

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2006**

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
June 30, 2006**

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Partners

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GEMA M. PTASINSKI

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Senior Managers

JANETTE CAMPS

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PRISCILLA OSBORNE FLORES

TINA HENTON

PHEBE M. McCUTCHEON

SHARI PROSSER

COLLEEN K. TAYLOR

INDEPENDENT AUDITORS' REPORT

Board of Education
Ventura Unified School District
255 West Stanley Avenue
Ventura, California 93001

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ventura Unified School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These 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 contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

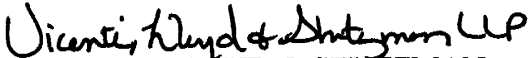
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ventura Unified School District as of June 30, 2006, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2006 on our consideration of the Ventura Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Board of Education
Ventura Unified School District

The management's discussion and analysis and budgetary comparison information, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ventura Unified School District basic financial statements. The management's discussion and analysis, combining major and non-major fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 also not a required part of the basic financial statements of Ventura Unified School District. The combining major and non-major fund financial statements and supplementary section, including the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The management's discussion and analysis and budgetary comparison information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


VICENTI, LLOYD & STUTZMAN LLP

September 28, 2006

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

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, 2006. 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 \$33.8 million or 24 percent over the course of the year.
- Total Revenues were \$181.8 million. General revenue accounted for \$108 million or 59 percent of total revenues.
- The School District had \$148.0 million in expenses; \$41.2, million of these expenses were offset by program specific charges for services and, grants and/or contributions.
- Outlays for capital improvements were \$6.5 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 \$127,328,449 in revenues and \$124,857,427 in expenditures. Increases to Revenue Limit sources and State and Local revenues were the primary cause of the revenue increase from the prior year. The primary causes for the expenditure increases were inflation, a 4% salary increase effective in December for all employees. Although the difference in revenues and expenditures for the general fund was \$2.5 million, the General Fund balance increase was a little less because of the net effect of the transfer of funds from the Retiree Benefit fund to pay current year costs of retiree health and welfare benefits and the transfer to the Deferred Maintenance fund required for State matching purposes and the restatement described on page 38. The District moved from deficit spending of \$502,000 last year to \$2.4 million dollar increase in fund balance. The General Fund ending balance is \$9.6 million.
- The District's financial status continues to remain solid. The District is able to meet all of the current needs and maintain an adequate reserve

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

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

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

District-wide Statements

The District-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 District-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 District-wide financial statements the District's activities include:

- *Governmental activities*—Most 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 are also included here and are described in the notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

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 (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

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 at the bottom 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.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets from governmental activities were larger on June 30, 2006 than they were the year before, increasing more than 24.4% to \$172.2 million. Table 1 provides a summary of the District's combined net assets for 2006.

Table 1
Ventura Unified School District's Combined Net Assets
(In Millions)

Summary of Statement of Net Assets	2005	2006	Total Change	Total % Change
Non-capital Assets	\$ 43.0	\$ 79.0	\$ 36.0	83.7%
Capital Assets	183.8	184.5	0.7	0.4%
Total Assets	<u>226.8</u>	<u>263.5</u>	<u>36.7</u>	16.2%
Current Liabilities	12.6	11.6	(1.0)	-7.9%
Long-Term Liabilities	75.8	79.7	3.9	5.1%
Total Liabilities	<u>88.4</u>	<u>91.3</u>	<u>2.9</u>	3.3%
Invested in Capital Assets, Net of Related Debt	108.0	111.7	3.7	3.4%
Net Assets Legally Restricted	18.8	48.2	29.4	156.4%
Net Assets Unrestricted	11.6	12.3	0.7	6.0%
Total Net Assets	<u>\$ 138.4</u>	<u>\$ 172.2</u>	<u>\$ 33.8</u>	24.4%

*The 2005 detail of net assets has been revised to reflect the correct invested in Capital Assets, Net of Related Debt amount.

Total combined assets were \$263.5 million, capital assets were 70 percent (\$184.5 million) of total assets and non-capital assets were 30 percent (\$79.0 million) of total assets. Total Liabilities were \$91.3 million; 13 percent (\$11.6 million) current and 87 percent (\$79.7 million) long term. Of the District's *Governmental Activities* net assets, 65 percent (\$111.7 million) were capital assets net of related debt, 28 percent (\$48.2 million) were net assets legally restricted and 7 percent (\$12.3 million) were unrestricted net assets.

Significant changes include:

- Non-capital assets increased as a result of the cash received for the sale of the Arcade property.

VENTURA UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006**

- Long-term liabilities increased due to the net effect of the issue of general obligation bonds series I in September 2006 and current year on going debt service payments. **Note 10** to the financial statements describes this activity in greater detail.
- Invested in capital assets net of related debt increased and net assets legally restricted increased due to the proceeds associated with the issue of additional debt noted above for capital outlay projects and the sale of property. Unrestricted net assets increased as a result of total revenues over expenses as shown on the statement of activities on page 2.

**Table 2
Changes in Ventura Unified School District's Net Assets
(In Millions)**

Summary of Statement of Activities	2005	2006
Program Revenues	\$ 45.3	\$ 41.2
General Revenues	104.0	108.0
Special Items	0.9	32.6
Total Revenues	<u>150.2</u>	<u>181.8</u>
Expenses for:		
Instruction and Related Services	90.6	94.2
Pupil Services	15.2	15.8
General Administration	8.1	7.1
Plant Services	12.6	14.4
Ancillary, Community and Enterprise Activities	6.2	5.4
Debt Service	3.7	3.7
Other Outgo	1.9	2.0
Depreciation	5.3	5.4
Total Expenses	<u>143.6</u>	<u>148.0</u>
Change in Net Assets	6.6	33.8
Net Assets, Beginning as Restated	131.8	138.4
Net Assets, Ending	<u>\$ 138.4</u>	<u>\$ 172.2</u>

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

Total cost of all governmental activity programs and services were \$148 million. Instruction and pupil services made up 74 percent of total program cost. Plant services were 10 percent and general administration was 5 percent.

Significant changes include:

Revenues:

- General revenues increased primarily from Revenue Limit funding. The District received approximately \$209, net of deficit factors, more per Average Daily Attendance (ADA) during the 2005-06 year.
- The District has sold various properties during the 2004-05 and 2005-06 years.

Expenses:

- Total expenses increased primarily for instruction and related services as a result of increases in program revenues described above to be used for instruction and related programs.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

Governmental Activities

By the end of the fiscal year the revenues for the District's governmental activities totaled \$181.8 million. 59 percent was general revenues (mostly property taxes, state and federal aid), and 23 percent was program revenues. State Apportionment and Property Tax produce approximately 51 percent of the revenues received to provide for the District's basic services.

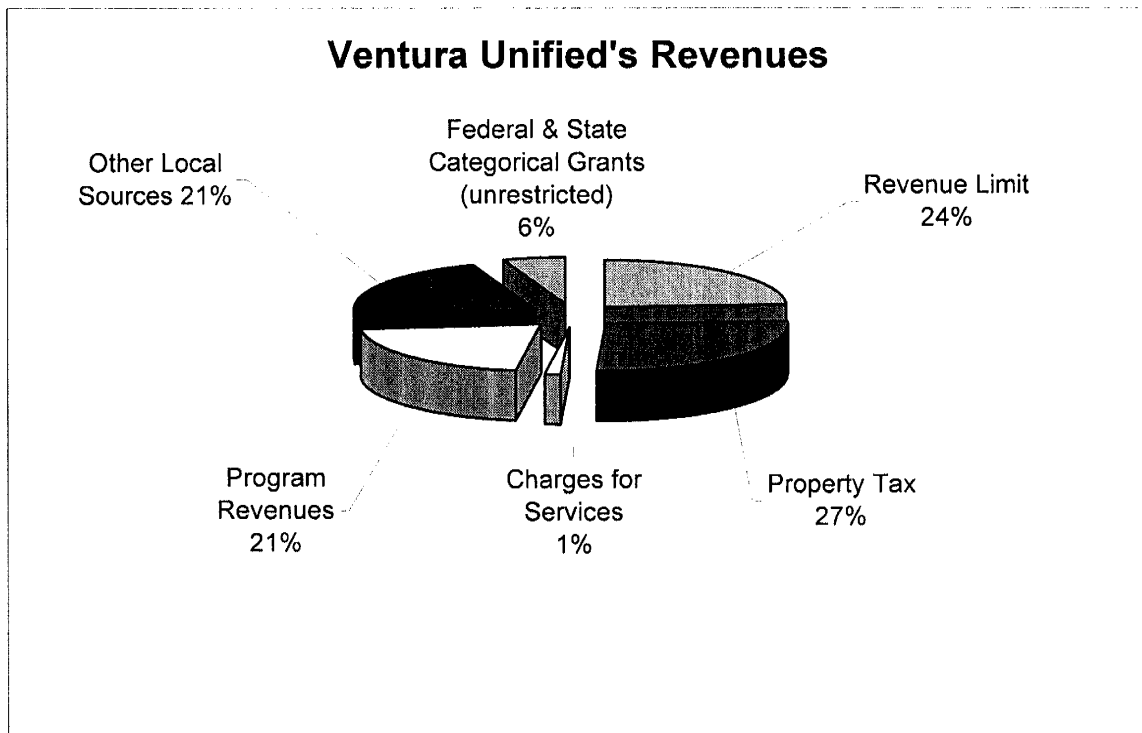


Figure 1

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$148 million. Users of the District programs paid \$2.5 million of the cost. The federal and state governments subsidized approximately \$43.6 million in certain program costs with grants and contributions. Most of the District's expenses (\$92.2 million) were paid for by District taxpayers and the taxpayers of our state.

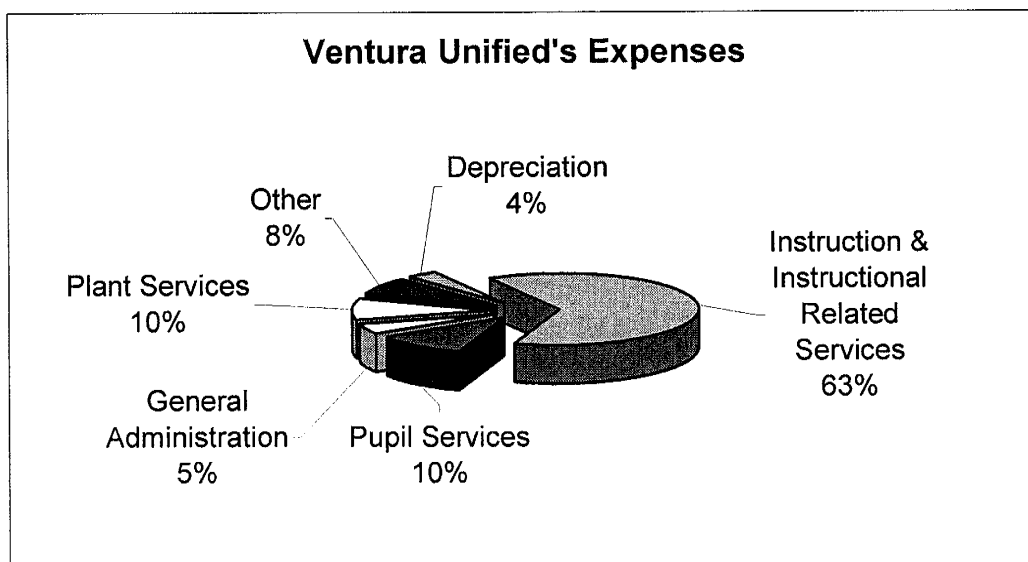


Figure 2

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

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. Budget revisions are also made throughout the year as information regarding funding and expenditures becomes available.

