

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2008**

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
June 30, 2008**

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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, 2008, 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, 2008, 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.

As described in Note 14 to the financial statements, the Ventura Unified School District adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2008.

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Board of Education
Ventura Unified School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008 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.

The management's discussion and analysis, budgetary comparison information and schedule of funding progress 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 supplementary schedules and the combining and individual fund financial statements 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 supplementary section and the combining and individual non-major fund financial statements, 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.


VICENTI, LLOYD & STUTZMAN LLP

December 12, 2008

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008

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, 2008. 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 \$0.7 million, after the adjustment for restatement noted on page v, or 0.3 percent over the course of the year.
- Total Revenues were \$165.7 million. General Fund revenue accounted for \$141.6 million or 85 percent of total revenues.
- The School District had \$165.0 million in expenses; \$45.4 million of these expenses were offset by program specific charges for services and grants and/or contributions.
- Outlays for capital improvements were \$10.8 million mostly due to 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 \$141,558,491 in revenues and \$141,737,259 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 and a 4% salary increase. Although the difference in revenues and expenditures for the general fund was <\$0.2> million, the General Fund balance decrease was greater due to 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. The General Fund had a <\$1.0> million dollar decrease in fund balance. The General Fund ending balance was \$12.0 million.
- The District's financial status continues to remain solid. The District is able to meet all of its current needs and maintains the required reserve balance.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008

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, 2008

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, 2008

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets from governmental activities were larger on June 30, 2008 than they were the year before, increasing by 0.3% to \$188.1 million. Table 1 provides a summary of the District's combined net assets for 2008.

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

Summary of Statement of Net Assets	2007	2008	Total Change	Total % Change
Non-capital Assets	\$ 86.0	\$ 79.6	\$ (6.4)	-7.4%
Capital Assets	190.3	194.7	4.4	2.3%
Total Assets	<u>276.3</u>	<u>274.3</u>	<u>(2.0)</u>	-0.7%
Current Liabilities	11.7	11.2	(0.5)	-4.3%
Long-Term Liabilities	76.9	75.0	(1.9)	-2.5%
Total Liabilities	<u>88.6</u>	<u>86.2</u>	<u>(2.4)</u>	-2.7%
Invested in Capital Assets, Net of Related Debt	111.4	117.8	6.4	5.7%
Net Assets Legally Restricted	66.0	58.5	(7.5)	-11.4%
Net Assets Unrestricted	10.3	11.8	1.5	14.6%
Total Net Assets	<u>\$ 187.7</u>	<u>\$ 188.1</u>	<u>\$ 0.4</u>	0.2%

Total combined assets were \$274.3 million, capital assets were 71 percent (\$194.7 million) of total assets and non-capital assets were 29 percent (\$79.6 million) of total assets. Total liabilities were \$86.2 million; 13 percent (\$11.2 million) current and 87 percent (\$75.0 million) long term. Of the District's *Governmental Activities* net assets, 63 percent (\$117.8 million) were capital assets net of related debt, 31 percent (\$58.5 million) were net assets legally restricted and 6 percent (\$11.8 million) were unrestricted net assets.

Significant changes include:

- Net assets legally restricted decreased in 2007-08 due to expenditure of one-time State funding that was received late in the prior year.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008

Summary of Statement of Activities	<u>2007</u>	<u>2008</u>
Program Revenues	\$ 47.0	\$ 45.4
General Revenues	117.1	120.3
Special Items	10.0	-
Total Revenues	<u>174.1</u>	<u>165.7</u>
Expenses for:		
Instruction and Instruction Related Services	101.2	106.7
Pupil Services	18.0	18.7
General Administration	7.5	8.2
Plant Services	14.7	15.0
Ancillary, Community and Enterprise Activities	5.4	3.8
Debt Service	3.9	3.7
Other Outgo	2.9	2.5
Depreciation	5.0	6.4
Total Expenses	<u>158.6</u>	<u>165.0</u>
Change in Net Assets	<u>15.5</u>	<u>0.7</u>
Net Assets, beginning , originally stated	172.2	187.7
Adjustment for restatement	<u> </u>	<u>(0.3)</u>
Net Assets at beginning of year, as restated	<u>172.2</u>	<u>187.4</u>
Net Assets, Ending	<u><u>\$ 187.7</u></u>	<u><u>\$ 188.1</u></u>

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008

Total cost of all governmental activity programs and services were \$171.8 million. Instruction and pupil services made up 73 percent of total program cost. Plant services were 15 percent and general administration was 5 percent.

Significant changes include:

Revenues:

- General revenues increased primarily from Revenue Limit funding. The District received approximately \$252, more per Average Daily Attendance (ADA) during the 2007-08 year.
- The District has sold property 2006-07 year. No extraordinary transactions were recorded in 2007-08.

Expenses:

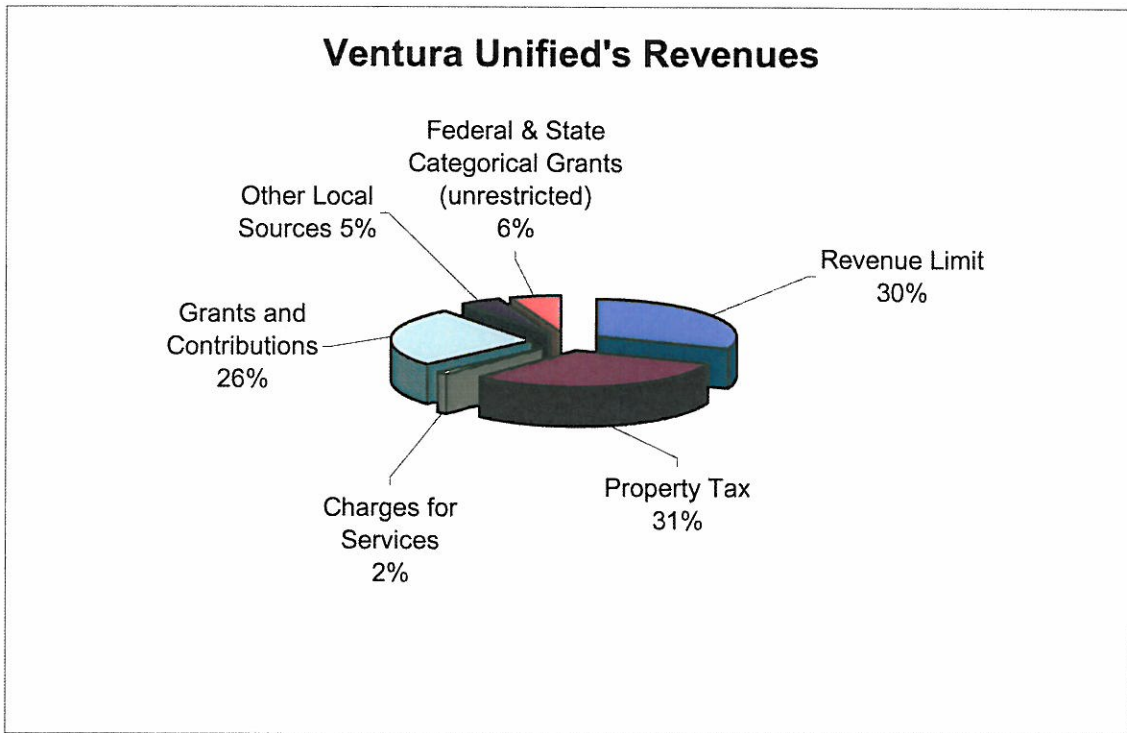
- Total expenses increased primarily for instruction and related services as a result of increases in program revenues described above to be used for instruction and related programs.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008

Governmental Activities

By the end of the fiscal year the revenue for the District's governmental activities totaled \$165.7 million. Sixty-one percent was from revenue limit and property taxes, thirty-two percent was from federal and state grants and contributions and seven percent from Local sources. General revenues, revenue limit and the related property taxes were seventy percent and received to provide for the District's basic services.

