				
Plant services	<u>219,492</u>	<u>-</u>	<u>1,909,825</u>	<u>2,129,317</u>
Total Expenditures	<u>219,492</u>	<u>-</u>	<u>1,909,825</u>	<u>2,129,317</u>
Excess (deficiency) of revenues over expenditures	<u>885,156</u>	<u>124,926</u>	<u>(1,758,730)</u>	<u>(748,648)</u>
Other Financing Sources (Uses)				
Interfund transfers in			1,993,913	1,993,913
Interfund transfers out	<u>(31,213)</u>	<u>(3,352)</u>	<u>-</u>	<u>(34,565)</u>
Total Other Financing Sources (Uses)	<u>(31,213)</u>	<u>(3,352)</u>	<u>1,993,913</u>	<u>1,959,348</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	853,943	121,574	235,183	1,210,700
Fund Balances at Beginning of Year	<u>4,280,058</u>	<u>460,301</u>	<u>199,402</u>	<u>4,939,761</u>
Fund Balances at End of Year	<u>\$ 5,134,001</u>	<u>\$ 581,875</u>	<u>\$ 434,585</u>	<u>\$ 6,150,461</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS

June 30, 2003

	<u>David Graham Scholarship Fund</u>	<u>Foundation Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>			
Cash in county	\$ 31,829	\$ 238,404	\$ 270,233
Accounts receivable:			
Miscellaneous	<u>154</u>	<u>1,449</u>	<u>1,603</u>
Total Assets	<u>31,983</u>	<u>239,853</u>	<u>271,836</u>
<u>Liabilities</u>			
Accounts payable		2,062	2,062
Due to other funds		<u>2,332</u>	<u>2,332</u>
Total Liabilities	<u>-</u>	<u>4,394</u>	<u>4,394</u>
<u>Net Assets</u>			
Restricted for special purposes	<u>31,983</u>	<u>235,459</u>	<u>267,442</u>
Total Net Asstes	<u>\$ 31,983</u>	<u>\$ 235,459</u>	<u>\$ 267,442</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUND
NET ASSETS - PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2003**

	<u>David Graham Scholarship Fund</u>	<u>Foundation Fund</u>	<u>Total (Memorandum Only)</u>
Additions			
Revenue from local sources	\$ 787	\$ 329,997	\$ 330,784
Total Additions	<u>787</u>	<u>329,997</u>	<u>330,784</u>
Deductions			
Scholarships awarded	899		899
Other expenses		110,560	110,560
Total Deductions	<u>899</u>	<u>110,560</u>	<u>111,459</u>
Changes in net assets	(112)	219,437	219,325
Net Assets at Beginning of Year	<u>32,095</u>	<u>16,022</u>	<u>48,117</u>
Net Assets at End of Year	<u>\$ 31,983</u>	<u>\$ 235,459</u>	<u>\$ 267,442</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
 COMBINING BALANCE SHEET
 June 30, 2003

	Venura 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	\$ 374,561	\$ 335,958	\$ 32,200	\$ 37,573	\$ 20,708	\$ 74,938
Accounts receivable:						
Miscellaneous	455	191				
Stores inventory	7,911	14,168	579			336
Total Assets	\$ 382,927	\$ 350,317	\$ 32,779	\$ 37,573	\$ 20,708	\$ 75,274
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 12,200	\$ 4,229	\$	\$	\$	\$
Funds held in trust	292,102	251,686	12,404	7,252	11,415	8,123
Total Liabilities	304,302	255,915	12,404	7,252	11,415	8,123
Fund Balances						
Reserved for special purposes	7,911	14,168	579			336
Undesignated	70,714	80,234	19,796	30,321	9,293	66,815
Total Fund Balances	78,625	94,402	20,375	30,321	9,293	67,151
Total Liabilities and Fund Balances	\$ 382,927	\$ 350,317	\$ 32,779	\$ 37,573	\$ 20,708	\$ 75,274