Actual revenues were \$1.8 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 year's budget.

Actual expenditures were \$3.8 million below final budget mainly due to the non-expenditure of categorical program funds. 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. The unspent funds are deferred or restricted to the subsequent year.

Capital Assets

By the end of the school year the District had invested \$6.5 million in a broad range of capital assets, including school facilities, technology equipment and infrastructure, classroom and office furniture, and vehicles. Overall capital assets increased from \$183.8 million as of July 1, 2005 to \$184.5 million as of June 30, 2006. The majority of capital outlay expenditures occur in the Building Fund, County School Facilities Fund and General Fund. Additional information on the changes in capital assets can be found at Note 11.

Debt Administration

By year-end the District had \$82 million in long-term debt a 4.1 percent (\$3.2 million) increase over last year. Additional information on the changes in long-term debt can be found at Note 10. The District issued \$5 million in General Obligation bonds on September 7, 2006 to continue the school modernization program. The District's bonds currently are rated "AAA".

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

Average Daily Attendance

Average daily attendance reported on the annual attendance report for the regular education program and excluding adult education decreased by 158 to 16,635. The District expects enrollment to decrease by less than 2% over the next 2 years.

Factors bearing on the District's future

Although the District is financially stable its financial condition is highly dependent upon the economic condition of the State of California. The California fiscal outlook has improved considerably. The State, however, still faces major operating deficits over the next several years. Recent reports from the California Legislative Analyst's office indicate that for this current year the state will end with a reserve of approximately \$3.1 billion. The reserve will be available to partially fund an anticipated \$5.5 billion budget gap in 2007-08. The Legislature and the Governor will need to agree on \$2.4 billion in budget solutions to keep 2007-08 in balance. The Legislative Analyst emphasizes that the \$3.1 billion is one time funds and an ongoing structural deficit of \$5 billion would begin in 2008-09. The Legislative Analyst's anticipates a fully funded COLA, due to the anticipated decline in the rate to 3.8% down from 5.92% in 2006-07. The report shows a steady increase in funding for K-12 education in 2007-08. The January budget proposal by the Governor will be the first indicator for the 2007-08 fiscal year budget.

The District currently maintains the required 3% reserve for economic uncertainties and continues to look for ways to optimize revenues while reviewing expenditures for the best value in educating the children of Ventura Unified School District.

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, 255 West Stanley Ave, Ventura California 93001.

FINANCIAL SECTION

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2006

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 63,253,383
Cash on hand and in banks	124,848
Cash in revolving fund	50,000
Cash with fiscal agent	1,509,173
Investments with fiscal agent	454,087
Accounts receivable:	
Federal and State governments	6,458,864
Miscellaneous	6,113,844
Due from fiduciary funds	2,800
Inventories	396,295
Capitalized fees	643,572
Land	12,397,331
Depreciable assets, net	<u>172,126,658</u>
Total Assets	<u>263,530,855</u>
 <u>Liabilities</u>	
Accounts payable and other current liabilities	7,986,161
Deferred revenue	1,621,600
Current portion of long-term liabilities:	
General obligation bonds	1,848,017
Less deferred charges on refunding bonds	(116,597)
Certificates of participation	215,000
Loan payable	12,167
Non-current portion of long-term liabilities:	
Compensated absences	742,856
General obligation bonds	76,765,085
Less deferred charges on refunding bonds	(2,640,718)
Certificates of participation	4,780,000
Loan payable	<u>59,701</u>
Total Liabilities	<u>91,273,272</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	111,684,054
Restricted for:	
Debt service	3,580,020
Capital Outlay	41,604,853
Educational programs	3,022,566
Unrestricted	<u>12,366,090</u>
Total Net Assets	<u>\$ 172,257,583</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

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	\$ 78,682,435	\$ 411,773	\$ 21,285,511	\$	\$ (56,985,151)
Instruction - related services	15,518,095	39,330	5,087,266		(10,391,499)
Pupil services	15,753,640	2,047,124	9,387,722		(4,318,794)
Ancillary services	202,001				(202,001)
Community services	630,835		492,125		(138,710)
Enterprise activities	4,602,469				(4,602,469)
General administration	7,078,798	1,640	1,610,007		(5,467,151)
Plant services	14,398,458			180,502	(14,217,956)
Other outgo	2,056,807	11,085	611,768		(1,433,954)
Debt service - interest	3,656,194				(3,656,194)
Depreciation (unallocated)	5,393,321				(5,393,321)
Total Governmental Activities	\$ 147,973,053	\$ 2,510,952	\$ 38,474,399	\$ 180,502	(106,807,200)
General Revenues					
Property taxes levied for:					
General purposes					43,134,169
Debt service					5,123,554
Federal and State aid not restricted to specific purposes					
					54,082,086
Interest and investment earnings					
					2,228,789
Miscellaneous					
					3,461,509
Special item:					
Gain on sale of land and equipment					32,602,317
Loss on disposal of equipment					8,287
Total General Revenues and Special Items					140,640,711
Changes in net assets					33,833,511
Net Assets at Beginning of Year					138,424,072
Net Assets at End of Year					\$ 172,257,583

See the accompanying notes to the financial statements

VENTURA UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2006

	General Fund	Special Reserve for Post-Employment Benefits Fund	Building Fund	County School Facilities Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash in county treasury	\$ 924,951	\$ 1,733,504	\$ 42,588,526	\$ 3,242,517	\$ 7,648,504	\$ 7,115,381	\$ 63,253,383
Cash on hand and in banks						124,848	124,848
Cash in revolving fund	50,000						50,000
Cash with fiscal agent			1,509,173				1,509,173
Investments with fiscal agent			454,087				454,087
Accounts receivable:							
Federal and State governments	5,694,363					764,501	6,458,864
Miscellaneous	5,084,489	17,381	443,170	40,102	92,894	435,808	6,113,844
Due from other funds	1,618,428		953,223	675		273,348	2,845,674
Inventories	322,666					73,629	396,295
Total Assets	\$ 13,694,897	\$ 1,750,885	\$ 45,948,179	\$ 3,283,294	\$ 7,741,398	\$ 8,787,515	\$ 81,206,168
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,434,893	\$	\$ 1,972,381	\$ 1,471,424	\$ 25,980	\$ 642,114	\$ 6,546,792
Due to other funds	272,986	602,469	35,527	919,084	37,103	975,705	2,842,874
Deferred revenue	1,419,059		66,484			136,057	1,621,600
Total Liabilities	4,126,938	602,469	2,074,392	2,390,508	63,083	1,753,876	11,011,266
Fund Balances							
Restricted for debt service						5,019,389	5,019,389
Restricted for special purposes	2,890,730					131,836	3,022,566
Reserved for special purposes	372,666					73,629	446,295
Designated for special purposes	5,902,494	1,148,416	43,873,787	892,786	7,678,315	1,808,785	59,495,798
Undesignated	402,069						2,210,854
Total Fund Balances	9,567,959	1,148,416	43,873,787	892,786	7,678,315	7,033,639	70,194,902
Total Liabilities and Fund Balances	\$ 13,694,897	\$ 1,750,885	\$ 45,948,179	\$ 3,283,294	\$ 7,741,398	\$ 8,787,515	\$ 81,206,168

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, 2006

Total fund balances-governmental funds \$ 70,194,902

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	\$ 12,397,331	
Depreciable assets, net	<u>172,126,658</u>	
Total capital assets		184,523,989

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	(4,995,000)	
Loan payable	(71,868)	
General obligation bonds payable and related premium	(78,613,102)	
Less deferred charges on refunding bonds	2,757,315	
Compensated absences	<u>(742,856)</u>	
		(81,665,511)

General obligation bond issuance costs to be amortized over the life of the bond 643,572

Interest expense related to certificates of participation and general obligation bonds payable was incurred but not accrued through June 30, 2006 (1,439,369)

Total net assets – governmental activities \$172,257,583

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

	General Fund	Special Reserve for Post-Employment Benefits Fund	Building Fund	County School Facilities Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Revenue limit sources:							
State apportionments	\$ 44,134,007	\$ -	\$ -	\$ -	\$ -	\$ 4,931,213	\$ 49,065,220
Local sources	43,134,169	-	-	-	-	4,931,213	43,134,169
Total revenue limit sources	87,268,176	-	-	-	-	3,234,947	92,199,389
Federal sources	11,294,231	-	-	-	-	2,156,603	14,529,178
Other State sources	19,761,021	75,608	1,935,538	180,502	1,456,183	7,896,918	21,917,624
Other local sources	9,005,021	75,608	1,935,538	180,502	1,456,183	18,219,681	20,549,770
Total Revenues	<u>127,328,449</u>	<u>151,216</u>	<u>3,871,076</u>	<u>361,004</u>	<u>2,912,366</u>	<u>26,538,507</u>	<u>157,902,112</u>
Expenditures							
Instruction	75,152,756	-	-	-	-	3,541,395	78,694,151
Instruction - related services	14,171,382	-	-	-	-	1,332,484	15,503,866
Pupil services	9,498,619	-	-	-	-	6,294,365	15,792,984
Ancillary services	232,001	-	-	-	-	232,001	232,001
Community services	630,835	-	-	-	-	630,835	630,835
Enterprise activities	4,602,469	-	-	-	-	4,602,469	4,602,469
General administration	6,021,665	-	3,565,203	2,373,352	403,617	1,110,167	7,131,832
Plant services	12,478,726	-	447,354	-	-	1,743,488	20,564,386
Other outgo	2,056,807	-	447,354	-	-	4,964,863	2,056,807
Debt service	12,167	-	4,012,557	2,373,352	403,617	18,986,762	5,424,384
Total Expenditures	<u>124,857,427</u>	<u>-</u>	<u>4,462,111</u>	<u>4,746,704</u>	<u>403,617</u>	<u>26,178,626</u>	<u>150,633,715</u>
Excess (deficiency) of revenues over expenditures	2,471,022	75,608	(2,077,019)	(2,192,850)	1,052,566	(767,081)	(1,437,754)
Other Financing Sources (Uses)							
Interfund transfers in	639,572	-	4,184,942	1,954,003	-	723,785	7,502,302
Proceeds from sale of land	-	-	33,002,976	-	-	-	33,002,976
Proceeds from sale of general obligation bonds	-	-	5,000,000	-	-	-	5,000,000
Interfund transfers out	(720,796)	(602,469)	(2,660,143)	(3,034,436)	(37,103)	(447,355)	(7,502,302)
Total Other Financing Sources (Uses)	<u>(81,224)</u>	<u>(602,469)</u>	<u>39,527,775</u>	<u>(1,080,433)</u>	<u>(37,103)</u>	<u>276,430</u>	<u>38,002,976</u>
Net changes in fund balances	2,389,798	(526,861)	37,450,756	(3,273,283)	1,015,463	(490,651)	36,565,222
Fund Balances at Beginning of Year	7,382,563	1,675,277	6,423,031	4,166,069	6,662,852	7,319,888	33,629,680
Adjustment for Restatement (See Note 15)	(204,402)	-	-	-	-	204,402	-
Fund Balances at Beginning of Year, as restated	<u>7,178,161</u>	<u>1,675,277</u>	<u>6,423,031</u>	<u>4,166,069</u>	<u>6,662,852</u>	<u>7,524,290</u>	<u>33,629,680</u>
Fund Balances at End of Year	<u>9,567,959</u>	<u>1,148,416</u>	<u>43,873,787</u>	<u>892,786</u>	<u>7,678,315</u>	<u>7,033,639</u>	<u>70,194,902</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, 2006**

Net change in fund balances – Total government funds \$ 36,565,222

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	\$ 6,470,647	
Depreciation expense	<u>(5,393,321)</u>	
Excess of capital outlay over depreciation expense		1,077,326

The proceeds from the sale of land is reported as revenue in the governmental
funds. However, the cost of the land and equipment 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	384,085	
Retirement of equipment (net of accumulated depreciation)	<u>8,287</u>	
		(392,372)

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		(5,000,000)
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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.