Figure 1



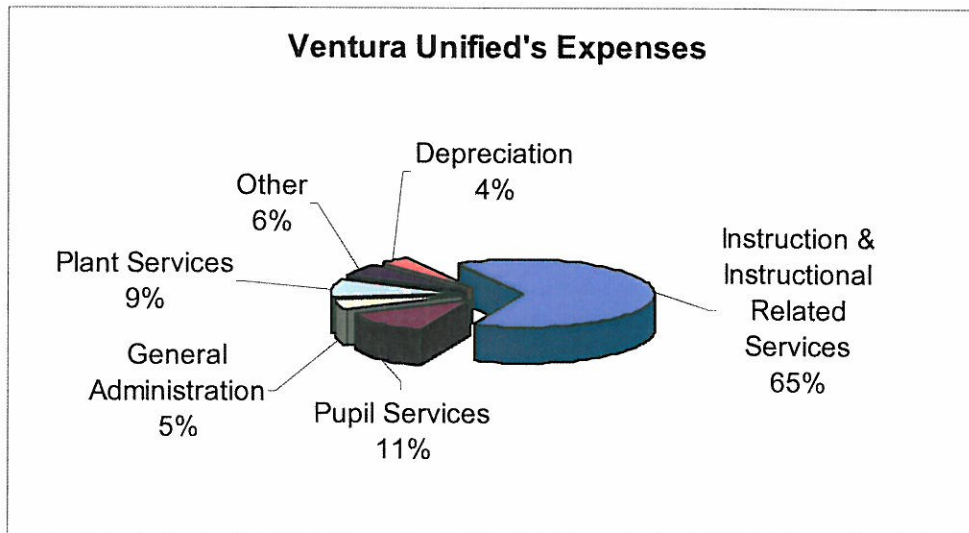
VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2008

The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$165.0 million. Users of the District programs paid \$2.5 million of the cost. The federal and state governments subsidized approximately \$42.9 million in certain program costs with grants and contributions. Most of the District's expenses (\$119.6 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, 2008

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 \$0.2 million less than the final budget amount. Minor differences were recognized due to a slight increase in revenue limit funding, while state and local funding had a small decrease.

Actual expenditures were \$4.2 million less than the final budgeted amounts. The majority of this difference was in books and supplies, \$4.9 million. The school district appropriates categorical programs up to their full allocations. The large variance results from this budget for discretionary items not being expended in total. The unspent funds are deferred or restricted and budgeted to be expended in the subsequent year.

Capital Assets

By the end of the school year the District had invested \$9.4 million in a broad range of capital assets, including school facilities, technology equipment and infrastructure, and vehicles. Overall capital assets increased from \$190.3 million as of July 1, 2007 to \$194.7 million as of June 30, 2008. 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 \$78.1 million in long-term debt a 2.5 percent (\$2.0 million) decrease over last year. Additional information on the changes in long-term debt can be found at Note 10. The District's bonds currently are rated "AAA".

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008

Average Daily Attendance

Average daily attendance reported on the second period attendance report for the regular education program and excluding adult education decreased by 24 to 16,463. The District expects enrollment to decrease by less than 1% 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 is highly volatile. The State faces major operating deficits in the current and 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 deficit of approximately \$13 billion if immediate action is not taken. Based on current legislation the State's deficit is expected to grow to \$28 billion over the next eighteen months. This is cause for great concern within in the district as the uncertainty of the funding situation requires additional monitoring by administration, while the focus on providing educational services to our students must be maintained.

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, 2008

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 56,435,468
Cash on hand and in banks	125,545
Cash in revolving fund	10,000
Cash with fiscal agent	1,603,115
Investments with fiscal agent	454,087
Accounts receivable:	
Federal and State governments	13,050,209
Miscellaneous	6,833,496
Due from fiduciary funds	5,839
Inventories	454,745
Capitalized fees	588,898
Land	12,371,805
Depreciable assets, net	<u>182,366,709</u>
Total Assets	<u>274,299,916</u>
 <u>Liabilities</u>	
Accounts payable and other current liabilities	5,844,449
Accrued interest payable	1,455,078
Deferred revenue	787,902
Current portion of long-term liabilities:	
Loan payable	12,167
General obligation bonds	1,900,000
Certificates of participation	230,000
Compensated absences	945,231
Non-current portion of long-term liabilities:	
Loan payable	35,367
General obligation bonds	72,972,068
Less deferred charges on refunding bonds	(2,524,121)
Certificates of participation	4,330,000
Retiree benefits:	
Postemployment healthcare benefits	121,261
Net pension obligation	<u>82,793</u>
Total Liabilities	<u>86,192,195</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	117,783,033
Restricted for:	
Debt service	3,730,302
Capital outlay	50,874,085
Educational programs	3,935,712
Unrestricted	<u>11,784,589</u>
Total Net Assets	<u>\$ 188,107,721</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008**

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	\$ 87,846,991	\$ 386,969	\$ 21,731,609	\$	\$ (65,728,413)
Instruction - related services	18,891,601	51,055	7,024,080		(11,816,466)
Pupil services	18,678,334	1,939,897	9,598,865		(7,139,572)
Ancillary services	415,735				(415,735)
Community services	294,977		194,941		(100,036)
Enterprise activities	3,133,564				(3,133,564)
General administration	8,236,198	28,062	1,638,397		(6,569,739)
Plant services	14,987,352		768,339	53,677	(14,165,336)
Other outgo	2,475,863	95,628	1,881,182		(499,053)
Debt service - interest	3,673,997				(3,673,997)
Depreciation (unallocated)	6,372,211				(6,372,211)
Total Governmental Activities	\$ 165,006,823	\$ 2,501,611	\$ 42,837,413	\$ 53,677	(119,614,122)
 General Revenues					
Property taxes levied for:					
General purposes					46,707,451
Debt service					5,138,050
Federal and State aid not restricted to specific purposes					60,386,480
Interest and investment earnings					3,249,667
Miscellaneous					4,799,850
Total General Revenues and Special Items					120,281,498
Changes in net assets					
					667,376
Net Assets at Beginning of Year, originally stated					
					187,712,256
Adjustment for restatement (see Note 16)					
					(271,911)
Net Assets at Beginning of Year, as restated					
					187,440,345
Net Assets at End of Year					
					\$ 188,107,721

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Fund</u>	<u>Special Reserve for Post- Employment Benefits Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash in county treasury	\$ 5,067,609	\$ 1,262,483	\$ 34,904,206	\$ 15,201,170	\$ 56,435,468
Cash on hand and in banks				125,545	125,545
Cash in revolving fund	10,000				10,000
Cash with fiscal agent			1,603,115		1,603,115
Investments with fiscal agent			454,087		454,087
Accounts receivable:					
Federal and State governments	11,856,940			1,193,269	13,050,209
Miscellaneous	5,583,435	18,015	658,753	573,293	6,833,496
Due from other funds	2,395,985	400,000	9,044,332	671,199	12,511,516
Inventories	398,534			56,211	454,745
Total Assets	<u>\$ 25,312,503</u>	<u>\$ 1,680,498</u>	<u>\$ 46,664,493</u>	<u>\$ 17,820,687</u>	<u>\$ 91,478,181</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 2,931,532	\$	\$ 1,930,967	\$ 981,950	\$ 5,844,449
Due to other funds	9,748,965	417,126	551,811	1,787,775	12,505,677
Deferred revenue	673,316		66,484	48,102	787,902
Total Liabilities	<u>13,353,813</u>	<u>417,126</u>	<u>2,549,262</u>	<u>2,817,827</u>	<u>19,138,028</u>
Fund Balances					
Restricted for debt service				5,185,380	5,185,380
Restricted for special purposes	3,873,964			61,748	3,935,712
Reserved for special purposes	408,534			56,211	464,745
Designated for special purposes	6,746,380	1,263,372	44,115,231	6,758,854	58,883,837
Undesignated	929,812			2,940,667	3,870,479
Total Fund Balances	<u>11,958,690</u>	<u>1,263,372</u>	<u>44,115,231</u>	<u>15,002,860</u>	<u>72,340,153</u>
Total Liabilities and Fund Balances	<u>\$ 25,312,503</u>	<u>\$ 1,680,498</u>	<u>\$ 46,664,493</u>	<u>\$ 17,820,687</u>	<u>\$ 91,478,181</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2008

Total fund balances-governmental funds \$ 72,340,153

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	\$ 12,371,805
Depreciable assets, net	<u>182,366,709</u>

Total capital assets 194,738,514

General obligation bond issuance costs to be amortized over the life of the bond 588,898

Interest expense related to certificates of participation and general obligation bonds payable was incurred but not accrued through June 30, 2008 (1,455,078)

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:

Compensated absences	(945,231)
General obligation bonds payable and related premium	(74,872,068)
Less deferred charges on refunding bonds	2,524,121
Certificates of participation	(4,560,000)
Loan payable	(47,534)
Postemployment health care benefits	(121,261)
Net pension obligation	<u>(82,793)</u>
	<u>(78,104,766)</u>