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
COMBINING BALANCE SHEET

June 30, 2003

	<u>Cabrillo Middle School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Elmhurst Elementary School</u>	<u>Total (Memorandum Only)</u>
Assets						
Cash on hand and in banks	\$ 3,599	\$ 18,184	\$ 636	\$ 3,997	\$ 1,587	\$ 903,941
Accounts receivable:						
Miscellaneous						646
Inventories	14,327					37,321
Total Assets	<u>\$ 17,926</u>	<u>\$ 18,184</u>	<u>\$ 636</u>	<u>\$ 3,997</u>	<u>\$ 1,587</u>	<u>\$ 941,908</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 6,655	\$ 16,261	\$ -	\$ -	\$ -	\$ 16,429
Funds held in trust	6,655	16,261				605,898
Total Liabilities	<u>6,655</u>	<u>16,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,327</u>
Fund Balances						
Reserved for special purposes	14,327					37,321
Undesignated	(3,056)	1,923	636	3,997	1,587	282,260
Total Fund Balances	<u>11,271</u>	<u>1,923</u>	<u>636</u>	<u>3,997</u>	<u>1,587</u>	<u>319,581</u>
Total Liabilities and Fund Balances	<u>\$ 17,926</u>	<u>\$ 18,184</u>	<u>\$ 636</u>	<u>\$ 3,997</u>	<u>\$ 1,587</u>	<u>\$ 941,908</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2003

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
Revenues						
Revenue from Local Sources						
Athletics	\$ 155,726	\$ 180,507	\$	\$	\$	\$
Student body cards	19,574	22,650				
Student store / P.E. clothes	30,274	54,054	7,250			
Yearbook	72,153	81,112	34,405	15,930	8,365	22,984
Fundraising				17,397	15,240	144,714
Vending machines	9,192	19,710	1,189			
Social activities			1,687	3,194		
Interest	3,733	3,380	523			1,295
Other revenues	46,104	28,990	54,633	41,801	8,411	48,544
Total Revenues	<u>336,756</u>	<u>390,403</u>	<u>99,687</u>	<u>78,322</u>	<u>32,016</u>	<u>217,537</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics	168,585	185,683				
Fundraising				4,455	8,984	125,853
Student store / P.E. clothes	43,090	40,990	6,219			
Yearbook	78,407	80,890	20,103	13,869	8,804	20,819
Social activities			950	3,098		
Vending machines	2,800	104				
Other expenditures	42,267	110,008	65,182	48,544	17,838	53,476
Total Expenditures	<u>335,149</u>	<u>417,675</u>	<u>92,454</u>	<u>69,966</u>	<u>35,626</u>	<u>200,148</u>
Excess (deficiency) of revenues over expenditures	1,607	(27,272)	7,233	8,356	(3,610)	17,389
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 78,625</u>	<u>\$ 94,402</u>	<u>\$ 20,375</u>	<u>\$ 30,321</u>	<u>\$ 9,293</u>	<u>\$ 67,151</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2003**