Certificates of participation principal payments	210,000	
Loan payable principal payments	12,167	
General obligation bond principal payments	<u>1,805,000</u>	
		2,027,167

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:

Net increase in accrued interest	(178,183)	
Net increase in compensated absences	(184,732)	
Amortization of premium on general obligation bonds	63,017	
Amortization of costs on general obligation bonds	(27,337)	
Amortization of deferred charges on refunded bonds	<u>(116,597)</u>	
		<u>(443,832)</u>

Change in net assets of governmental activities		<u>\$33,833,511</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, 2006

	<u>Foundation Private-Purpose Trust</u>	<u>Associated Student Body Funds</u>
<u>Assets</u>		
Cash in county	\$ 258,472	\$
Cash on hand and in banks		1,457,109
Accounts receivable:		
Miscellaneous	9,372	
Inventories		44,918
Total Assets	<u>267,844</u>	<u>1,502,027</u>
<u>Liabilities</u>		
Accounts payable	1,517	15,691
Due to governmental funds	2,800	
Funds held in trust		1,001,175
Total Liabilities	<u>4,317</u>	<u>1,016,866</u>
<u>Net Assets</u>		
Restricted for special purposes	263,527	
Unrestricted		485,161
Total Net Assets	<u>\$ 263,527</u>	<u>\$ 485,161</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, 2006

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
Additions		
Other local sources	\$ 294,948	\$ 1,681,704
Total Additions	<u>294,948</u>	<u>1,681,704</u>
Deductions		
Scholarships	1,800	
Other expenses	<u>203,036</u>	<u>1,595,493</u>
Total Deductions	<u>204,836</u>	<u>1,595,493</u>
 Changes in net assets	 90,112	 86,211
 Net Assets at Beginning of Year	 <u>173,415</u>	 <u>398,950</u>
 Net Assets at End of Year	 <u>\$ 263,527</u>	 <u>\$ 485,161</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) 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 GAAP as prescribed by the 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 and are reported separately in the Fiduciary Fund Statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and 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, 2006

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. Non-major 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, 2006

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.

Enterprise activities – includes activities related to the recording of retiree benefits.

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.

Debt service – includes principal and interest payments for long-term debt.

Fiduciary fund expenditures are presented by natural classification.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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.

Special Reserve for Post-Employment Benefits Fund – the Special Reserve for Post-Employment Benefits Fund is a consolidation of two sub-funds:

1. Retiree Benefits Fund (Fund #200) – used to account for future payments of health and welfare benefits.
2. Alternative Retiree Benefits Fund (Fund #201) – used to account for future payments of the exempt governmental deferred compensation plan.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – MAJOR (continued)

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. All remaining funds were transferred to Fund #210 and the fund was closed as of June 30, 2006.
4. Bond Building Fund (Fund #213) – used to account for the proceeds of General Obligation Bonds and for construction and repairs of facilities.

County School Facilities Fund – used to account for the School Facility Program grants awarded for modernization of high school and elementary sites. The County School Facilities Fund is a consolidation of four sub-funds.

Capital Facilities – the Capital Facilities Fund is a consolidation of two sub-funds:

1. Capital Facilities Fund (Residential) (Fund #250) – used to account for resources received from residential developer impact fees.
2. Capital Facilities Fund (Commercial) (Fund #251) – used to account for resources received from commercial developer impact fees.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR

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

Bond Interest and Redemption Fund (Fund #510) - 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 four non-major special revenue funds:

1. Adult Education Fund (Fund #110) - used to account for resources committed to adult education programs maintained by the District.
2. Cafeteria Fund (Fund #130) - used to account for revenues received and expenditures made to operate the District's cafeterias.
3. Child Development Fund (Fund #120) - used to account for resources committed to child development programs.
4. Deferred Maintenance Fund (Fund #140) - used for the purpose of major repair or replacement of District property.

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

State School Building Lease-Purchase Fund (Fund #304) – used to account for joint use construction for the Buena High School library. Fund #304 was closed as of June 30, 2006.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

B. FUND ACCOUNTING: (continued)

FIDUCIARY FUNDS

Foundation Private Purpose Trust Fund – is a consolidation of two subfunds:

1. David Graham and Stella Brittingham Memorial Scholarship Fund (Fund #736) – used to award scholarships to students and/or graduates of Ventura Unified School District who have participated in aquatic sports.
2. Foundation Fund (Fund #730) - used to account for donations of funds from private individuals and organizations.

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.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

C. BASIS OF ACCOUNTING: (continued)

2. Receivables

Receivables are generally recorded when the amount is earned and can be estimated. Per Education Code Section 33128.1, a local education agency may 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. The District has recognized receivables in accordance with this standard, the most notable being for the final P-2 apportionment.

3. Inventories

Inventories are presented at average cost. Inventories consist of expendable supplies held for consumption. At June 30, 2006, total supply inventory is \$322,666 and food inventory is \$73,629.

4. Capitalized Fees

Amounts paid for fees and underwriting costs associated with long-term debt are capitalized and amortized to interest expense in the government-wide statements over the life of the liability. These costs are amortized using the straight-line method.

5. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

C. BASIS OF ACCOUNTING: (continued)

5. Capital Assets (continued)

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

6. 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.

7. 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

C. BASIS OF ACCOUNTING: (continued)

8. Long Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

9. 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.

10. 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. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital, net of related debt. 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.

11. 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. (See 1 C 2.)

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

C. BASIS OF ACCOUNTING: (continued)

12. 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. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for revenue limit purposes. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the government-wide financial statements.

13. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement System on behalf of all school districts in California. However, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments. The amount of on-behalf payments made for the District is estimated at \$1,194,000 for STRS.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

C. BASIS OF ACCOUNTING: (continued)

14. Estimates

The preparation of the financial statements in conformity with GAAP 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.

15. Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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

D. REPORTING ENTITY: (continued)

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.

Based upon the requirements of GASB Statement No. 14, and as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the District, including their ongoing financial support to the District or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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 units have 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 Foundation is not included as a Component Unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District. Separate financial statements for the Foundation may be obtained through the District.

Various PTA, PTO and Booster Clubs - Each of these types of organizations at each of the school sites within the District were evaluated using the three criterion listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO and the Booster Club individually are not significant to 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 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, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS:

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits including those of fiduciary funds, may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Education Code 41002.5. As of June 30, 2006, \$3,495,786 of the District's bank balances of \$3,917,344 were exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$1,974,893
Uninsured and uncollateralized	<u>1,520,893</u>
Total	<u>\$3,495,786</u>

Cash in County

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, 2006, as provided by the pool sponsor, was \$63,078,644.

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, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS: (continued)

B. Investments

Government Code Section 16430 and 53601 allows governmental entities to invest surplus moneys in certain eligible securities. In addition, the District’s investment policy limits its investment choices to those allowed by Government Code. The District places no limit on the amount that may be invested in any one issuer. The District did not violate any provisions of the Government Code during the 2005-06 fiscal year, nor were they involved in any reverse repurchase agreements during 2005-06.

Investments with Fiscal Agent at June 30, 2006, held on behalf of the Ventura County Schools Public Financing Corporation, are presented below:

Uncategorized Investments:

Guaranteed Investment Contracts (GIC)	<u>\$454,087</u>
---------------------------------------	------------------

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, 2006 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$1,618,428	\$ 272,986
Special Revenue Funds:		
Adult Education Fund	72,005	116,283
Cafeteria Fund	200,078	777,237
Child Development Fund	1,265	82,185
Retiree Benefits Fund		457,919
Alternative Retiree Benefits Fund		144,550

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

A. Interfund Receivables/Payables (continued)

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Capital Projects Funds:		
Building Sub-Fund	34,139	713
Building Fund (Series A)		34,139
Bond Building Fund	919,084	675
Capital Facilities Fund (Residential)		33,061
Capital Facilities Fund (Commercial)		4,042
County School Facilities Fund	675	919,084
Fiduciary Funds:		
Foundation Fund		2,800
Totals	<u>\$2,845,674</u>	<u>\$2,845,674</u>

B. Interfund Transfers

Interfund transfers for the 2005-06 fiscal year are as follows:

Transfer from General Fund to Deferred Maintenance Fund for State matching funds	\$ 720,796
Transfer from Adult Education Fund to the Building Fund (Series A) to pay for Certificates of Participation debt service	447,355
Transfer from Building Fund (Series B) to Building Fund to close Building Fund (Series B)	703,151
Transfer project savings from County School Facilities Fund to the Bond Building Fund for capital project expenditures	3,034,436
Transfer from Bond Building Fund to State School Building Fund for project close out	2,989

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

B. Interfund Transfers (continued)

Transfer from Bond Building Fund to County School Facilities Fund for required District match	1,954,003
Transfer from Retiree Benefits Fund and the Alternative Retiree Benefits Fund to the General Fund for expenditures	602,469
Transfer from Capital Facilities Fund (Residential and Commercial) to General Fund to pay for developers' fees administration	<u>37,103</u>
Total	<u>\$ 7,502,302</u>

NOTE 5 - 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	<u>322,666</u>	<u>73,629</u>
Total	<u>\$372,666</u>	<u>\$ 73,629</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 5 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED: (continued)

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

Major Fund:

General Fund:

Medi-Cal	\$ 85,670
Federal Emergency Management Agency (FEMA)	573
School Facilities Needs Assessment – Williams Case	16,500
Cal-Safe Support	4,714
Cal-Safe Child Care	87,224
English Language Acquisition Program	85,097
CA School Library Act	7,502
Lottery – Instructional Materials	454,441
School Safety and Violence Prevention	100,167
Special Education Early Education Intervention	116,963
Economic Impact Aid: Limited English Proficient (EIA: LEP)	244,942
Gifted and Talented Education (GATE)	35,088
Instructional Materials Funding Realignment Program	1,101,292
Instructional Materials – English Language Learners	12,244
Instructional Materials – Williams Case	3,219
Staff Development Mathematics and Reading	224,406
California Peer Assistance and Review Program for Teachers	6,080
Staff Development Principals Training	5,900
10 th Grade Counseling	13,913
Instructional Materials – Grades 9-12	509
Ed Tech Staff Development	18,882
Teacher Credentialing Block Grant	37,231
School and Library Improvement Block Grant	207,286
Gray Family Trust	<u>20,887</u>

Total \$2,890,730

Non-Major Fund:

Child Development Fund:

Child Development Center Based Reserve \$ 131,836

Fiduciary Fund – Private Purpose Trust Funds:

David Graham Scholarship Fund
Scholarships \$ 57,154

Foundation Fund
Ventura Education Partnership 206,373

Total Fiduciary \$ 263,527

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 5 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED: (continued)

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

Major Funds:

General Fund:

Economic Uncertainties	\$ 3,772,129
Medi-Cal Administrative Activities (MAA)	
Health and Welfare Premium	150,000
Medi-Cal Administrative Activities (MAA)	<u>1,980,365</u>

Sub-total General Fund 5,902,494

Special Reserve for Post-Employment Benefits Funds:

Retiree Benefits	764,301
Alternative Retiree Benefits	<u>384,115</u>

Sub-total Special Reserve for Post-Employment Benefits Funds 1,148,416

Building Funds:

Future Capital Projects:

Building Fund	33,033,752
Building Fund (Series A)	2,286,811
Bond Proceeds	<u>8,553,224</u>

Sub-total Building Funds 43,873,787

County School Facilities Fund:

Modernization Projects	<u>892,786</u>
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Capital Facilities Funds:

Capital Facilities (Residential):	
Future Capital Improvement Projects	7,153,691
Capital Facilities (Commercial):	
Future Capital Improvement Projects	<u>524,624</u>

Sub-total Capital Facilities Funds 7,678,315

Total \$59,495,798

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 6 – OPERATING LEASES:

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain bargain purchase options. Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Lease Payment</u>
2006-07	\$ 392,124
2007-08	392,124
2008-09	<u>32,677</u>
Total	<u>\$ 816,925</u>

Current year expenditures for operating leases is approximately \$475,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 7 – 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, 2006 are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2007	\$ 12,167
2008	12,167
2009	12,167
2010	12,167
2011	12,167
2012	<u>11,033</u>
Total	71,868
Less Amount Representing Interest	<u>0</u>
Net Loan Payable	<u>\$ 71,868</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 8 - 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.

During March 2004, Series A and D general obligation bonds were re-financed for a total of \$23,180,000. The proceeds associated with the refunding were deposited in an escrow account for future payment and as such are considered in-substance defeased. At June 30, 2006 the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$11,680,000.

During April 2005, Series B and C general obligation bonds were re-financed for a total of \$17,750,000. The proceeds associated with the refunding were deposited in an escrow fund for future repayment. At June 30, 2006, the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$17,170,000. These bonds are considered in-substance defeased and are not recorded on the financial statements.

During September 2005, the District sold \$5,000,000 General Obligation Bonds, 1997 Election Series I. The bonds were sold with an interest rate ranging from 3% to 5% and mature in 2034. The bonds were sold to finance the construction of schools, to replace old portable buildings, for technology infrastructure and for modernization and renovation.

The outstanding bonded debt of the Ventura Unified School District at June 30, 2006 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date (1)</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2005</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2006</u>
6/23/1998 B	Various	2/1/2007	\$10,000,000	\$ 420,000	\$	\$ 205,000	\$ 215,000
6/29/1999 C	Various	2/1/2008	10,000,000	610,000		190,000	420,000
6/11/2001 E	Various	2/1/2032	12,500,000	11,965,000		220,000	11,745,000
7/11/2002 F	Various	8/1/2032	10,000,000	9,725,000		165,000	9,560,000
7/21/2003 G	Various	8/1/2033	6,000,000	5,915,000		110,000	5,805,000
3/3/2004	Various	8/1/2030	23,180,000	22,550,000		595,000	21,955,000
7/1/2004 H	Various	8/1/2034	5,000,000	5,000,000		50,000	4,950,000
4/28/2005	Various	8/1/2029	17,750,000	17,750,000		270,000	17,480,000
9/7/05 I	Various	8/1/2034	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>
			<u>\$99,430,000</u>	<u>\$73,935,000</u>	<u>\$ 5,000,000</u>	<u>\$ 1,805,000</u>	<u>\$77,130,000</u>

⁽¹⁾Original maturity date on non-refunded portion:

Series B 8/1/2028

Series C 2/1/2030

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 8 - BONDED DEBT - GENERAL OBLIGATION BONDS: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2006, are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,785,000	\$ 3,277,418	\$ 5,062,418
2008	1,830,000	3,195,855	5,025,855
2009	1,900,000	3,121,235	5,021,235
2010	1,970,000	3,048,891	5,018,891
2011	2,055,000	2,973,953	5,028,953
2012-2016	11,500,000	13,682,109	25,182,109
2017-2021	14,220,000	11,097,233	25,317,233
2022-2026	17,920,000	7,494,989	25,414,989
2027-2031	18,715,000	2,976,474	21,691,474
2032-2035	<u>5,235,000</u>	<u>270,722</u>	<u>5,505,722</u>
Totals	77,130,000	<u>\$51,138,879</u>	<u>\$128,268,879</u>
Unamortized bond premium ⁽¹⁾	1,483,102		
Unamortized bond deferred liability ⁽²⁾	<u>(2,757,315)</u>		
Total	<u>\$75,855,787</u>		

(1) Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The refunding bonds issued in 2004 and 2005 included a total premium of \$1,579,847. This amount is amortized using the straight-line method. Amortization of \$63,017 was recognized during the 2005-06 year.

(2) The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,970,000 for the 2004 refunding and \$982,792 for the 2005 refunding. Amortization of \$116,597 was recognized during the 2005-06 year.

Associated issuance costs are recorded as capitalized fees on the statement of net assets and are amortized to interest expense over the life of the liability. Issuance costs of \$685,737 are amortized using the straight-line method. Amortization of \$27,337 was recognized during the 2005-06 year.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 9 - 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, were used in part to refund the District's Certificates of Participation Series 1994A and to finance the renovation of school facilities.

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, 2006, the District had \$454,087 available with the Trustee for repayment.

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>
2007	\$ 215,000	\$ 230,740	\$ 445,740
2008	220,000	223,322	443,322
2009	230,000	215,182	445,182
2010	240,000	206,326	446,326
2011	250,000	196,728	446,728
2012-2016	1,425,000	812,726	2,237,726
2017-2021	1,810,000	440,268	2,250,268
2022	<u>605,000</u>	<u>31,158</u>	<u>636,158</u>
	<u>\$4,995,000</u>	<u>\$2,356,450</u>	<u>\$7,351,450</u>

COPs are long-term debt instruments which are tax exempt and therefore issued at interest rates below current market levels for taxable investments. The interest ranges from 2.00% to 5.18%.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 10 – LONG-TERM DEBT – SCHEDULE OF CHANGES:

A schedule of changes in long-term debt for the year ended June 30, 2006 is shown below.

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>	<u>Amount Due in One Year</u>
General obligation bonds	\$ 73,935,000	\$ 5,000,000	\$ 1,805,000	\$ 77,130,000	\$ 1,785,000
General obligation bonds - deferred liability	(2,873,912)		(116,597)	(2,757,315)	(116,597)
General obligation bonds - premium	1,546,119		63,017	1,483,102	63,017
Certificates of participation	5,205,000		210,000	4,995,000	215,000
Loan payable	84,035		12,167	71,868	12,167
Accrued vacation	558,124	184,732		742,856	
	<u>\$ 78,454,366</u>	<u>\$ 5,184,732</u>	<u>\$ 1,973,587</u>	<u>\$ 81,665,511</u>	<u>\$ 1,958,587</u>

NOTE 11 – CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES:

Capital asset activity for the year ended June 30, 2006 is shown below.

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2006</u>
Land	\$ 12,781,416	\$	\$ 384,085	\$ 12,397,331
Building and improvements	213,352,207	6,188,754		219,540,961
Machinery, equipment and vehicles	4,542,731	281,893	41,128	4,783,496
Totals at historical cost	<u>230,676,354</u>	<u>6,470,647</u>	<u>425,213</u>	<u>236,721,788</u>
Less accumulated depreciation for:				
Building and improvements	43,707,403	5,075,352		48,782,755
Machinery, equipment and vehicles	3,129,916	317,969	32,841	3,415,044
Total accumulated depreciation	<u>46,837,319</u>	<u>5,393,321</u>	<u>32,841</u>	<u>52,197,799</u>
Governmental activities capital assets, net	<u>\$183,839,035</u>	<u>\$ 1,077,326</u>	<u>\$ 392,372</u>	<u>\$184,523,989</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 12 - 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 2005-06 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, 2006

NOTE 12 - 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 2005-06 was 9.116% 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:

<u>Year Ended</u> <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2004	\$4,663,235	100%	\$2,088,400	100%
2005	4,742,881	100%	1,954,367	100%
2006	4,884,075	100%	1,898,072	100%

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 13 - 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, 2006, the District had 468 retired employees covered under the plan at a cost of \$3,657,919 for the fiscal year 2005-06, which is included in the Retiree Benefits Fund expenditures. The cost for 2006-07 is expected to be approximately \$4,100,000. An actuarial study was conducted to estimate the liability of the revised retirement plan. The estimated present value as of July 1, 2004 was \$51,123,642.

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, 2006 the District had 160 retired employees covered under the plan. The cost attributable to this program in 2005-06 was \$944,550, and \$920,000 is expected to be the cost in 2006-07. An actuarial study was conducted to estimate the liability of the deferred compensation plan. The estimated present value as of July 1, 2004 was \$7,252,323 for all eligible employees of this plan.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 14 - 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, 2006</u>	The Trust (Unaudited) <u>June 30, 2006</u>
Total Assets	\$ 53,966,553	\$ 22,037,690
Total Liabilities	<u>45,627,326</u>	<u>5,361,505</u>
Total Fund Balance	\$ <u>8,339,227</u>	\$ <u>16,676,185</u>
Total Revenues	\$ <u>31,498,083</u>	\$ <u>41,769,834</u>
Total Expenditures	\$ <u>18,163,652</u>	\$ <u>37,738,262</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 15 – ADJUSTMENT FOR RESTATEMENT:

The beginning fund balance has been restated for \$204,402 in the Adult Education Fund and for \$(204,402) in the General Fund. The amount represents a correction to both funds for indirect costs calculated incorrectly in prior years. The net effect of the restatement is \$0 in the government-wide Statement of Activities.

NOTE 16 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Awards, and Grants

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

B. County School Facilities Fund

The District is currently involved in several 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, 2006, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$1.2 million. Projects will be funded through bond proceeds, capital facilities funding, County School Facilities Grants and Deferred Maintenance allocations.