Total net assets – governmental activities \$188,107,721

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, 2008

	<u>General Fund</u>	<u>Special Reserve for Post- Employment Benefits Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue limit sources:					
State apportionments	\$ 49,153,512	\$	\$	\$ 1,566,392	\$ 50,719,904
Local sources	<u>46,707,451</u>				<u>46,707,451</u>
Total revenue limit sources	95,860,963	-	-	1,566,392	97,427,355
Federal sources	10,275,682			4,143,696	14,419,378
Other State sources	21,698,323			7,052,919	28,751,242
Other local sources	<u>13,723,523</u>	<u>55,054</u>	<u>2,831,603</u>	<u>8,765,155</u>	<u>25,375,335</u>
Total Revenues	<u>141,558,491</u>	<u>55,054</u>	<u>2,831,603</u>	<u>21,528,162</u>	<u>165,973,310</u>
Expenditures					
Instruction	84,200,026			3,899,309	88,099,335
Instruction - related services	17,338,245			1,620,169	18,958,414
Pupil services	11,754,210			7,246,485	19,000,695
Ancillary services	416,777				416,777
Community services	324,438			26,128	350,566
Enterprise activities	3,230,223				3,230,223
General administration	7,642,902			607,935	8,250,837
Plant services	14,348,837		7,456,755	3,485,851	25,291,443
Other outgo	2,475,884				2,475,884
Debt service	<u>5,717</u>		<u>443,151</u>	<u>5,242,239</u>	<u>5,691,107</u>
Total Expenditures	<u>141,737,259</u>	<u>-</u>	<u>7,899,906</u>	<u>22,128,116</u>	<u>171,765,281</u>
Excess (deficiency) of revenues over expenditures	<u>(178,768)</u>	<u>55,054</u>	<u>(5,068,303)</u>	<u>(599,954)</u>	<u>(5,791,971)</u>
Other Financing Sources (Uses)					
Interfund transfers in	15,342	100,000	443,323	881,712	1,440,377
Interfund transfers out	<u>(881,712)</u>		<u>(100,000)</u>	<u>(458,665)</u>	<u>(1,440,377)</u>
Total Other Financing Sources (Uses)	<u>(866,370)</u>	<u>100,000</u>	<u>343,323</u>	<u>423,047</u>	<u>-</u>
Net change in fund balances	(1,045,138)	155,054	(4,724,980)	(176,907)	(5,791,971)
Fund Balances at Beginning of Year	<u>13,003,828</u>	<u>1,108,318</u>	<u>48,840,211</u>	<u>15,179,767</u>	<u>78,132,124</u>
Fund Balances at End of Year	<u>\$ 11,958,690</u>	<u>\$ 1,263,372</u>	<u>\$ 44,115,231</u>	<u>\$ 15,002,860</u>	<u>\$ 72,340,153</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, 2008

Net change in fund balances – Total government funds \$ (5,791,971)

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	\$10,795,043	
Depreciation expense	<u>(6,372,211)</u>	
Excess of capital outlay over depreciation expense		4,422,832

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

Retirement of equipment (net of accumulated depreciation) - Loss	(3,797)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General obligation bond principal payments	1,830,000	
Certificates of participation principal payments	220,000	
Loan payable principal payments	<u>12,167</u>	
		2,062,167

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 decrease in accrued interest	35,880	
Net increase in compensated absences	(44,675)	
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	(116,597)	
Increase in postemployment health care benefits	(121,261)	
Decrease in net pension obligation	<u>189,118</u>	
		<u>(21,855)</u>

Change in net assets of governmental activities	\$ <u>667,376</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, 2008

	Foundation Private-Purpose Trust	Associated Student Body Funds
<u>Assets</u>		
Cash in county treasury	\$ 260,459	\$
Cash on hand and in banks		1,358,896
Accounts receivable:		
Miscellaneous	10,250	
Inventories		34,113
Total Assets	270,709	1,393,009
<u>Liabilities</u>		
Accounts payable	133	3,551
Due to governmental funds	5,839	
Funds held in trust		986,885
Total Liabilities	5,972	990,436
<u>Net Assets</u>		
Restricted for special purposes	264,737	
Unrestricted		402,573
Total Net Assets	\$ 264,737	\$ 402,573

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, 2008

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
Additions		
Other local sources	\$ 335,483	\$ 1,409,374
Total Additions	<u>335,483</u>	<u>1,409,374</u>
Deductions		
Scholarships	1,201	
Other expenses	<u>328,857</u>	<u>1,480,372</u>
Total Deductions	<u>330,058</u>	<u>1,480,372</u>
Changes in net assets	5,425	(70,998)
Net Assets at Beginning of Year	<u>259,312</u>	<u>473,571</u>
Net Assets at End of Year	<u>\$ 264,737</u>	<u>\$ 402,573</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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, 2008

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. Depreciation and interest expense have not been allocated to specific functions.

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, 2008

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 health benefits and deferred compensation plan expenditures.

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, 2008

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, 2008

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 three 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. Bond Building Fund (Fund #213) – used to account for the proceeds of General Obligation Bonds and for construction and repairs of facilities.

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. Cafeteria Fund (Fund #130) - used to account for revenues received and expenditures made to operate the District's cafeterias.
2. Adult Education Fund (Fund #110) - used to account for resources committed to adult education programs maintained by the District.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

B. FUND ACCOUNTING: (continued)

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 Project Funds – used to account for the acquisition and/or construction of major governmental general fixed assets. The district maintains four capital project funds, three of which are non-major 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.
3. County School Facilities Fund (Fund #355 and #356) – 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 two sub-funds.

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 operated eight organized Student Body Funds and two unorganized student body funds.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

C. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

1. Cash and Cash Equivalents

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

2. 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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

C. BASIS OF ACCOUNTING: (continued)

3. Inventories

Inventories are presented at average cost. Inventories consist of expendable supplies held for consumption. At June 30, 2008, total supply inventory is \$398,534 and food inventory is \$56,211.

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.

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

C. BASIS OF ACCOUNTING: (continued)

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 exceed qualified expenditures.

7. Compensated Absences

In accordance with GASB Statement No. 16, accumulated unpaid employee vacation benefits are recognized as a liability of the District. The entire compensated absences liability is accrued when incurred in the government-wide financial statements and is reported as a current liability as amount earned are typically paid within the subsequent year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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 a liability 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.

8. Long Term Obligations

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

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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

C. BASIS OF ACCOUNTING: (continued)

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.)

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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

C. BASIS OF ACCOUNTING: (continued)

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 \$1,360,000 for STRS.

14. 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.

15. 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

C. BASIS OF ACCOUNTING: (continued)

16. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension Plans*, outlining new accounting standards for governmental agencies regarding other postemployment benefits. The statement is effective for the District in fiscal year 2007-08. The statement requires governmental agencies to record and disclose the actuarially determined cost of postemployment benefits other than pensions 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 include the employer's normal cost, if applicable, and a provision for amortizing the total unfunded actuarial accrued liability for a period not to exceed 30 years.

Detailed disclosure required by this statement is provided at Note 14.

D. REPORTING ENTITY:

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

D. REPORTING ENTITY: (continued)

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 of 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. Individually prepared financial statements are not prepared for the Corporation.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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 required 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, 2008

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, 2008, \$2,845,247 of the District's bank balances of \$3,228,826 were exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$1,199,030
Uninsured and uncollateralized (1)	<u>1,646,217</u>
Total	<u>\$2,845,247</u>

(1) Deposits held with the fiscal agent in money market funds are rated AAA or better by Standard and Poor's as required by the district's investment policy.

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, 2008, as provided by the pool sponsor, was \$57,193,369.

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, 2008

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 2007-08 fiscal year, nor were they involved in any reverse repurchase agreements during 2007-08.