	<u>Cabrillo Middle School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Elmhurst Elementary School</u>	<u>Total (Memorandum Only)</u>
Revenues						
Revenue from Local Sources						
Athletics	\$	\$	\$	\$	\$	\$ 336,233
Student body cards						42,224
Student store / P.E. clothes	13,819					105,397
Yearbook	9,536			358		244,843
Fundraising	101,050		163	791		279,355
Vending machines						30,091
Social activities				3,330	9,337	17,548
Interest	62	219				9,212
Other revenues	<u>14,775</u>	<u>4,218</u>	<u>1,530</u>	<u>2,199</u>	<u>4,966</u>	<u>256,171</u>
Total Revenues	<u>139,242</u>	<u>4,437</u>	<u>1,693</u>	<u>6,678</u>	<u>14,303</u>	<u>1,321,074</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics						354,268
Fundraising	78,752		83	114		218,241
Student store / P.E. clothes	13,723					104,022
Yearbook	9,943					232,835
Social activities				3,861	10,333	18,242
Vending machines						2,904
Other expenditures	<u>41,036</u>	<u>4,153</u>	<u>1,967</u>	<u>1,350</u>	<u>2,383</u>	<u>388,204</u>
Total Expenditures	<u>143,454</u>	<u>4,153</u>	<u>2,050</u>	<u>5,325</u>	<u>12,716</u>	<u>1,318,716</u>
Excess (deficiency) of revenues over expenditures	(4,212)	284	(357)	1,353	1,587	2,358
Fund Balances at Beginning of Year	<u>15,483</u>	<u>1,639</u>	<u>993</u>	<u>2,644</u>	<u>-</u>	<u>317,223</u>
Fund Balances at End of Year	<u>\$ 11,271</u>	<u>\$ 1,923</u>	<u>\$ 636</u>	<u>\$ 3,997</u>	<u>\$ 1,587</u>	<u>\$ 319,581</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
				Final to Actual
Revenues				
Revenue limit sources:				
State apportionments	\$ 40,460,885	\$ 40,520,111	\$ 39,950,569	\$ (569,542)
Local sources	39,786,333	41,359,119	41,943,996	584,877
Total revenue limit sources	80,247,218	81,879,230	81,894,565	15,335
Federal sources	6,487,022	9,186,728	7,887,973	(1,298,755)
Other state sources	15,238,140	16,784,057	15,508,916	(1,275,141)
Other local sources	8,818,036	9,466,799	9,575,761	108,962
Total Revenues	<u>110,790,416</u>	<u>117,316,814</u>	<u>114,867,215</u>	<u>(2,449,599)</u>
Expenditures				
Certificated salaries	54,908,747	56,966,261	56,345,353	620,908
Classified salaries	18,650,868	18,910,518	18,235,496	675,022
Employee benefits	21,973,705	22,337,129	22,379,351	(42,222)
Books and supplies	5,907,643	9,159,585	4,619,977	4,539,608
Contracted services	6,530,516	7,349,037	6,868,084	480,953
Capital outlay	53,000	1,619,101	1,649,705	(30,604)
Tuition and other outgo	2,137,000	1,623,590	1,636,561	(12,971)
Debt service		12,167	12,167	-
Direct support - indirect cost	(1,070,938)	(1,079,250)	(937,058)	(142,192)
Total Expenditures	<u>109,090,541</u>	<u>116,898,138</u>	<u>110,809,636</u>	<u>6,088,502</u>
Excess (deficiency) of revenues over expenditures	<u>1,699,875</u>	<u>418,676</u>	<u>4,057,579</u>	<u>3,638,903</u>
Other Financing Sources (Uses)				
Interfund transfers in	30,030	32,560	32,826	266
Interfund transfers out	(4,619,440)	(4,630,000)	(4,630,000)	-
Total Other Financing Sources (Uses)	<u>(4,589,410)</u>	<u>(4,597,440)</u>	<u>(4,597,174)</u>	<u>266</u>
Net change in fund balance	<u>\$ (2,889,535)</u>	<u>\$ (4,178,764)</u>	<u>(539,595)</u>	<u>\$ 3,639,169</u>
Fund Balance at Beginning of Year			<u>12,198,574</u>	
Fund Balance at End of Year			<u>\$ 11,658,979</u>	

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2003**

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, 2003 are as follows:

	Revised Second Period	Revised Annual
Elementary:		
Kindergarten	1,210	1,214
First through third grade	3,747	3,749
Fourth through eighth grade	6,575	6,583
Home or hospital - temporary physical disabilities	2	3
Special education master plan	289	293
Special education - nonpublic, nonsectarian schools	7	7
Extended year special education - mandated	16	16
Opportunity schools and full-day opportunity classes	<u>13</u>	<u>15</u>
Total elementary ADA	<u>11,859</u>	<u>11,880</u>
Secondary:		
Regular classes	4,624	4,579
Continuation education	241	239
Home or hospital - temporary physical disabilities	1	2
Special education master plan	96	95
Special education - nonpublic, nonsectarian schools	5	6
Extended year special education - mandated	4	4
Opportunity schools and full-day opportunity classes	<u>8</u>	<u>9</u>
Total secondary ADA	<u>4,979</u>	<u>4,934</u>
Adult Education:		
Concurrently enrolled	32	34
Not concurrently enrolled	<u>1,432</u>	<u>1,532</u>
Total adult education ADA	<u>1,464</u>	<u>1,566</u>
 Total ADA	 <u>18,302</u>	 <u>18,380</u>

<u>Hourly Programs</u>	<u>Hours of Attendance</u>
Elementary	357,389
Secondary	165,906

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME OFFERED
For the Fiscal Year Ended June 30, 2003

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2002-03 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	54,010	180	In Compliance
Grade 9 to 12	64,800	64,642	65,310	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, 2003