D. Sale of Property – Santa Clara

On December 5, 2003, the District was committed under a sale agreement to sell the Santa Clara site for \$10.5 million. The funds will be deposited in the Building Fund and are to be used for capital improvement/acquisition projects. The estimated closing of this escrow agreement is anticipated to occur in Spring, 2007.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 16 - COMMITMENTS AND CONTINGENCIES: (continued)

E. Joint Use Project

In June 2002, the District entered into an agreement with the City of San Buenaventura (the City) and the Redevelopment Agency of the City of San Buenaventura (the Agency) on a joint use project. The terms of the agreement include the commitment of the District to appropriate up to \$3,600,000 in proceeds from the disposition of the Hails 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.

F. Litigation

The District is involved in litigation that may result in a contingent liability. If the District is found liable, there could be a financial impact on the District. The outcome is uncertain at this time; therefore, no liability is reflected in the financial statements.

NOTE 17 - SUBSEQUENT EVENT:

GASB Statement No. 45

The Governmental Accounting Standards Board (GASB) has recently issued Statement No. 45 outlining new accounting standards for governmental agencies regarding other post-employment benefits. The statement would be effective for the District in fiscal year 2007-08. The statement requires governmental agencies to record and disclose the actuarially determined cost based on the benefits expected to be earned by employees in the future, as well as those benefits the employees have already earned. Annual required contributions shall include the employer's normal cost and a provision for amortizing the total unfunded actuarial accrued liability for a period not to exceed 30 years. The statement also requires that an actuarial valuation be performed every two years for a plan with more than 200 members and every three years for plans with fewer than 200 members.

SUPPLEMENTARY INFORMATION SECTION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2006

The Ventura Unified School District was formed effective July 1, 1966 as the result of a unification election held March 16, 1966 and action of the Ventura County Board of Supervisors at the meeting held March 30, 1966. 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 comprehensive high schools, three continuation high schools, one independent study school, one opportunity school and one adult education school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2006 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Barbara Fitzgerald	President	December 31, 2007
Mrs. Velma Lomax	Vice President	December 31, 2009
Mrs. Debbie Golden	Member	December 31, 2007
Mrs. Mary Haffner	Member	December 31, 2009
Mr. John Walker	Member	December 31, 2009

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 SPECIAL RESERVE FOR POST-EMPLOYMENT BENEFITS SUB-FUNDS
COMBINING BALANCE SHEET

June 30, 2006

	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
<u>Assets</u>			
Cash in county treasury	\$ 1,210,081	\$ 523,423	\$ 1,733,504
Accounts receivable:			
Miscellaneous	12,139	5,242	17,381
Total Assets	\$ 1,222,220	\$ 528,665	\$ 1,750,885
<u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other funds	\$ 457,919	\$ 144,550	\$ 602,469
Total Liabilities	457,919	144,550	602,469
Fund Balances			
Designated for special purposes	764,301	384,115	1,148,416
Total Fund Balances	764,301	384,115	1,148,416
Total Liabilities and Fund Balances	\$ 1,222,220	\$ 528,665	\$ 1,750,885

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**MAJOR SPECIAL RESERVE FOR POST-EMPLOYMENT BENEFITS SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2006**

	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
Revenues			
Other local sources	\$ 53,369	\$ 22,239	\$ 75,608
Total Revenues	<u>53,369</u>	<u>22,239</u>	<u>75,608</u>
Other Financing Sources (Uses)			
Interfund transfers out	(457,919)	(144,550)	(602,469)
Total Other Financing Sources (Uses)	<u>(457,919)</u>	<u>(144,550)</u>	<u>(602,469)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(404,550)	(122,311)	(526,861)
Fund Balances at Beginning of Year	<u>1,168,851</u>	<u>506,426</u>	<u>1,675,277</u>
Fund Balances at End of Year	<u>\$ 764,301</u>	<u>\$ 384,115</u>	<u>\$ 1,148,416</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**MAJOR BUILDING SUB-FUNDS
COMBINING BALANCE SHEET**

June 30, 2006

	Building Fund	Building Fund (Series A)	Building Fund (Series B)	Bond Building Fund	Total (Memorandum Only)
<u>Assets</u>					
Cash in county treasury	\$ 33,368,229	\$ 354,139	\$ -	\$ 8,866,158	\$ 42,588,526
Cash with fiscal agent		1,509,173			1,509,173
Investments with fiscal agent		454,087			454,087
Accounts receivable:					
Miscellaneous	355,978	3,551		83,641	443,170
Due from other funds	34,139			919,084	953,223
Total Assets	\$ 33,758,346	\$ 2,320,950	\$ -	\$ 9,868,883	\$ 45,948,179
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 657,397	\$ -	\$ -	\$ 1,314,984	\$ 1,972,381
Due to other funds	713	34,139		675	35,527
Deferred Revenue	66,484				66,484
Total Liabilities	724,594	34,139	-	1,315,659	2,074,392
Fund Balances					
Designated for special purposes	33,033,752	2,286,811		8,553,224	43,873,787
Total Fund Balances	33,033,752	2,286,811	-	8,553,224	43,873,787
Total Liabilities and Fund Balances	\$ 33,758,346	\$ 2,320,950	\$ -	\$ 9,868,883	\$ 45,948,179

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 BALANCES
For the Fiscal Year Ended June 30, 2006

	Building Fund	Building Fund (Series A)	Building Fund (Series B)	Bond Building Fund	Total (Memorandum Only)
Revenues					
Other local sources	\$ 1,603,381	\$ 85,146	\$ -	\$ 247,011	\$ 1,935,538
Total Revenues	<u>1,603,381</u>	<u>85,146</u>	<u>-</u>	<u>247,011</u>	<u>1,935,538</u>
Expenditures					
Plant services	2,275,756	24,173	-	1,265,274	3,565,203
Debt service	-	447,354	-	-	447,354
Total Expenditures	<u>2,275,756</u>	<u>471,527</u>	<u>-</u>	<u>1,265,274</u>	<u>4,012,557</u>
Excess (deficiency) of revenues over expenditures	(672,375)	(386,381)	-	(1,018,263)	(2,077,019)
Other Financing Sources (Uses)					
Interfund transfers in	703,151	447,355	-	3,034,436	4,184,942
Proceeds from sale of land	33,002,976	-	-	-	33,002,976
Proceeds from sale of general obligation bonds	-	-	-	5,000,000	5,000,000
Interfund transfers out	-	-	(703,151)	(1,956,992)	(2,660,143)
Total Other Financing Sources (Uses)	<u>33,706,127</u>	<u>447,355</u>	<u>(703,151)</u>	<u>6,077,444</u>	<u>39,527,775</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	33,033,752	60,974	(703,151)	5,059,181	37,450,756
Fund Balances at Beginning of Year	<u>-</u>	<u>2,225,837</u>	<u>703,151</u>	<u>3,494,043</u>	<u>6,423,031</u>
Fund Balances at End of Year	<u>\$ 33,033,752</u>	<u>\$ 2,286,811</u>	<u>\$ -</u>	<u>\$ 8,553,224</u>	<u>\$ 43,873,787</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
MAJOR CAPITAL FACILITIES SUB-FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	<u>Capital Facilities Fund (Residential)</u>	<u>Capital Facilities Fund (Commercial)</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>			
Cash in county treasury	\$ 7,126,607	\$ 521,897	\$ 7,648,504
Accounts receivable:			
Miscellaneous	86,124	6,770	92,894
Total Assets	<u>\$ 7,212,731</u>	<u>\$ 528,667</u>	<u>\$ 7,741,398</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 25,980	\$	\$ 25,980
Due to other funds	33,061	4,042	37,103
Total Liabilities	<u>59,041</u>	<u>4,042</u>	<u>63,083</u>
Fund Balances			
Designated for special purposes	7,153,690	524,625	7,678,315
Total Fund Balances	<u>7,153,690</u>	<u>524,625</u>	<u>7,678,315</u>
Total Liabilities and Fund Balances	<u>\$ 7,212,731</u>	<u>\$ 528,667</u>	<u>\$ 7,741,398</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
MAJOR CAPITAL FACILITIES SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2006

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	Total (Memorandum Only)
Revenues			
Other local sources	\$ 1,305,049	\$ 151,134	\$ 1,456,183
Total Revenues	<u>1,305,049</u>	<u>151,134</u>	<u>1,456,183</u>
Expenditures			
Plant services	403,617	_____	403,617
Total Expenditures	<u>403,617</u>	<u>_____</u>	<u>403,617</u>
Excess (deficiency) of revenues over expenditures	<u>901,432</u>	<u>151,134</u>	<u>1,052,566</u>
Other Financing Sources (Uses)			
Interfund transfers out	(33,061)	(4,042)	(37,103)
Total Other Financing Sources (Uses)	<u>(33,061)</u>	<u>(4,042)</u>	<u>(37,103)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	868,371	147,092	1,015,463
Fund Balances at Beginning of Year	<u>6,285,319</u>	<u>377,533</u>	<u>6,662,852</u>
Fund Balances at End of Year	<u>\$ 7,153,690</u>	<u>\$ 524,625</u>	<u>\$ 7,678,315</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND
COMBINING BALANCE SHEET

June 30, 2006

	Bond Interest and Redemption Fund
<u>Assets</u>	
Cash in county treasury	\$ 4,976,416
Accounts receivable:	
Miscellaneous	42,973
Total Assets	<u>\$ 5,019,389</u>
<u>Liabilities and Fund Balance</u>	
Fund Balance	
Restricted for debt service	\$ 5,019,389
Total Fund Balance	<u>5,019,389</u>
Total Liabilities and Fund Balance	<u>\$ 5,019,389</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR DEBT SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Bond Interest and Redemption Fund
Revenues	
Other State sources	\$ 63,805
Other local sources	<u>5,113,274</u>
Total Revenues	<u>5,177,079</u>
Expenditures	
Debt service	<u>4,964,863</u>
Total Expenditures	<u>4,964,863</u>
Excess of revenues over expenditures	212,216
Fund Balance at Beginning of Year	<u>4,807,173</u>
Fund Balance at End of Year	<u><u>\$ 5,019,389</u></u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2006

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Total (Memorandum Only)
<u>Assets</u>					
Cash in county treasury	\$ 212,042	\$ 257,547	\$ 177,180	\$ 1,492,196	\$ 2,138,965
Cash on hand and in banks		124,848			124,848
Accounts receivable:					
Federal and State governments	28,012	631,695	104,794		764,501
Miscellaneous	345,825	27,963	3,235	15,812	392,835
Due from other funds	72,005	200,078	1,265		273,348
Inventories		73,629			73,629
Total Assets	<u>\$ 657,884</u>	<u>\$ 1,315,760</u>	<u>\$ 286,474</u>	<u>\$ 1,508,008</u>	<u>\$ 3,768,126</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 293,818	\$ 124,564	\$ 14,412	\$ 209,320	\$ 642,114
Due to other funds	116,283	777,237	82,185		975,705
Deferred revenue	107,557	28,500			136,057
Total Liabilities	<u>517,658</u>	<u>930,301</u>	<u>96,597</u>	<u>209,320</u>	<u>1,753,876</u>
Fund Balances					
Restricted for special purposes			131,836		131,836
Reserved for special purposes		73,629			73,629
Undesignated	140,226	311,830	58,041	1,298,688	1,808,785
Total Fund Balances	<u>140,226</u>	<u>385,459</u>	<u>189,877</u>	<u>1,298,688</u>	<u>2,014,250</u>
Total Liabilities and Fund Balances	<u>\$ 657,884</u>	<u>\$ 1,315,760</u>	<u>\$ 286,474</u>	<u>\$ 1,508,008</u>	<u>\$ 3,768,126</u>