Investments with Fiscal Agent at June 30, 2008, held on behalf of the Ventura County Schools Public Financing Corporation, are presented below:

Uncategorized Investments:

Guaranteed Investment Contracts (GIC)	<u>\$454,087</u>
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VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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, 2008 are temporary loans and are detailed as follows:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$2,395,985	\$9,748,965
Special Revenue Funds:		
Cafeteria Fund	252,224	1,207,437
Postemployment Benefits Fund	400,000	417,126
Adult Education Fund	76,626	363,578
Child Development Fund	1,506	149,985
Deferred Maintenance Fund	186,023	
Capital Projects Funds:		
Building Sub-Fund	9,039,491	388,516
Building Fund (Series A)	4,841	38,041
Bond Building Fund		125,254
Capital Facilities Fund (Residential)	50,000	61,351
Capital Facilities Fund (Commercial)	4,820	2,610
County School Facilities Fund	100,000	2,814
Fiduciary Funds:		
Foundation Fund	_____	5,839
Totals	\$12,511,516	\$12,511,516

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

B. Interfund Transfers

Interfund transfers for the 2007-08 fiscal year are as follows:

Transfer from General Fund to Deferred Maintenance Fund for State matching funds	\$ 781,712
Transfer from Adult Education Fund to the Building Fund (Series A) to pay for Certificates of Participation debt service	443,323
Transfer from General Fund to the Postemployment Retiree Benefits Fund to pay for future benefits	100,000
Transfer from Bond Building Fund to the County School Facilities Fund for expenditures	100,000
Transfer from Capital Facilities Fund (Residential and Commercial) to General Fund to pay for developers' fees administration	<u>15,342</u>
Total	<u>\$1,440,377</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>Cafeteria Fund</u>
Cash in revolving fund	\$ 10,000	\$
Inventories	<u>398,534</u>	<u>56,211</u>
Total	<u>\$408,534</u>	<u>\$ 56,211</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

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

Major Fund:

General Fund:

Physical Education Teacher Incentive	\$ 16,311
English Language Acquisition Program	104,525
Lottery – Instructional Materials	580,032
Career Technical Education Equipment and Supplies	22,016
School Safety and Violence Prevention	33,869
Special Education Early Education Intervention	57,391
Art and Music Block Grant	319,084
Art, Music, and PE Supplies and Equipment	686,101
Economic Impact Aid	292,425
Education Technology: Staff Development	4,405
Gifted and Talented Education (GATE)	44,525
Instructional Materials Funding Realignment Program	426,290
Instructional Materials English Language Learners	55,347
Instructional Materials Braille and Large Print	1,048
California Peer Assistance and Review Program for Teachers	5,818
Staff Development Principals Training	12,532
10th Grade Counseling	621
Teacher Credentialing Block Grant	880
School and Library Improvement Block Grant	193,137
Discretionary Block Grant - School Site	374,722
Discretionary Block Grant - District	71,153
Instructional Materials - Library Materials and Education Technology	278,158
CAHSEE Intensive Instruction and Services	45,619
CAHSEE Individual Intervention Materials	12,823
Grey Family Trust	23,672
Other State	951
Ongoing & Major Maintenance	<u>210,509</u>
Total	<u>\$3,873,964</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Non-Major Fund:	
Child Development Fund:	
Child Development Center Based Reserve	\$ <u>61,748</u>
Fiduciary Fund – Private Purpose Trust Funds:	
David Graham Scholarship Fund	
Scholarships	\$ 60,481
Foundation Fund	
Ventura Education Partnership	<u>204,256</u>
Total Fiduciary	\$ <u>264,737</u>

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

Major Funds:	
General Fund:	
Economic Uncertainties	\$ 4,250,797
Medi-Cal Administrative Activities (MAA)	2,481,800
Local Donations	<u>13,783</u>
Total General Fund	\$ <u>6,746,380</u>
Special Reserve for Post-Employment Benefits Funds:	
Retiree Benefits	837,379 ✓
Alternative Retiree Benefits	<u>425,993</u> ✓
Total Special Reserve for Post-Employment Benefits Funds	\$ <u>1,263,372</u>
Building Funds:	
Building Fund	\$39,209,294 ✓
Building Fund Series A	1,930,834 ✓
Bond Building Fund	<u>2,975,103</u> ✓
Total Building Funds	\$ <u>44,115,231</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

Non Major Funds:	
Capital Facilities:	
Developer Fee – Residential	\$ 5,482,954
Developer Fee – Commercial	<u>661,505</u>
Sub-total Capital Facilities Fund	<u>6,144,459</u>
County School Facilities Funds:	
Elementary Modernization	601,699
Modernization	<u>12,696</u>
Sub-total County School Facilities Fund	<u>614,395</u>
Total Non-Major Funds	<u>\$ 6,758,854</u>

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>Year Ending</u> <u>June 30,</u>	<u>Lease Payment</u>
2009	\$ 32,677

Current year expenditures for operating leases is approximately \$413,426. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7 - TAX REVENUE ANTICIPATION NOTES:

The District issued \$5 million of Tax Revenue Anticipation Notes dated June 6, 2007 through the California School Boards Association Finance Corporation's Cash Reserve Program (Series 2007-08). The notes matured on July 1, 2008 and yielded 3.62% interest. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that principal of \$2 million be repaid on February 1, 2008, \$500 thousand be repaid on both March 1, 2008 and April 1, 2008 and that \$2 million plus \$209,549 of interest be repaid from the funds held with the administrator by May 1, 2008.

The payments were transferred to and set aside in a separate fund of the trustee, U.S. Bank National Association in a timely manner.

The monies were required to remain on deposit until the maturity date of the note, July 1, 2008 at which time they were applied to pay the principal and interest on the notes. All deposits were made with the Trustee on a timely basis and, therefore, the liability is defeased and not shown on the financial statements at June 30, 2008.

NOTE 8 – LOAN PAYABLE:

On June 20, 2000 the District entered into a loan agreement in the amount of \$121,673 with the State of California under the Child Care Facilities Revolving Fund Program. The proceeds of which were used for the purchase and installation of a new relocatable building for the preschool program. The outstanding debt and annual repayment requirements at June 30, 2008 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Payment</u>
2009	\$ 12,167
2010	12,167
2011	12,167
2012	<u>11,033</u>
Total	47,534
Less Amount Representing Interest	<u>0</u>
Net Loan Payable	<u>\$ 47,534</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 9 - 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, 2008 the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$11,215,000.

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, 2008, the outstanding balance of the debt to be paid by the escrow agent had been paid in full.

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, 2008 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, 2007</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2008</u>
6/29/1999 C	Various	2/1/2008	\$10,000,000	\$ 215,000	\$	\$ 215,000	\$
6/11/2001 E	Various	2/1/2032	12,500,000	11,515,000		240,000	11,275,000
7/11/2002 F	Various	8/1/2032	10,000,000	9,385,000		185,000	9,200,000
7/21/2003 G	Various	8/1/2033	6,000,000	5,685,000		125,000	5,560,000
3/03/2004	Various	8/1/2030	23,180,000	21,355,000		605,000	20,750,000
7/01/2004 H	Various	8/1/2034	5,000,000	4,875,000		85,000	4,790,000
4/28/2005	Various	8/1/2029	17,750,000	17,420,000		290,000	17,130,000
9/07/2005 I	Various	8/1/2034	5,000,000	<u>4,895,000</u>		<u>85,000</u>	<u>4,810,000</u>
				<u>\$75,345,000</u>	<u>\$ -</u>	<u>\$ 1,830,000</u>	<u>\$73,515,000</u>

⁽¹⁾Original maturity date on non-refunded portion:
Series C 2/1/2030

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9 - BONDED DEBT - GENERAL OBLIGATION BONDS: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,135,000	2,900,312	5,035,312
2013	2,205,000	2,824,143	5,029,143
2014-2018	12,470,000	12,760,280	25,230,280
2019-2023	15,545,000	9,797,941	25,342,941
2024-2028	19,790,000	5,715,318	25,505,318
2029-2033	13,915,000	1,483,936	15,398,936
2034-2035	<u>1,530,000</u>	<u>39,597</u>	<u>1,569,597</u>
Totals	73,515,000	<u>\$ 44,665,606</u>	<u>\$ 118,180,606</u>
Unamortized bond premium ⁽¹⁾	1,357,068		
Unamortized bond deferred liability ⁽²⁾	<u>(2,524,121)</u>		
Total	<u>\$ 72,347,947</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 2005 and 2006 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 2007-08 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 2005 refunding and \$982,792 for the 2006 refunding. Amortization of \$116,597 was recognized during the 2007-08 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 2007-08 year.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 10 - CERTIFICATES OF PARTICIPATION:

The District entered into a certificates of participation agreement dated April 24, 2002. The proceeds of \$5,835,000, after payment of costs and establishment of reserves, 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, 2008, 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 Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 230,000	\$ 215,182	\$ 445,182
2010	240,000	206,326	446,326
2011	250,000	196,728	446,728
2012	260,000	186,352	446,352
2013	270,000	175,302	445,302
2014-2018	1,565,000	679,426	2,244,426
2019-2022	<u>1,745,000</u>	<u>243,072</u>	<u>1,988,072</u>
Totals	<u>\$ 4,560,000</u>	<u>\$ 1,902,388</u>	<u>\$ 6,462,388</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, 2008

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

A schedule of changes in long-term debt for the year ended June 30, 2008 is shown below.