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	\$ 1,956,935
National School Breakfast Program	10.553	03988	46,914
Especially Needy Breakfast Program	10.553	03526	647,111
Summer Food Service Program for Children	10.559	03526	26,117
Nutrition Network	10.561	(1)	66,538
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Improving America Schools Act			
Title I	84.010	03799	2,807,828
Title II - Education for Economic Security Act	84.281	03207	95,550
Title II - Improving Teacher Quality	84.367	14341	341,002
Title III - Limited English Proficiency Student Program	84.365	10084	64,398
Title V - Innovative Education Program Strategies	84.298A	14345	79,763
Title VII - Emergency Immigrant Education Program	84.162	13159	227,307
Migrant Education	84.011	03239	351,281
Migrant Education - Even Start	84.214	10030	22,702
Special Education			
PL 94-142	84.027	03143	1,835,056
Infant Discretionary	84.027	03612	7,800
Low Incidence	84.027	03459	3,974
Preschool Local Entitlement	84.027	03682	213,733
Interpreter Certification	84.027	03682	2,400
LCI Growth	84.027	03682	35,714
Federal Class Size Reduction	84.340A	03073	98,466
Carl D. Perkins Vocational and Technical Education	84.048	03570	158,493
Indian Education	84.060	N/A	245,461
Pell Grant	84.063	N/A	170,328
Safe and Drug Free Schools	84.184	10007	177,563
Federal Direct Loans	84.268	N/A	174,046
Transition Partnership	84.158	10006	240,481
Goals 2000: Math Staff Development (AB 1331)	84.276	13894	45,572
Adult Basic Education	84.002	13973	85,480
Federal Schools Renovation Classroom Technology	84.352A	14318	66,338
Foreign Language Incentive Program	84.294	(1)	3,061
<u>U.S. DEPARTMENT OF LABOR</u>			
Workforce Investment Act/SOAR	17.255	03422	26,144
<u>CORPORATION FOR NATIONAL AND COMMUNITY SECURITY</u>			
Americorps	94.006	(1)	18,883
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Medi-Cal	93.773	10013	539,090
Total Federal Programs			<u>\$ 10,881,529</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 10,881,529
Revenues in excess of expenditures related to Federal entitlement			
Program Medi-Cal			<u>209,657</u>
Total Federal Program Revenue			<u>\$ 11,091,186</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, 2003

There were no differences between the fund balances reported on the June 30, 2003 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

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, 2003

Gang Violence Suppression Program
Multi-Component Model
Grant Number GV0107956

July 1, 2002
to

June 30, 2003

Revenues	
State Program	\$ 32,121
District Match	<u>4,841</u>
Total Revenue	<u>\$ 36,962</u>
Expenditures	
Personal Services	\$ 6,251
Operating Expenditures	<u>30,711</u>
Total Expenditures	<u>\$ 36,962</u>

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

	2004 (Budgeted) (2)		2003		2002		2001	
	Amount	%	Amount	%	Amount	%	Amount	%
GENERAL FUND:								
Revenue								
Revenue Limit Sources	\$ 81,279,743	69.8	\$ 81,894,565	70.9	\$ 79,006,431	69.9	\$ 74,622,378	70.8
Federal	7,621,129	6.5	7,887,973	6.8	6,558,729	5.8	4,328,638	4.2
State	15,412,404	13.2	15,508,916	13.4	19,074,042	16.9	19,271,425	18.3
County and Local	8,691,196	7.5	9,575,761	8.3	8,877,655	7.9	7,978,543	7.6
Interfund Transfers	177,240	0.2	32,826	0.0	580,114	0.5	1,142,625	1.1
Total Revenue	<u>113,181,712</u>	<u>97.2</u>	<u>114,900,041</u>	<u>99.5</u>	<u>114,096,971</u>	<u>100.9</u>	<u>107,343,609</u>	<u>102.0</u>
Expenditures								
Certificated Salaries	\$ 56,355,477	48.4	56,345,353	48.8	54,849,789	48.5	52,085,609	49.4
Classified Salaries	18,271,803	15.7	18,235,496	15.8	18,116,465	16.0	16,419,285	15.6
Employee Benefits	24,829,897	21.3	22,379,351	19.4	19,462,243	17.2	15,852,464	15.1
Books and Supplies	5,316,441	4.6	4,619,977	4.0	7,224,106	6.4	5,207,181	4.9
Contracted Services	6,403,067	5.5	6,868,084	5.9	6,840,487	6.0	6,245,273	6.0
Capital Outlay	42,400	0.0	1,649,705	1.4	1,131,928	1.0	2,289,236	2.2
Interfund Transfers	4,500,000	3.9	4,630,000	4.0	4,680,000	4.1	4,900,391	4.7
Other Uses	1,785,000	1.6	1,636,561	1.4	1,873,368	1.7	3,098,576	2.9
Debt Service Payments			12,167	0.0	4,198	0.0	69,989	0.1
Direct Support/Indirect Costs	(1,108,711)	(1.0)	(937,058)	(0.8)	(1,091,720)	(1.0)	(916,165)	(0.9)
Total Expenditures	<u>116,395,374</u>	<u>100.0</u>	<u>115,439,636</u>	<u>100.0</u>	<u>113,090,864</u>	<u>100.0</u>	<u>105,251,839</u>	<u>100.0</u>
Change in Fund Balance	\$ (3,213,662)	(2.8)	\$ (539,595)	(0.5)	\$ 1,006,107	0.9	\$ 2,091,770	2.0
Ending Fund Balance	\$ 8,445,317	7.3	\$ 11,658,979	10.1	\$ 12,198,574	10.8	\$ 11,192,467	10.6
General Fund Available								
Reserve Balance (1)	\$ 5,576,196	4.8	\$ 8,271,218	7.2	\$ 6,632,490	5.9	\$ 4,791,111	4.6
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>16,975</u>		<u>16,838</u>		<u>16,629</u>		<u>16,405</u>	
Total Long-Term Debt	\$ 74,061,098		\$ 69,298,265		\$ 60,484,409		\$ 45,274,635	