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 BALANCES
For the Fiscal Year Ended June 30, 2006

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Total (Memorandum Only)
Revenues					
Revenue from revenue limit sources:					
State apportionment	\$ 3,604,963	\$ 1,326,250	\$	\$	\$ 4,931,213
Federal sources	151,630	3,062,655	20,662		3,234,947
Other State sources	50,342	221,621	1,100,039	720,796	2,092,798
Other local sources	645,501	2,088,720	12,925	39,487	2,786,633
Total Revenues	<u>4,452,436</u>	<u>6,699,246</u>	<u>1,133,626</u>	<u>760,283</u>	<u>13,045,591</u>
Expenditures					
Instruction	2,601,060		940,335		3,541,395
Instruction-related services	1,187,825		144,659		1,332,484
Pupil services	91,735	6,200,106	2,524		6,294,365
General administration	271,568	769,779	68,820		1,110,167
Plant services	212,304	50,000		1,481,184	1,743,488
Total Expenditures	<u>4,364,492</u>	<u>7,019,885</u>	<u>1,156,338</u>	<u>1,481,184</u>	<u>14,021,899</u>
Excess (deficiency) of revenues over expenditures	<u>87,944</u>	<u>(320,639)</u>	<u>(22,712)</u>	<u>(720,901)</u>	<u>(976,308)</u>
Other Financing Sources (Uses)					
Interfund transfers in				720,796	720,796
Interfund transfers out	(447,355)				(447,355)
Total Other Financing Sources (Uses)	<u>(447,355)</u>	<u>-</u>	<u>-</u>	<u>720,796</u>	<u>273,441</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(359,411)</u>	<u>(320,639)</u>	<u>(22,712)</u>	<u>(105)</u>	<u>(702,867)</u>
Fund Balances at Beginning of Year	295,235	706,098	212,589	1,298,793	2,512,715
Adjustment for Restatement (See Note 15)	204,402	-	-	-	204,402
Fund Balances at Beginning of Year, as restated	<u>499,637</u>	<u>706,098</u>	<u>212,589</u>	<u>1,298,793</u>	<u>2,717,117</u>
Fund Balances at End of Year	<u>\$ 140,226</u>	<u>\$ 385,459</u>	<u>\$ 189,877</u>	<u>\$ 1,298,688</u>	<u>\$ 2,014,250</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	State School Building Lease- Purchase Fund
Revenues	
Other local sources	\$ (2,989)
Total Revenues	<u>(2,989)</u>
Other Financing Sources (Uses)	
Interfund transfers in	<u>2,989</u>
Total Other Financing Sources (Uses)	<u>2,989</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	-
Fund Balance at Beginning of Year	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></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, 2006

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
<u>Assets</u>			
Cash in county	\$ 56,576	\$ 201,896	\$ 258,472
Accounts receivable:			
Miscellaneous	578	8,794	9,372
Total Assets	<u>57,154</u>	<u>210,690</u>	<u>267,844</u>
<u>Liabilities</u>			
Accounts payable		1,517	1,517
Due to governmental funds		2,800	2,800
Total Liabilities	<u>-</u>	<u>4,317</u>	<u>4,317</u>
<u>Net Assets</u>			
Restricted for special purposes	57,154	206,373	263,527
Total Net Asstes	<u>\$ 57,154</u>	<u>\$ 206,373</u>	<u>\$ 263,527</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, 2006

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
Additions			
Revenue from local sources	\$ 2,482	\$ 292,466	\$ 294,948
Total Additions	2,482	292,466	294,948
Deductions			
Scholarships awarded	1,800		1,800
Other expenses		203,036	203,036
Total Deductions	1,800	203,036	204,836
Changes in net assets	682	89,430	90,112
Net Assets at Beginning of Year	56,472	116,943	173,415
Net Assets at End of Year	\$ 57,154	\$ 206,373	\$ 263,527

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
June 30, 2006

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
<u>Assets</u>						
Cash on hand and in banks	\$ 448,731	\$ 656,884	\$ 103,643	\$ 42,556	\$ 15,675	\$ 93,610
Inventory	21,081	14,781	2,500			336
Total Assets	<u>\$ 469,812</u>	<u>\$ 671,665</u>	<u>\$ 106,143</u>	<u>\$ 42,556</u>	<u>\$ 15,675</u>	<u>\$ 93,946</u>
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 9,253	\$ 6,438	\$	\$	\$	\$
Funds held in trust	346,179	518,109	63,568	3,200	8,120	36,880
Total Liabilities	<u>355,432</u>	<u>524,547</u>	<u>63,568</u>	<u>3,200</u>	<u>8,120</u>	<u>36,880</u>
Fund Balances						
Reserved for special purposes	21,081	14,781	2,500			336
Undesignated	93,299	132,337	40,075	39,356	7,555	56,730
Total Fund Balances	<u>114,380</u>	<u>147,118</u>	<u>42,575</u>	<u>39,356</u>	<u>7,555</u>	<u>57,066</u>
Total Liabilities and Fund Balances	<u>\$ 469,812</u>	<u>\$ 671,665</u>	<u>\$ 106,143</u>	<u>\$ 42,556</u>	<u>\$ 15,675</u>	<u>\$ 93,946</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
June 30, 2006

	<u>Cabrillo Middle School</u>	<u>Elmhurst Elementary School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Total (Memorandum Only)</u>
Assets						
Cash on hand and in banks	\$ 63,728	\$ 4,035	\$ 16,205	\$ 2,853	\$ 9,189	\$ 1,457,109
Inventories	6,220					44,918
Total Assets	<u>\$ 69,948</u>	<u>\$ 4,035</u>	<u>\$ 16,205</u>	<u>\$ 2,853</u>	<u>\$ 9,189</u>	<u>\$ 1,502,027</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 10,985	\$ -	\$ 14,134	\$ -	\$ -	\$ 15,691
Funds held in trust	-	-	-	-	-	1,001,175
Total Liabilities	<u>10,985</u>	<u>-</u>	<u>14,134</u>	<u>-</u>	<u>-</u>	<u>1,016,866</u>
Fund Balances						
Reserved for special purposes	6,220					44,918
Undesignated	52,743	4,035	2,071	2,853	9,189	440,243
Total Fund Balances	<u>58,963</u>	<u>4,035</u>	<u>2,071</u>	<u>2,853</u>	<u>9,189</u>	<u>485,161</u>
Total Liabilities and Fund Balances	<u>\$ 69,948</u>	<u>\$ 4,035</u>	<u>\$ 16,205</u>	<u>\$ 2,853</u>	<u>\$ 9,189</u>	<u>\$ 1,502,027</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2006

	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	\$ 224,891	\$ 176,490	\$	\$	\$	\$
Student body cards	18,900	30,135				
Student store / P.E. clothes	33,968	29,819	9,502			
Yearbook	98,963	112,950	63,285	21,808	6,770	
Fundraising			45,407	19,125		139,794
Vending machines		33,342				
Social activities				4,129		
Interest		6,035		53	34	2,125
Other revenues	125,990	30,749	80,929	31,946	19,913	119,047
Total Revenues	<u>502,712</u>	<u>419,520</u>	<u>199,123</u>	<u>77,061</u>	<u>26,717</u>	<u>260,966</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics	222,037	162,052				
Fundraising			30,081	7,877		118,879
Student body cards	18,900					
Student store / P.E. clothes	29,534	22,597	5,608			
Yearbook	98,951	106,214	44,438	20,391	9,498	
Social activities				2,934		
Vending machines		274				
Other expenditures	112,263	104,617	119,263	38,449	16,674	130,860
Total Expenditures	<u>481,685</u>	<u>395,754</u>	<u>199,390</u>	<u>69,651</u>	<u>26,172</u>	<u>249,739</u>
Excess (deficiency) of revenues over expenditures	21,027	23,766	(267)	7,410	545	11,227
Fund Balances at Beginning of Year	<u>93,353</u>	<u>123,352</u>	<u>42,842</u>	<u>31,946</u>	<u>7,010</u>	<u>45,839</u>
Fund Balances at End of Year	<u>\$ 114,380</u>	<u>\$ 147,118</u>	<u>\$ 42,575</u>	<u>\$ 39,356</u>	<u>\$ 7,555</u>	<u>\$ 57,066</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2006

	<u>Cabrillo Middle School</u>	<u>Elmhurst Elementary School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Total (Memorandum Only)</u>
Revenues						
Revenue from Local Sources						
Athletics	\$	\$	\$	\$	\$	\$ 401,381
Student body cards						49,035
Student store / P.E. clothes	22,494					95,783
Yearbook	20,754					324,530
Fundraising	94,036	7,215		1,289	820	307,686
Vending machines						33,342
Social activities		6,850			7,581	18,560
Interest	75		253	6		8,581
Other revenues	22,086	4,206	2,772	2,749	2,419	442,806
Total Revenues	<u>159,445</u>	<u>18,271</u>	<u>3,025</u>	<u>4,044</u>	<u>10,820</u>	<u>1,681,704</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics						384,089
Fundraising	72,994	4,698		770		235,299
Student body cards						18,900
Student store / P.E. clothes	98					57,837
Yearbook	16,642					296,134
Social activities		8,605			4,059	15,598
Vending machines						274
Other expenditures	50,174	7,155	2,493	2,711	2,703	587,362
Total Expenditures	<u>139,908</u>	<u>20,458</u>	<u>2,493</u>	<u>3,481</u>	<u>6,762</u>	<u>1,595,493</u>
Excess (deficiency) of revenues over expenditures	19,537	(2,187)	532	563	4,058	86,211
Fund Balances at Beginning of Year	<u>39,426</u>	<u>6,222</u>	<u>1,539</u>	<u>2,290</u>	<u>5,131</u>	<u>398,950</u>
Fund Balances at End of Year	<u>\$ 58,963</u>	<u>\$ 4,035</u>	<u>\$ 2,071</u>	<u>\$ 2,853</u>	<u>\$ 9,189</u>	<u>\$ 485,161</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Revenue limit sources:				
State apportionments	\$ 49,268,549	44,342,866	\$ 44,134,007	\$ (208,859)
Local sources	37,857,700	42,788,911	43,134,169	345,258
Total revenue limit sources	87,126,249	87,131,777	87,268,176	136,399
Federal sources	8,718,471	12,886,907	11,294,231	(1,592,676)
Other State sources	16,044,955	20,007,348	19,761,021	(246,327)
Other local sources	7,977,495	9,053,371	9,005,021	(48,350)
Total Revenues	<u>119,867,170</u>	<u>129,079,403</u>	<u>127,328,449</u>	<u>(1,750,954)</u>
Expenditures				
Certificated salaries	56,104,652	58,552,031	58,551,850	181
Classified salaries	18,536,941	19,308,341	19,308,179	162
Employee benefits	30,957,916	30,434,106	29,950,422	483,684
Books and supplies	5,784,463	8,485,904	5,203,214	3,282,690
Services and other operating expenditures	7,735,163	10,525,355	10,524,877	478
Capital outlay	64,000	360,855	360,079	776
Tuition and other outgo	2,142,000	2,142,000	2,056,807	85,193
Direct support - indirect cost	(1,136,220)	(1,141,931)	(1,110,168)	(31,763)
Debt service		12,167	12,167	-
Total Expenditures	<u>120,188,915</u>	<u>128,678,828</u>	<u>124,857,427</u>	<u>3,821,401</u>
Excess (deficiency) of revenues over expenditures	<u>(321,745)</u>	<u>400,575</u>	<u>2,471,022</u>	<u>2,070,447</u>
Other Financing Sources (Uses)				
Interfund transfers in	574,750	574,750	639,572	64,822
Interfund transfers out	(735,000)	(871,796)	(720,796)	151,000
Total Other Financing Sources (Uses)	<u>(160,250)</u>	<u>(297,046)</u>	<u>(81,224)</u>	<u>215,822</u>
Net change in fund balance	<u>\$ (481,995)</u>	<u>\$ 103,529</u>	<u>2,389,798</u>	<u>\$ 2,286,269</u>
Fund Balance at Beginning of Year			7,382,563	
Adjustment for Restatement (See Note 15)			<u>(204,402)</u>	
Fund Balance at Beginning of Year, as restated			<u>7,178,161</u>	
Fund Balance at End of Year			<u>\$ 9,567,959</u>	