	<u>Balance</u> <u>July 1, 2007 *</u>	<u>Additions</u>	<u>Deletions</u>	<u>End Balance</u> <u>June 30, 2008</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Compensated absences	\$ 900,556	\$ 44,675	\$	\$ 945,231	\$ 945,231
Loan payable	59,701		12,167	47,534	12,167
General obligation bonds	75,345,000		1,830,000	73,515,000	1,900,000
General obligation bonds - premium	1,420,085		63,017	1,357,068	
General obligation bonds - deferred liability	(2,640,718)		(116,597)	(2,524,121)	
Certificates of participation	4,780,000		220,000	4,560,000	230,000
Postemployment healthcare benefits		121,261		121,261	
Net pension obligation	271,911		189,118	82,793	
Totals	<u>\$ 80,136,535</u>	<u>\$ 165,936</u>	<u>\$ 2,197,705</u>	<u>\$ 78,104,766</u>	<u>\$ 3,087,398</u>

*Beginning balance has been restated to record the Net Pension Obligation: See Note 13.

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

Capital asset activity for the year ended June 30, 2008 is shown below.

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>
Land (1)	\$ 12,371,805	\$	\$	\$ 12,371,805
Buildings and improvements	229,632,078	9,444,244		239,076,322
Machinery, equipment and vehicles	5,041,355	1,350,799	146,224	6,245,930
Totals at historical cost	247,045,238	10,795,043	146,224	257,694,057
Less accumulated depreciation for:				
Buildings and improvements	53,035,509	5,912,398		58,947,907
Machinery, equipment and vehicles	3,690,250	459,813	142,427	4,007,636
Total accumulated depreciation	56,725,759	6,372,211	142,427	62,955,543
Governmental capital assets, net	<u>\$ 190,319,479</u>	<u>\$ 4,422,832</u>	<u>\$ 3,797</u>	<u>\$ 194,738,514</u>

(1) The total Land balance reported above includes \$700,962 of land considered to be idle property as of June 30, 2008

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 13 - EMPLOYEE RETIREMENT PLANS:

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

State Teachers' Retirement System (STRS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-08 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, 2008

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-08 was 9.306% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

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

Year Ended <u>June 30,</u>	STRS		PERS	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2006	\$4,884,075	100%	\$1,898,072	100%
2007	5,300,742	100%	2,081,975	100%
2008	5,564,269	100%	2,280,987	100%

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

Deferred Compensation Plan:

Plan Description

The District's Deferred Compensation Plan is a single-employer defined benefit pension plan, administered by the Ventura Unified School District, provides retirement benefits in lieu of postretirement health benefits, to plan members and beneficiaries. Benefit eligibility is limited to employees hired prior to April 28, 1993 who retire from the District after June 30, 1993 under either the PERS or STRS pension plan. The benefit provides for \$1,500 per year of service, and is frozen based on completed years of service at June 30, 1993 plus one with a maximum of 30 years of service. Benefits are paid in five equal annual installments. Benefit provisions were established by the governing board and may not be amended. The plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District contributes 100 percent of the cost of pension benefits as established by the plan provisions.

Annual Pension Cost and Net Pension Obligation

The District's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 597,718
Interest on net pension obligation	13,596
Adjustment to annual required contribution	<u>(26,197)</u>
Annual pension cost	585,117
Contributions made	<u>(774,235)</u>
Increase (decrease) in net pension obligation	(189,118)
Net pension obligation beginning of year	<u>271,911</u>
Net pension obligation end of year	<u>\$ 82,793</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

Deferred Compensation Plan:

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$650,123	146.6%	\$ 271,911
6/30/07	618,254	139.7%	517,372
6/30/08	585,117	131.3%	82,793

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$4,486,382. Although the plan has no segregated assets, the District does maintain the Alternative Retiree Fund to designate resources for pension costs. At June 30, 2008, the fund's designated balance was \$425,993.

The schedule of the deferred compensation plan funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2007, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 5% investment rate of return, with no administrative expenses assumed, which is the level of return on the employer's investments. The UAAL is being amortized as a level dollar amount over 15 years on a closed basis.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health, dental and vision benefits to all Certificated and Classified employees who were retired from the District as of June 30, 1993. The plan also provides for benefits to their spouses. The Retiree Health Plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. Classified retirees who retired with fewer than 15 years of service must contribute a portion of the cost of their coverage and all classified retirees must contribute the cost of dental and vision coverage for their dependents. For fiscal year ended 2008, the District contributed \$2,461,871 to the plan.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

Annual required contribution (ARC)	\$2,583,132
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	2,583,132
Contributions made	<u>(2,461,871)</u>
Change in net OPEB obligation	121,261
Net OPEB obligation - Beginning of Year ⁽¹⁾	<u>-</u>
Net OPEB obligation - End of Year	<u><u>\$ 121,261</u></u>

⁽¹⁾ GASB Statement No. 45 provides for prospective implementation, therefore the beginning net OPEB obligation is set at zero as of the beginning of the initial year.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The District’s annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for fiscal year ended 2008 was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2008	\$2,583,132	95.3%	\$ 121,261

Fiscal year 2008 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively, therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$26,812,023. Because the plan is limited to individuals who retired as of June 30, 1993, there are no active employees covered by the plan. Although the plan has no segregated assets, the District does maintain a retiree benefits fund to designate resources for retiree health care costs. At June 30, 2008, the fund’s designated balance was \$837,379.

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. The UAAL is being amortized using a level dollar amortization method over a closed fifteen year period. The remaining amortization period at June 30, 2008, was fourteen years.

NOTE 15 - JOINT POWERS AGREEMENTS:

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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 15 - JOINT POWERS AGREEMENTS: (continued)

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. Separate financial statements for each JPA may be obtained from the respective entity.

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, 2008</u>	The Trust (Unaudited) <u>June 30, 2008</u>
Total Assets	\$ 86,618,763	\$ 23,537,188
Total Liabilities	<u>42,050,461</u>	<u>4,797,401</u>
Total Fund Balance	\$ <u>44,568,302</u>	\$ <u>18,739,787</u>
Total Revenues	\$ <u>43,625,013</u>	\$ <u>40,606,947</u>
Total Expenditures	\$ <u>16,010,371</u>	\$ <u>41,114,470</u>

NOTE 16 – ADJUSTMENT FOR RESTATEMENT OF NET ASSETS:

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers* effective for periods beginning after June 15, 1997, for its deferred compensation plan established in July 1993. The statement requires the entity to record the net pension obligation in the statement of net assets.

The beginning net assets were therefore restated for \$271,911, the amount of the pension obligation at July 1, 2007 as determined by an actuarial valuation. Measurement and recognition requirements of the standard are described in Note 13.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 17 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Awards, and Grants

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

B. 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, 2008, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$4.1 million. Projects will be funded through bond proceeds, capital facilities funding, County School Facilities Grants and Deferred Maintenance allocations.

D. 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 jointly marketed the sale of the property. The City will be reimbursed up to \$100,000 for actual cost of staffing a project development team for the Santa Clara site.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 17 - COMMITMENTS AND CONTINGENCIES: (continued)

E. Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

NOTE 18 - SUBSEQUENT EVENT:

A. Tax Revenue Anticipation Notes

The District issued \$5,000,000 of Tax Revenue Anticipation Notes dated July 1, 2008 through the California School Boards Association Finance Corporation's Cash Reserve Program (Series 2008-09). The notes mature on July 6, 2009 and yield 1.650% interest. The notes were sold by the District to supplement its cash flow.

The funds will be held with the trustee, U.S. Bank National Association, unless and until the District needs to draw funds out. Repayment requirements are that \$5,000,000 principal and approximately \$152,083 interest be set aside within the County Treasury by May 1, 2009.