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) Revised Budget was adopted on September 9, 2003.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2003**

NOTE 1 - PURPOSE OF SCHEDULES:

A. Combining Financial Statements

Combining balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the major building fund, non-major funds and fiduciary funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to financial statements.

B. Budgetary Comparison Schedule For The General Fund

GASB Statement No. 34 requires a budgetary comparison be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. This schedule presents the General Fund budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end and the variance between the final budget and actual amounts. There were no major special revenue funds.

C. 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.

D. 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.

E. 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2003

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

F. 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 as reported on the SACS Form to the audited financial statements.

G. 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 District.

H. 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.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Excesses of expenditures over appropriations, by major object accounts, occurred in the following governmental fund:

Major Fund:

General Fund:

Employee benefits	\$ 42,222
Capital outlay	30,604
Other outgoing	155,163



Chairman

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Partners

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DEAN WEST

**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

We have audited the basic financial statements of Ventura Unified School District (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 19, 2003. 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 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. However, we noted certain matters involving the internal control over financial reporting and its



**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)

Internal Control Over Financial Reporting (continued)

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. Reportable conditions are described in the accompanying schedule of findings and questioned costs related to the basic financial statements.

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. However, we believe none of the reportable conditions described above is a material weakness.

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, 2003



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

Chairman

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DEAN WEST

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

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, 2003. 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, 2003. 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, 2003



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DEAN WEST

REPORT ON STATE COMPLIANCE

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

We have audited the basic financial statements of the Ventura Unified School District, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 19, 2003.

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 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	4	Yes
Incentives for longer instructional day:		
School Districts	4	Yes
County Offices of Education	4	Not applicable
GANN limit calculation	1	Yes
Early retirement incentive program	5	Not applicable
Community day schools	8	Not applicable
Class size reduction program:		
Option 1	10	Yes
Option 2	9	Not applicable
Option 1 and 2	14	Not applicable
Class size reduction in two courses in grade 9	8	Yes
State instructional materials fund:		
Instructional materials funding realignment program	9	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
Ratios of administrative employees to teachers	3	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 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.

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.

REPORT ON STATE COMPLIANCE

(Continued)

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, 2003

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS

June 30, 2003

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reporting condition(s) identified not considered
to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Reporting condition(s) identified not considered
to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
Reported in accordance with Circular A-133,
Section .510(a) Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.158	Transition Partnership
84.027	Special Ed
84.281	Title II
83.667	Medi-Cal

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 329,445

Auditee qualified as low-risk auditee? X Yes No

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO BASIC FINANCIAL STATEMENTS
June 30, 2003

Per Assembly Bill 3627, all audit findings must be identified as one or more of the following six categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
50000	Federal Compliance
60000	Miscellaneous

FINDING 03-01 – ASSOCIATED STUDENT BODY FUNDS **30000**

Findings: Based on testing performed, we noted the following deficiencies:

Cash Receipts

- 1) Recommendations to prepare budgets and revenue potentials for fundraisers has not been implemented. (Balboa Middle School and Foothill Technology High School)
- 2) Four out of ten sample cash receipts do not show a clear audit trail from the collection to the deposit of the money collected. (Foothill Technology High School)