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE SPECIAL RESERVE FUND
FOR POST-EMPLOYMENT BENEFITS
For the Fiscal Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Other local sources	\$ 54,000	\$ 54,000	\$ 75,608	\$ 21,608
Total Revenues	<u>54,000</u>	<u>54,000</u>	<u>75,608</u>	<u>21,608</u>
Other Financing Sources (Uses)				
Interfund transfers out	(520,000)	(602,469)	(602,469)	-
Total Other Financing Sources (Uses)	<u>(520,000)</u>	<u>(602,469)</u>	<u>(602,469)</u>	<u>-</u>
Net change in fund balance	<u>\$ (466,000)</u>	<u>\$ (548,469)</u>	(526,861)	<u>\$ 21,608</u>
Fund Balance at Beginning of Year			<u>1,675,277</u>	
Fund Balance at End of Year			<u>\$ 1,148,416</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, 2006

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, 2006 are as follows:

	<u>Revised Second Period</u>	<u>Revised Annual</u>
Elementary:		
Kindergarten	1,172	1,171
First through third grade	3,474	3,461
Fourth through eighth grade	6,235	6,227
Home or hospital – temporary physical disabilities	5	7
Special education master plan	268	274
Special education – non-public, non-sectarian schools	8	8
Extended year special education – mandated	16	16
Extended year special education-non-public, non-sectarian	1	1
Opportunity schools and full-day opportunity classes	<u>9</u>	<u>10</u>
Total elementary ADA	<u>11,188</u>	<u>11,175</u>
Secondary:		
Regular classes	5,070	5,011
Continuation education	249	244
Home or hospital – temporary physical disabilities	3	3
Special education master plan	100	100
Special education – non-public, non-sectarian schools	10	10
Extended year special education – mandated	3	3
Extended year special education-non-public, non-sectarian	1	1
Opportunity schools and full-day opportunity classes	<u>11</u>	<u>11</u>
Total secondary ADA	<u>5,447</u>	<u>5,383</u>
Adult Education:		
Concurrently enrolled	46	56
Not concurrently enrolled	<u>1,275</u>	<u>1,370</u>
Total adult education ADA	<u>1,321</u>	<u>1,426</u>
Total ADA	<u>17,956</u>	<u>17,984</u>

Hourly Programs

Hours of Attendance

Elementary	130,336
Secondary	135,117

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Fiscal Year Ended June 30, 2006

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2005-06 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	50,555	180	In Compliance
Grade 4 to 8	54,000	51,595	54,025	180	In Compliance
Grade 9 to 12	64,800	64,642	65,203	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, 2006**

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed-through the:			
California Department of Education:			
National School Lunch Program	10.555	03396	\$ 2,052,563
National School Breakfast Program	10.553	03988	55,472
Especially Needy Breakfast Program	10.553	03526	731,315
Summer Food Service Program for Children	10.559	03526	223,305
Nutrition Network	10.561	(1)	<u>235,011</u>
Total: U.S. Department of Agriculture			<u>3,297,666</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
Passed-through the:			
California State Office of Emergency Services:			
Disaster Assistance	83.544	(1)	<u>573</u>
Total: Federal Emergency Management Agency			<u>573</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Program			
Indian Education	84.060	10011	286,350
Pell Grant	84.063	(1)	24,970
Carol M White Physical Education Grant	84.215F	(1)	418,276
Smaller Learning Community	84.215L	(1)	<u>122,377</u>
Subtotal: Direct Programs			<u>851,973</u>
Passed-through the:			
California Department of Education:			
Title I	84.010	03799	2,977,598
Title II - Part A, Principial Training	84.367	14344	2,309
Title II - Improving Teacher Quality	84.367	14341	693,372
Title II - Part D, Enhancing Education Through Technology	84.318	14334	546,771
Title III - Limited English Proficiency Student Program	84.365	10084	214,324
Title III - Immigrant Education Program	84.365	14346	35,806
Title IV - Safe and Drug Free Schools	84.184	14347	155,166
Title V - Innovative Education Strategies	84.298A	14354	41,694
Title VI - Flexibility and Accountability	84.369	14363	230
Title VII - Emergency Immigrant Education Program	84.162	13159	49,836
Carl D. Perkins Vocational and Technical Education	84.048	03570	161,871
Adult Basic Education	84.002	13973	79,200

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, 2006

<u>PROGRAM NAME</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>
Migrant Education	84.011	03239	222,143
Migrant Education - Even Start	84.214	10030	21,205
Special Education:			
PL 94-142	84.027	03143	2,622,715
Infant Discretionary	84.027	03612	9,061
Low Incidence	84.027	03459	1,792
Preschool Local Entitlement	84.027	03682	325,880
IDEA Interpret	84.027(A)	14466	564
Workability II, Transition Partnership	84.158	(1)	319,240
Subtotal: Passed-through the California Department of Education			<u>8,480,777</u>
Total: U.S. Department of Education			<u>9,332,750</u>
 <u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed-through the:			
California Department of Education:			
CCDF Disc-Infant/Toddler Care	93.575	03942	2,552
Child Development Pre-K Quality Curriculum Materials	93.575	24486	18,110
Medi-Cal Administrative Activities	(2)	10600	1,445,180
Medi-Cal Billing Option	93.778	10013	563,129
Total: U.S. Department of Health & Human Services			<u>2,028,971</u>
Total Federal Programs			<u>\$ 14,659,960</u>
 Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 14,659,960
Expenditures in excess of revenues related to Federal entitlement program Medi-Cal			<u>(130,782)</u>
Total Federal Program Revenue			<u>\$ 14,529,178</u>

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

(2) Federal Catalog 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, 2006

There were no differences between the fund balances reported on the June 30, 2006 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

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	<u>2007 (Budgeted) (2)</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>GENERAL FUND:</u>								
<u>Revenue</u>								
Revenue limit sources	\$ 91,420,467	73.9	\$ 87,268,176	69.5	\$ 83,776,576	68.1	\$ 80,390,136	65.8
Federal	9,052,912	7.3	11,294,231	9.0	11,260,517	9.2	8,543,160	7.0
State	16,874,689	13.6	19,761,021	15.7	16,903,603	13.7	15,447,493	12.7
County and local	7,994,438	6.5	9,005,021	7.2	8,741,057	7.1	8,283,715	6.8
Interfund transfers	571,660	0.5	639,572	0.5	1,765,906	1.4	5,664,736	4.6
Total Revenue	<u>125,914,166</u>	<u>101.8</u>	<u>127,968,021</u>	<u>101.9</u>	<u>122,447,659</u>	<u>99.5</u>	<u>118,329,240</u>	<u>96.9</u>
<u>Expenditures</u>								
Certificated salaries	\$ 58,234,482	47.1	58,551,850	46.6	56,644,307	46.0	55,567,547	45.6
Classified salaries	19,488,393	15.8	19,308,179	15.4	18,193,710	14.8	17,957,939	14.7
Employee benefits	29,550,538	23.9	29,950,422	23.9	31,320,915	25.5	30,069,911	24.6
Books and supplies	5,202,637	4.2	5,203,214	4.1	5,000,393	4.1	5,133,649	4.2
Contracted services	8,940,911	7.2	10,524,877	8.4	9,732,193	7.9	8,101,263	6.6
Capital outlay	71,000	0.1	360,079	0.3	380,115	0.3	256,096	0.2
Interfund transfers	1,035,000	0.8	720,796	0.6	734,671	0.6	4,200,000	3.4
Other uses	2,142,000	1.7	2,056,807	1.6	1,942,523	1.6	2,036,005	1.7
Debt service payments	-	-	12,167	0.0	12,167	0.0	12,167	0.0
Direct support/indirect costs	(1,034,497)	(0.8)	(1,110,168)	(0.9)	(1,011,559)	(0.8)	(1,230,697)	(1.0)
Total Expenditures	<u>123,630,464</u>	<u>100.0</u>	<u>125,578,223</u>	<u>100.0</u>	<u>122,949,435</u>	<u>100.0</u>	<u>122,103,880</u>	<u>100.0</u>
Change in Fund Balance	\$ <u>2,283,702</u>	<u>1.8</u>	\$ <u>2,389,798</u>	<u>1.9</u>	\$ <u>(501,776)</u>	<u>(0.5)</u>	\$ <u>(3,774,640)</u>	<u>(3.1)</u>
Adjustment for Restatement			\$ <u>(204,402)</u>	<u>(0.2)</u>				
Ending Fund Balance	\$ <u>11,851,661</u>	<u>9.6</u>	\$ <u>9,567,959</u>	<u>7.6</u>	\$ <u>7,382,563</u>	<u>6.0</u>	\$ <u>7,884,339</u>	<u>6.5</u>
General Fund Available								
Reserve Balance (1)	\$ <u>6,900,825</u>	<u>5.6</u>	\$ <u>4,174,198</u>	<u>3.3</u>	\$ <u>3,688,483</u>	<u>3.0</u>	\$ <u>5,834,140</u>	<u>4.8</u>
Recommended Reserve Percentage		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>
Average Daily Attendance								
P-2, Excluding Adult Education	<u>16,587</u>		<u>16,635</u>		<u>16,793</u>		<u>16,861</u>	
Total Long-Term Debt (3)	\$ <u>79,706,925</u>		\$ <u>81,665,511</u>		\$ <u>78,454,366</u>		\$ <u>73,985,727</u>	

IMPORTANT NOTES:

All Percentages are of total expenditures.