B. Operating Lease

On July 1, 2008 the District entered into a loan agreement with Konica Minolta in the amount of \$321,204 a year for 5 years. This annual payment will cover the expense of 75 multifunction printers and copiers, 28 e-Copy scan stations, 6 fax kits and printer software package.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Revenue limit sources:				
State apportionments	\$ 51,773,227	\$ 49,386,327	\$ 49,153,512	\$ (232,815)
Local sources	43,354,092	46,367,462	46,707,451	339,989
Total revenue limit sources	95,127,319	95,753,789	95,860,963	107,174
Federal sources	8,914,676	11,327,519	10,275,682	(1,051,837)
Other State sources	20,010,665	21,706,351	21,698,323	(8,028)
Other local sources	9,044,826	13,006,739	13,723,523	716,784
Total Revenues	<u>133,097,486</u>	<u>141,794,398</u>	<u>141,558,491</u>	<u>(235,907)</u>
Expenditures				
Certificated salaries	63,047,696	66,101,964	66,696,610	(594,646)
Classified salaries	21,241,769	22,499,524	22,497,597	1,927
Employee benefits	30,367,892	30,363,263	29,512,575	850,688
Books and supplies	6,197,898	12,346,553	7,430,558	4,915,995
Services and other operating expenditures	9,291,434	11,535,544	12,584,224	(1,048,680)
Capital outlay	53,000	1,044,214	1,358,212	(313,998)
Tuition and other outgo	2,442,000	2,852,663	2,475,884	376,779
Direct support - indirect cost	(1,004,937)	(845,164)	(830,568)	(14,596)
Debt service			12,167	(12,167)
Total Expenditures	<u>131,636,752</u>	<u>145,898,561</u>	<u>141,737,259</u>	<u>4,161,302</u>
Excess (deficiency) of revenues over expenditures	<u>1,460,734</u>	<u>(4,104,163)</u>	<u>(178,768)</u>	<u>3,925,395</u>
Other Financing Sources (Uses)				
Interfund transfers in	571,660	571,660	15,342	(556,318)
Interfund transfers out	(1,258,169)	(1,282,169)	(881,712)	400,457
Total Other Financing Sources (Uses)	<u>(686,509)</u>	<u>(710,509)</u>	<u>(866,370)</u>	<u>(155,861)</u>
Net change in fund balances	<u>\$ 774,225</u>	<u>\$ (4,814,672)</u>	<u>(1,045,138)</u>	<u>\$ 3,769,534</u>
Fund Balances at Beginning of Year			<u>13,003,828</u>	
Fund Balances at End of Year			<u>\$ 11,958,690</u>	

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE SPECIAL RESERVE FUND
FOR POSTEMPLOYMENT BENEFITS
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Other local sources	\$ 60,000	\$ 60,000	\$ 55,054	\$ (4,946)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>55,054</u>	<u>(4,946)</u>
Other Financing Sources (Uses)				
Interfund transfers in	500,000	500,000	100,000	(400,000)
Interfund transfers out	(520,000)	(520,000)		520,000
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>100,000</u>	<u>120,000</u>
Net change in fund balances	<u>\$ 40,000</u>	<u>\$ 40,000</u>	155,054	<u>\$ 115,054</u>
Fund Balances at Beginning of Year			<u>1,108,318</u>	
Fund Balances at End of Year			<u>\$ 1,263,372</u>	

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DEFERRED COMPENSATION PLAN FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2008**

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Unit Cost Method) (AAL)</u>	<u>Unfunded AAL</u>	<u>Funding Ratio</u>	<u>Covered Payroll (1)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2006	7/1/2004	\$ -	\$ 5,299,487	\$ 5,299,487	0%	\$	0%
6/30/2007	7/2/2004	-	4,892,935	4,892,935	0%		0%
6/30/2008	7/1/2007	-	4,486,382	4,486,382	0%		0%

Note: Although the plan has no segregated assets, the District does maintain the Alternative Retiree Benefit Fund (Fund #201) to designate resources for future retiree pension costs. At June 30, 2008, the fund's designated balance was \$425,993.

(1) The covered payroll data is not readily available.

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS

For the Fiscal Year Ended June 30, 2008

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Unit Cost Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll (1)</u>	<u>UAAL as a Percentage of Covered Payroll (1)</u>
6/30/2008	7/1/2007	\$ -	\$ 26,812,023	\$ 26,812,023	0.0%	\$ -	0.0%

Note: Fiscal year 2008 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively, therefore, prior year comparative data is not available. In future years, three year trend information will be presented.

Although the plan has no segregated assets, the District does maintain the Retiree Benefits Fund (Fund #200) to designate resources for future retiree health care costs. At June 30, 2008, the funds designated balance was \$837,379.

(1) Because the plan is limited to individuals who retired as of June 30, 1993, and the actuarial used a level dollar amortization method over a closed fifteen year period there is no applicable covered payroll amount.

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2008**

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Budgetary Comparison For The General Fund and Major Special Revenue Fund

GASB Statement No. 34 requires a budgetary comparison be presented for the general fund and for any major special revenue fund that has a legally adopted annual budget. This schedule presents the 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.

B. Schedule of Deferred Compensation Plan Funding Progress

This schedule is prepared to show information for the three most recent actuarial valuations in accordance with Statement No. 27 of the Governmental Accounting Standards Board, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50 *Pension Disclosures*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for its deferred compensation pension plan.

C. Schedule of Postemployment Healthcare Benefits Funding Progress

This schedule is prepared to show information for the most recent actuarial valuation and in future years, the information from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

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

General Fund:

Certificated Salaries	\$ 594,646
Services and Other Operating Expenditures	1,048,680
Capital Outlay	313,998

There were no excess of expenditures over appropriations, by major object accounts in the Special Reserve Fund for Postemployment Benefits.

SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2008

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, one adult education school and one community day school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2008 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mr. John Walker	President	December 2009
Mrs. Mary Haffner	Vice President	December 2009
Mrs. Barbara Fitzgerald	Member	December 2011
Mrs. Debbie Golden	Member	December 2011
Mrs. Velma Lomax	Member	December 2009

DISTRICT ADMINISTRATORS

Dr. Trudy Tuttle Arriaga	Superintendent
Mr. Joseph Richards, Jr.	Assistant Superintendent, Business Services
Mr. Jeff Chancer	Assistant Superintendent, Educational Services
Mr. Richard Kirby	Assistant Superintendent, Human Resources

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2008**

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, 2008 are as follows:

	<u>Revised Second Period</u>	<u>Revised Annual</u>
Elementary:		
Kindergarten	1,088	1,089
First through third grade	3,494	3,497
Fourth through eighth grade	6,076	6,066
Home or hospital – temporary physical disabilities	3	5
Special education master plan	299	305
Special education – non-public, non-sectarian schools	6	5
Extended year special education – mandated	15	15
Extended year special education-non-public, non-sectarian	1	1
Community day school	6	7
Opportunity schools and full-day opportunity classes	3	4
Total elementary ADA	<u>10,991</u>	<u>10,994</u>
Secondary:		
Regular classes	5,062	4,996
Continuation education	230	211
Home or hospital – temporary physical disabilities	10	14
Special education master plan	128	128
Special education – non-public, non-sectarian schools	10	12
Extended year special education – mandated	5	5
Extended year special education-non-public, non-sectarian	1	1
Community day school	8	9
Opportunity schools and full-day opportunity classes	18	18
Total secondary ADA	<u>5,472</u>	<u>5,394</u>
Adult Education:		
Concurrently enrolled	76	95
Not concurrently enrolled	<u>1,457</u>	<u>1,594</u>
Total adult education ADA	<u>1,533</u>	<u>1,689</u>
Total ADA	<u>17,996</u>	<u>18,077</u>

<u>Hourly Programs</u>	<u>Hours of Attendance</u>
Elementary	130,058
Secondary	190,763

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2008**

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2007-08 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	50,400	42,060	50,555	180	In compliance
Grade 2	50,400	42,060	50,555	180	In compliance
Grade 3	50,400	42,060	50,555	180	In compliance
Grade 4	54,000	51,595	54,025	180	In compliance
Grade 5	54,000	51,595	54,025	180	In compliance
Grade 6	54,000	51,595	54,090	180	In compliance
Grade 7	54,000	51,595	54,090	180	In compliance
Grade 8	54,000	51,595	54,090	180	In compliance
Grade 9	64,800	64,642	65,138	180	In compliance
Grade 10	64,800	64,642	65,138	180	In compliance
Grade 11	64,800	64,642	65,138	180	In compliance
Grade 12	64,800	64,642	65,138	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, 2008

<u>PROGRAM NAME</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed-through the California Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	03396	\$ 2,331,011
National School Breakfast Program	10.553	03988	62,810
Especially Needy Breakfast Program	10.553	03526	848,147
Meal Supplements	10.553	(1)	37,201
Commodities	10.553	(1)	295,316
Summer Food Service Program for Children	10.559	03526	<u>171,694</u>
Total Child Nutrition Cluster			3,746,179
Other Program:			
Nutrition Network	10.561	(1)	<u>326,755</u>
Total U.S. Department of Agriculture			<u>4,072,934</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
Passed-through the California State Office of Emergency Services:			
Disaster Assistance	83.544	(1)	<u>17,413</u>
Total Federal Emergency Management Agency			<u>17,413</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Program			
Student Financial Aid Cluster:			
Pell Grant	84.063	(1)	211,044
Federal Direct Loan	84.268	(1)	<u>73,036</u>
Total Student Financial Aid Cluster			284,080
Other Programs:			
Indian Education	84.060	(1)	295,206
Carol M White Physical Education Grant	84.215F	(1)	29,870
Smaller Learning Community	84.215L	(1)	<u>223,614</u>
Subtotal Direct Programs			<u>832,770</u>