Cash disbursements

- 1) Nine out of ten samples tested did not have the proper authorization on the Authorization to Purchase/Approve Purchase Order form. There was an inconsistent use of PO's. We noted a small amount had an approved PO while a larger amount did not have one. In addition, two of ten samples tested could not be traced to the council minutes as being approved by the Student Council. (Foothill Technology High School)
- 2) Invoices do not clearly indicate that goods/services have been received. (Balboa Middle School)

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO BASIC FINANCIAL STATEMENTS

June 30, 2003

(Continued)

FINDING 03-01 – ASSOCIATED STUDENT BODY FUNDS
(continued)

30000

Deficit Ending Fund Balance

The ASB's ending fund balance was not adequate to support reserve requirements. This occurred because the inventory level at year end of \$14,327 was higher than the total fund balance of \$11,271. The net effect is a deficit undesignated balance of \$(3,056). (Cabrillo Middle School)

Recommendations:

Cash Receipts

- 1) As a budgeting tool and a confirmation of revenues received, revenue potential forms should be prepared prior to any fundraising activity and actual results should then be compared to projections.
- 2) Cash collections should be supported with ticket sales report, copies of checks, listing of students who paid, or other forms of documentation that evidences money being collected.

Cash disbursements

- 1) The site should establish guidelines for use of PO's and implement it consistently. In addition, the State handbook on Accounting for Procedures for Student Organizations requires all disbursements from the student body funds be approved by the student council prior to the issuance of the check. All ASB activities should be approved by the Student Council and noted in the council minutes before a check is written.
- 2) The individual who receives the goods should verify that all items have been received and sign the packing slip or invoice that it is approved for payment.

Deficit Ending Fund Balance

We recommend that a plan, including the use of budgets and revenue potentials, be implemented to monitor the ASB's spending activity, particularly at year end, to ensure adequate funds are available to support reserve requirements.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO BASIC FINANCIAL STATEMENTS
June 30, 2003

(Continued)

FINDING 03-01 – ASSOCIATED STUDENT BODY FUNDS **30000**
(continued)

District Response:

Cash Receipts

Balboa Middle School and Foothill Technology High School will be given samples of revenue potential forms and given instruction on how to fill them out by the District Accountant. Follow up visits will be made to confirm that the instructions were understood. The ASB bookkeeper at Foothill Technology High School will be instructed on how to document the cash receipts. On subsequent visits by the District Accountant, certain cash receipts will be tested to see if the documentation is adequate. Additional follow up will be done as needed.

Cash disbursements

- 1) 2002-03 was a transition year for Foothill Technology High School becoming an organized ASB; therefore, it took some time to get the procedures in place to give proper authorization to purchase orders and also to make sure that the Student Council approves expenditures. Instructions have been given to the Student Council and procedures have been put into place to get proper approvals. Minutes and certain purchase orders will be reviewed by the District Accountant to verify that the instructions are being followed.
- 2) The ASB bookkeeper will be instructed on the proper procedures for marking invoices to show that the merchandise has been received. A sample of invoices will be tested by the District Accountant to confirm that the procedures are being followed. Additional follow up will be done as needed.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO BASIC FINANCIAL STATEMENTS**

June 30, 2003

(Continued)

FINDING 03-01 – ASSOCIATED STUDENT BODY FUNDS
(continued)

30000

District Response: (continued)

Deficit Ending Fund Balance

A meeting was held in September with the Cabrillo Middle School ASB bookkeeper, the principal, and the ASB advisor along with the Director of Budget and Finance and the District Accountant. As a result of this meeting, it was agreed that a budget would be prepared that would make provision to replenish the deficit and build up a reserve. On subsequent visits by the District Accountant, the budget will be compared to the latest report of expenditures to make sure that the expenditures are in line with the budget.

The ASB bookkeeper at Cabrillo Middle School will be given revenue potential forms, and instructed on their use by the District Accountant. On later visits, these revenue potential forms will be reviewed by the District Accountant to make sure the instructions were understood. Cash receipts will be tested as well to make sure that they are properly documented with student lists and copies of checks and other forms of documentation. The procedures for disbursing funds will also be reviewed with the ASB bookkeeper and other appropriate personnel, and the importance of proper use of purchase orders and making sure that the student council authorizes the checks before being issued. Invoices will be reviewed and instructions given by the District Accountant on making sure that they are clearly marked as having the goods received before paying the invoice.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2003

There were no findings and questioned costs related to federal awards for fiscal year 2002-03.

VENTURA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2003

There are no prior year findings and questioned costs for fiscal year ended June 30, 2002.