- (1) Available reserves are those amounts designated for economic uncertainty, and any other remaining undesignated fund balance from the General Fund.
- (2) Original Budget adopted on June 27, 2006, prior to any negotiated salary agreements.
- (3) Long-term debt is reported for the District as a whole and includes debt related to all funds. Long-term debt includes unamortized premium and deferred liability on bonded debt. The 2005 and 2004 years have been revised to conform to the current year presentation.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2006**

Ventura Unified School District is not the granting agency for any Charter Schools.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

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 special reserve fund for post-employment benefits sub-funds, major building sub-funds, major capital facilities sub-funds, 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. Schedules of Budgetary Comparison for the General Fund and Major Special Revenue Funds

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. These schedules present the funds 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. Schedules have been provided for the General Fund and the Special Reserve Fund for Post-Employment Benefits.

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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

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.

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 annual Financial and Budget Report Form to the audited financial statements.

G. 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.

H. Schedule of Charter Schools

The State Controller's Office requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

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

Major Funds:

Building Fund:

Books and Supplies	\$ 233
Services and Other Operating Expenditures	1,774

County School Facilities Fund:

Services and Other Operating Expenditures	848
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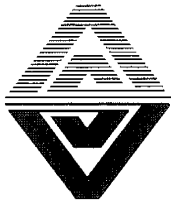
Non-Major Funds:

Adult Education Fund:

Capital Outlay	1,500
Direct Support-Indirect Cost	19,077

Bond Interest and Redemption Fund:

Debt Service	825
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Ventura Unified School District
255 West Stanley Avenue
Ventura, California 93001

Chairman
ROYCE A. STUTZMAN

Partners
PETER F. GAUTREAU
RENÉE S. GRAVES
WADE N. McMULLEN
KARIN HECKMAN NELSON
CARL PON
GEMA M. PTASINSKI
MARY ANN QUAY
LINDA M. SADDLEMIRE

Principal
JERI A. WENGER

Senior Managers
JANETTE CAMPS
TIMOTHY D. EVANS
PRISCILLA OSBORNE FLORES
TINA HENTON
PHEBE M. MCCUTCHEON
SHARI PROSSER
COLLEEN K. TAYLOR

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ventura Unified School District (the District) as of and for the year ended June 30, 2006 which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura Unified School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 06-2.

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

A material weakness is a reportable 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 caused by error or fraud 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 do not believe the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-3.

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

September 28, 2006



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

Board of Education
Ventura Unified School District
255 West Stanley Avenue
Ventura, California 93001

Chairman
ROYCE A. STUTZMAN

Partners
PETER F. GAUTREAU
RENÉE S. GRAVES
WADE N. McMULLEN
KARIN HECKMAN NELSON
CARL PON
GEMA M. PTASINSKI
MARY ANN QUAY
LINDA M. SADDLEMIRE

Principal
JERI A. WENGER

Senior Managers
JANETTE CAMPS
TIMOTHY D. EVANS
PRISCILLA OSBORNE FLORES
TINA HENTON
PHEBE M. McCUTCHEON
SHARI PROSSER
COLLEEN K. TAYLOR

Compliance

We have audited the compliance of Ventura Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. 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**

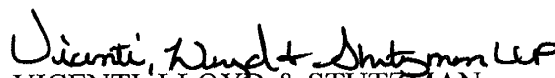
In our opinion, Ventura Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. The results of our auditing procedures disclosed no instances of noncompliance with these 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 the 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 reportable 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 caused by error or fraud 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

September 28, 2006



Chairman

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REPORT ON STATE COMPLIANCE

Principal

JERI A. WENGER

Senior Managers

JANETTE CAMPS
 TIMOTHY D. EVANS
 PRISCILLA OSBORNE FLORES
 TINA HENTON
 PHEBE M. McCUTCHEON
 SHARI PROSSER
 COLLEEN K. TAYLOR

Board of Education
 Ventura Unified School District
 255 West Stanley Avenue
 Ventura, California 93001

We have audited the basic financial statements of the Ventura Unified School District, as of and for the year ended June 30, 2006, and have issued our report thereon dated September 28, 2006.

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	8	Yes
Kindergarten continuation	3	Yes
Independent study	22	Yes
Continuation education	10	Yes

REPORT ON STATE COMPLIANCE

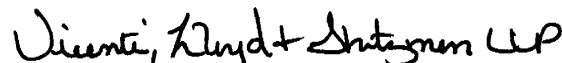
<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting: (continued)		
Adult education	9	Yes
Regional occupational center/programs	6	Not applicable
Instructional time:		
School Districts	4	Yes
County Offices of Education	3	Not applicable
Community day schools	9	Not applicable
Class size reduction program:		
General requirements	7	Yes
Option 1	3	Yes
Option 2	4	Not applicable
One school serving K-3	4	Not applicable
Morgan-Hart class size reduction program	7	Yes
Instructional materials:		
General requirements	12	Yes
Grades K-8 only	1	Yes
Grades 9-12 only	1	Yes
Ratios of administrative employees to teachers	1	Yes
Early retirement incentive program	4	Not applicable
Gann limit calculation	1	Yes
School Construction Funds:		
School District Bonds	3	Yes
State School Facilities Funds	1	Yes
Alternative Pension Plans	2	Not applicable
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-Safe) Program	3	Yes
School Accountability Report Card	3	Yes
Charter Schools:		
Contemporaneous records of attendance	1	Not applicable
Nonclassroom-based instructional/independent study	1	Not applicable
Additional nonclassroom-based instruction	1	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	3	Not applicable
Office of Criminal Justice Planning	-	Not applicable

REPORT ON STATE COMPLIANCE

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 is not the granting agency for any charter schools.

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, except as described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-3. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Ventura Unified School District had not complied with the laws and regulations of state programs and requirements.

This report is intended solely for the information and use of the Board, management, the California Department of Education, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

September 28, 2006

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS**

June 30, 2006

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>
84.027, 84.158	Special Education Cluster
84.367	Title II, Improving Teacher Quality
84.215L	Smaller Learning Community
84.184	Title IV, Safe and Drug Free Schools
93.778	Medi-Cal Billing Option

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 439,799

Auditee qualified as low-risk auditee? X Yes No

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2006

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
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Note: Each of the findings and recommendations below include details about the criteria or specific requirements, the condition, the effect and the cause. Questioned costs, if applicable are listed separately. The district response that follows the finding is the District's corrective action plan.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2006

FINDING 06-1 – ATTENDANCE

10000

Original Finding 05-1

Finding: California Code of Regulations, Section 19817 requires that certain testing be done for each teacher selected in our attendance testing sample. The regulation requires we determine whether teachers assigned to teach a class in which more than 20 percent of the pupils were English learners were authorized pursuant to the provisions of Education Code 44253.3, 44253.4 or 44253.10. The results of our testing disclosed that five of the twenty-six teachers in our sample did not meet the Education Code requirements.

Questioned Cost: Not Applicable

Recommendation: The District should insure that all teachers assigned to classes in which more than twenty percent (20%) of the pupils are English learners have the required authorization from the State.

District Response: The District audits teacher assignments for Instruction for English Learners using a matrix that is provided by the Commission on Teacher Credentialing (refer to Section G, pages 7-9 from CCTCs Administrator Assignment Manual).

One of the options the District typically uses is the California Department of Education (CDE) *Plan to Remedy* which is developed by each individual school district depending on the district's needs. The plan is to remedy the shortage of qualified English learner teachers. This plan is sometimes referred to as "teacher in training." The Plan is kept on file by the Bilingual Education Specialist.

The Commission on Teacher Credential, document #CL-622, lists all documents and methods the District can use to authorize teachers to work with English Learners. Page 2 lists the *Plan to Remedy* option. If there is a teacher that does not possess an appropriate English Learner authorization, the District places them on the *Plan to Remedy* and ensures that the teacher is participating in an English Learner Training program, thus the term "teacher in training".

The District is compliant with the Commission on Teacher Credentialing, the authority on this issue.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2006

FINDING 06-2 – ASSOCIATED STUDENT BODY FUNDS – **30000**
CASH DISBURSEMENTS

Finding: Based on testing performed at Foothill Technology High School, it was noted that four out of fifteen cash disbursements tested did not have supporting documentation attached to the disbursement to validate the expenditures that were paid.

Questioned Costs: Not applicable

Recommendation: Foothill Technology High School should have any individual that received goods or services initial, stamp or indicate in some manner that all items on the original invoice have been received and require that the invoice be attached as supporting documentation before the disbursement can be made.

District Response: The District accountant will visit the site and review the documentation for the expenditures, and will also review the procedures for approval of issuing checks. The site administration will be made aware of the audit recommendation, and feedback will be asked for from them. Follow up visits will be made to determine if the audit recommendations are being followed, and corrective action will be taken if necessary.

FINDING 06-3 – STATE COMPLIANCE – **40000**
CALIFORNIA SCHOOL AGE FAMILIES EDUCATION (CAL-SAFE) PROGRAM

Finding: It was noted during testing that three students had more than one unit of Average Daily Attendance which was not deducted on Form B submitted to the State of California.

Questioned Cost: \$433

Recommendation: The District should revise Form B to reflect the deduction of units of individual students Average Daily Attendance in excess of one Average Daily Attendance.

District Response: A revised Form B was submitted on September 20, 2006.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2006

There were no findings and questioned costs related to federal awards for fiscal year 2005-06.

VENTURA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2006

Original Finding No.	Finding	Code	Recommendation	Current Status
05-1	<u>ATTENDANCE</u>	10000	The District should insure that all teachers assigned to classes in which more than twenty percent (20%) of the pupils are English learners have the required authorization from the State.	Not implemented. See current year finding 06-1.
05-2	<u>ASSOCIATED STUDENT BODY FUNDS - CASH RECEIPTS AND REVENUE POTENTIALS</u>	30000	Cash collections should be supported with ticket sales reports, copies of checks, a listing of students who paid, or other forms of documentation that provides evidence of money collected. In addition, school staff should be instructed to prepare revenue potentials. These analyses should be reviewed to determine the profitability of the revenue generating activities and to provide support to fundraising collections.	Implemented, however, see current year finding 06-2 for additional internal control issues.
	Original Finding 04-2			
	Based on testing performed, we noted the following deficiencies: Two 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)			
	In addition, it was noted that the following schools are not preparing and/or completing revenue potentials for major fundraising events: (Balboa Middle). Utilization of this financial forecasting tool provides better control over the monies collected and deposited for fundraisers, and overall financial planning.			

VENTURA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2006

Original Finding No.	Finding	Code	Recommendation	Current Status
05-3	<u>STATE COMPLIANCE - INSTRUCTIONAL MATERIALS REALIGNMENT PROGRAM FUNDING</u>	40000	The District should assess the sufficiency of health and foreign language textbooks for every pupil enrolled and the availability of science laboratory equipment for grades 9-12. The governing board should adopt a resolution stating their determination as to the sufficiency and availability of these materials.	Implemented.