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, 2008**

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Passed-through the California Department of Education:			
Special Education Cluster:			
Special Education (PL 94-142)	84.027	03143	2,648,197
Preschool Local Entitlement	84.027	03682	172,698
Federal Preschool	84.173	(1)	<u>95,495</u>
Total Special Education Cluster			2,916,390
Other Programs:			
Title I	84.010	03799	2,643,835
Title II - Part A, Principal Training	84.367	14344	9,071
Title II - Improving Teacher Quality	84.367	14341	776,755
Title II - Part D, Enhancing Education Through Technology	84.318	14334	351,271
Title III - Limited English Proficiency Student Program	84.365	10084	180,431
Title III - Immigrant Education Program	84.365	14346	61,381
Title IV - Safe and Drug Free Schools	84.186	14347	61,968
Title V - Innovative Education Strategies	84.298A	14354	18,669
Title X - Homeless Assistance	84.196	(1)	
Carl D. Perkins Vocational and Technical Education	84.048	03570	145,050
Adult Basic Education	84.002A	13973	80,986
Migrant Education	84.011	03239	220,373
Migrant Education - Even Start	84.214	10030	21,519
Workability II, Transition Partnership	84.126A	(1)	321,254
Foreign Language Assistance	84.293B	(1)	<u>133,130</u>
Subtotal Passed-through the California Department of Education			<u>7,942,083</u>
Total U.S. Department of Education			<u>8,774,853</u>

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, 2008**

<u>PROGRAM NAME</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed-through the California Department of Education:			
Child Development Pre-K Quality Curriculum Materials	93.575	24486	5,829
Medi-Cal Administrative Activities	93.778	10600	1,224,312
Medi-Cal Billing Option	93.778	10013	<u>719,617</u>
Total U.S. Department of Health & Human Services			<u>1,949,758</u>
 Total Federal Programs			 <u>\$ 14,814,958</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 14,814,958
Expenditures in excess of revenues related to Federal entitlement program Medi-Cal Billing Option			(378,167)
Expenditures in excess of revenues related to Federal entitlement program FEMA			<u>(17,413)</u>
 Total Federal Program Revenue			 <u>\$ 14,419,378</u>

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

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, 2008

There were no differences between the fund balances reported on the June 30, 2008 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>2009 (Budgeted) (2)</u>		<u>2008</u>		<u>2007</u>		<u>2006</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	\$ 95,961,670	69.9	\$ 95,860,963	67.2	\$ 93,282,226	68.2	\$ 87,268,176	69.5
Federal	9,336,721	6.8	10,275,682	7.2	11,481,974	8.4	11,294,231	9.0
State	20,252,660	14.8	21,698,323	15.2	24,012,515	17.5	19,761,021	15.7
County and local	9,478,278	6.9	13,723,523	9.7	11,082,006	8.1	9,005,021	7.2
Interfund transfers	181,660	0.1	15,342	0.0	460,925	0.3	639,572	0.5
Total Revenue	<u>135,210,989</u>	<u>98.5</u>	<u>141,573,833</u>	<u>99.3</u>	<u>140,319,646</u>	<u>102.5</u>	<u>127,968,021</u>	<u>101.9</u>
<u>Expenditures</u>								
Certificated salaries	65,179,924	47.5	66,696,610	46.8	63,745,702	46.6	58,551,850	46.6
Classified salaries	22,639,023	16.5	22,497,597	15.8	21,300,258	15.5	19,308,179	15.4
Employee benefits	29,991,854	21.9	29,512,575	20.7	30,922,744	22.6	29,950,422	23.9
Books and supplies	5,973,085	4.3	7,430,558	5.2	6,007,121	4.4	5,203,214	4.1
Contracted services	10,345,850	7.5	12,584,224	8.8	11,713,174	8.5	10,524,877	8.4
Capital outlay	53,000	0.0	1,358,212	1.0	248,593	0.2	360,079	0.3
Interfund transfers	781,712	0.6	881,712	0.6	1,058,169	0.8	720,796	0.6
Other uses	2,852,663	2.1	2,475,884	1.7	2,892,914	2.1	2,056,807	1.6
Debt service payments			12,167	0.0	12,167	0.0	12,167	0.0
Direct support/indirect costs	(608,941)	(0.4)	(830,568)	(0.6)	(1,017,065)	(0.7)	(1,110,168)	(0.9)
Total Expenditures	<u>137,208,170</u>	<u>100.0</u>	<u>142,618,971</u>	<u>100.0</u>	<u>136,883,777</u>	<u>100.0</u>	<u>125,578,223</u>	<u>100.0</u>
Change in Fund Balance	<u>\$ (1,997,181)</u>	<u>(1.5)</u>	<u>\$ (1,045,138)</u>	<u>(0.7)</u>	<u>\$ 3,435,869</u>	<u>2.5</u>	<u>\$ 2,389,798</u>	<u>1.9</u>
Adjustment for Restatement							<u>\$ (204,402)</u>	<u>(0.2)</u>
Ending Fund Balance	<u>\$ 9,961,509</u>	<u>7.3</u>	<u>\$ 11,958,690</u>	<u>8.4</u>	<u>\$ 13,003,828</u>	<u>9.5</u>	<u>\$ 9,567,959</u>	<u>7.6</u>
General Fund Available								
Reserve Balance (1)	<u>\$ 4,786,080</u>	<u>3.5</u>	<u>\$ 5,180,609</u>	<u>3.6</u>	<u>\$ 4,474,010</u>	<u>3.3</u>	<u>\$ 4,174,198</u>	<u>3.3</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>16,350</u>		<u>16,463</u>		<u>16,487</u>		<u>16,635</u>	
Total Long-Term Debt (3)	<u>\$ 76,016,182</u>		<u>\$ 78,104,766</u>		<u>\$ 79,864,624</u>		<u>\$ 81,665,511</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 24, 2008, 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 2006 year has 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, 2008**

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, 2008

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

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

C. Schedule of Expenditures of Federal Awards

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

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

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report Form to the audited financial statements.

E. 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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

F. 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.

NOTE 2 – EXCESS SICK LEAVE:

Section 19833.5(a)(3) disclosure

Ventura Unified School District does not provide more than 12 sick leave days in a school year to any CalSTRS member.

OPTIONAL SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2008

	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
<u>Assets</u>			
Cash in county treasury	\$ 842,485	\$ 419,998	\$ 1,262,483
Accounts receivable:			
Miscellaneous	12,020	5,995	18,015
Due from other funds	400,000		400,000
Total Assets	\$ 1,254,505	\$ 425,993	\$ 1,680,498
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other funds	\$ 417,126	\$ _____	\$ 417,126
Total Liabilities	417,126	-	417,126
 Fund Balances			
Designated for special purposes	837,379	425,993	1,263,372
Total Fund Balances	837,379	425,993	1,263,372
Total Liabilities and Fund Balances	\$ 1,254,505	\$ 425,993	\$ 1,680,498

See the accompanying notes to the optional 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, 2008

	<u>Retiree Benefits Fund</u>	<u>Alternative Retiree Benefits Fund</u>	<u>Total (Memorandum Only)</u>
Revenues			
Other local sources	\$ 36,736	\$ 18,318	\$ 55,054
Total Revenues	<u>36,736</u>	<u>18,318</u>	<u>55,054</u>
Other Financing Sources			
Interfund transfers in	<u>100,000</u>	<u> </u>	<u>100,000</u>
Total Other Financing Sources	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	136,736	18,318	155,054
Fund Balances at Beginning of Year	<u>700,643</u>	<u>407,675</u>	<u>1,108,318</u>
Fund Balances at End of Year	<u>\$ 837,379</u>	<u>\$ 425,993</u>	<u>\$ 1,263,372</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

MAJOR BUILDING SUB-FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	<u>Building Fund</u>	<u>Building Fund (Series A)</u>	<u>Bond Building Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>				
Cash in county treasury	\$ 30,981,019	\$ 129,669	\$ 3,793,518	\$ 34,904,206
Cash with fiscal agent		1,603,115		1,603,115
Investments with fiscal agent		454,087		454,087
Accounts receivable:				
Miscellaneous	590,779	4,601	63,373	658,753
Due from other funds	9,039,491	4,841		9,044,332
Total Assets	<u>\$ 40,611,289</u>	<u>\$ 2,196,313</u>	<u>\$ 3,856,891</u>	<u>\$ 46,664,493</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 946,995	\$ 227,438	\$ 756,534	\$ 1,930,967
Due to other funds	388,516	38,041	125,254	551,811
Deferred revenue	66,484			66,484
Total Liabilities	<u>1,401,995</u>	<u>265,479</u>	<u>881,788</u>	<u>2,549,262</u>
Fund Balances				
Designated for special purposes	39,209,294	1,930,834	2,975,103	44,115,231
Total Fund Balances	<u>39,209,294</u>	<u>1,930,834</u>	<u>2,975,103</u>	<u>44,115,231</u>
Total Liabilities and Fund Balances	<u>\$ 40,611,289</u>	<u>\$ 2,196,313</u>	<u>\$ 3,856,891</u>	<u>\$ 46,664,493</u>

See the accompanying notes to the optional 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, 2008**

	Building Fund	Building Fund (Series A)	Bond Building Fund	Total (Memorandum Only)
Revenues				
Other local sources	\$ 2,498,476	\$ 87,021	\$ 246,106	\$ 2,831,603
Total Revenues	2,498,476	87,021	246,106	2,831,603
Expenditures				
Plant services	3,959,888	520,865	2,976,002	7,456,755
Debt service		443,151		443,151
Total Expenditures	3,959,888	964,016	2,976,002	7,899,906
Deficiency of revenues over expenditure	(1,461,412)	(876,995)	(2,729,896)	(5,068,303)
Other Financing Sources (Uses)				
Interfund transfers in		443,323		443,323
Interfund transfers out			(100,000)	(100,000)
Total Other Financing Sources (Uses)	-	443,323	(100,000)	343,323
Net change in fund balances	(1,461,412)	(433,672)	(2,829,896)	(4,724,980)
Fund Balances at Beginning of Year	40,670,706	2,364,506	5,804,999	48,840,211
Fund Balances at End of Year	\$ 39,209,294	\$ 1,930,834	\$ 2,975,103	\$ 44,115,231

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND

BALANCE SHEET

June 30, 2008

	Bond Interest and Redemption Fund
<u>Assets</u>	
Cash in county treasury	\$ 5,128,843
Accounts receivable:	
Miscellaneous	56,537
Total Assets	<u>\$ 5,185,380</u>
<u>Liabilities and Fund Balance</u>	
Fund Balance	
Restricted for debt service	<u>\$ 5,185,380</u>
Total Fund Balance	<u>5,185,380</u>
Total Liabilities and Fund Balance	<u>\$ 5,185,380</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2008

	Bond Interest and Redemption Fund
Revenues	
Other State sources	\$ 48,728
Other local sources	<u>5,187,688</u>
Total Revenues	<u>5,236,416</u>
Expenditures	
Debt service	<u>5,242,239</u>
Total Expenditures	<u>5,242,239</u>
Net change in fund balance	(5,823)
Fund Balance at Beginning of Year	<u>5,191,203</u>
Fund Balance at End of Year	<u>\$ 5,185,380</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2008

	<u>Cafeteria Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>					
Cash in county treasury	\$ 423,973	\$ 446,364	\$ 221,396	\$ 1,750,777	\$ 2,842,510
Cash in banks	125,545				125,545
Accounts receivable:					
Federal and State governments	642,924	550,345			1,193,269
Miscellaneous	7,052	335,067	46,352	22,051	410,522
Due from other funds	252,224	76,626	1,506	186,023	516,379
Inventory	56,211				56,211
Total Assets	<u>\$ 1,507,929</u>	<u>\$ 1,408,402</u>	<u>\$ 269,254</u>	<u>\$ 1,958,851</u>	<u>\$ 5,144,436</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 134,519	\$ 82,152	\$ (25)	\$ 100,062	\$ 316,708
Due to other funds	1,207,437	363,578	149,985		1,721,000
Deferred revenue	24,254	23,848			48,102
Total Liabilities	<u>1,366,210</u>	<u>469,578</u>	<u>149,960</u>	<u>100,062</u>	<u>2,085,810</u>
Fund Balances					
Restricted for special purposes			61,748		61,748
Reserved for special purposes	56,211				56,211
Undesignated	85,508	938,824	57,546	1,858,789	2,940,667
Total Fund Balances	<u>141,719</u>	<u>938,824</u>	<u>119,294</u>	<u>1,858,789</u>	<u>3,058,626</u>
Total Liabilities and Fund Balances	<u>\$ 1,507,929</u>	<u>\$ 1,408,402</u>	<u>\$ 269,254</u>	<u>\$ 1,958,851</u>	<u>\$ 5,144,436</u>

See the accompanying notes to the optional 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, 2008

	<u>Cafeteria Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Total (Memorandum Only)</u>
Revenues					
Revenue from revenue limit sources:					
State apportionment	\$ 1,566,392	\$	\$	\$	\$ 1,566,392
Federal sources	3,746,179	394,053	3,464		4,143,696
Other State sources	329,628	4,683,432	1,279,070	712,061	7,004,191
Other local sources	<u>2,069,285</u>	<u>586,946</u>	<u>18,433</u>	<u>48,038</u>	<u>2,722,702</u>
Total Revenues	<u>7,711,484</u>	<u>5,664,431</u>	<u>1,300,967</u>	<u>760,099</u>	<u>15,436,981</u>
Expenditures					
Instruction		2,797,052	1,102,257		3,899,309
Instruction-related services		1,510,937	109,232		1,620,169
Pupil services	7,207,729		38,756		7,246,485
Community services		26,128			26,128
General administration	286,046	259,858	62,031		607,935
Plant services	<u>222,634</u>	<u>276,813</u>		<u>885,729</u>	<u>1,385,176</u>
Total Expenditures	<u>7,716,409</u>	<u>4,870,788</u>	<u>1,312,276</u>	<u>885,729</u>	<u>14,785,202</u>
Excess (deficiency) of revenues over expenditures	<u>(4,925)</u>	<u>793,643</u>	<u>(11,309)</u>	<u>(125,630)</u>	<u>651,779</u>
Other Financing Sources (Uses)					
Interfund transfers in				781,712	781,712
Interfund transfers out		<u>(443,323)</u>			<u>(443,323)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(443,323)</u>	<u>-</u>	<u>781,712</u>	<u>338,389</u>
Net change in fund balances	(4,925)	350,320	(11,309)	656,082	990,168
Fund Balances at Beginning of Year	<u>146,644</u>	<u>588,504</u>	<u>130,603</u>	<u>1,202,707</u>	<u>2,068,458</u>
Fund Balances at End of Year	<u>\$ 141,719</u>	<u>\$ 938,824</u>	<u>\$ 119,294</u>	<u>\$ 1,858,789</u>	<u>\$ 3,058,626</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	<u>Capital Facilities Fund (Residential)</u>	<u>Capital Facilities Fund (Commercial)</u>	<u>County School Facilities Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>				
Cash in county treasury	\$ 5,668,006	\$ 650,147	\$ 911,664	\$ 7,229,817
Accounts receivable:				
Miscellaneous	83,195	9,148	13,891	106,234
Due from other funds	<u>50,000</u>	<u>4,820</u>	<u>100,000</u>	<u>154,820</u>
Total Assets	<u>\$ 5,801,201</u>	<u>\$ 664,115</u>	<u>\$ 1,025,555</u>	<u>\$ 7,490,871</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 256,896	\$	\$ 408,346	\$ 665,242
Due to other funds	<u>61,351</u>	<u>2,610</u>	<u>2,814</u>	<u>66,775</u>
Total Liabilities	<u>318,247</u>	<u>2,610</u>	<u>411,160</u>	<u>732,017</u>
Fund Balances				
Designated for special purposes	<u>5,482,954</u>	<u>661,505</u>	<u>614,395</u>	<u>6,758,854</u>
Total Fund Balances	<u>5,482,954</u>	<u>661,505</u>	<u>614,395</u>	<u>6,758,854</u>
Total Liabilities and Fund Balances	<u>\$ 5,801,201</u>	<u>\$ 664,115</u>	<u>\$ 1,025,555</u>	<u>\$ 7,490,871</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2008

	<u>Capital Facilities Fund (Residential)</u>	<u>Capital Facilities Fund (Commercial)</u>	<u>County School Facilities Fund</u>	<u>Total (Memorandum Only)</u>
Revenues				
Other local sources	\$ 733,044	\$ 68,044	\$ 53,677	\$ 854,765
Total Revenues	<u>733,044</u>	<u>68,044</u>	<u>53,677</u>	<u>854,765</u>
Expenditures				
Plant services	1,946,838		153,837	2,100,675
Total Expenditures	<u>1,946,838</u>	<u>-</u>	<u>153,837</u>	<u>2,100,675</u>
Excess (deficiency) of revenues over expenditures	<u>(1,213,794)</u>	<u>68,044</u>	<u>(100,160)</u>	<u>(1,245,910)</u>
Other Financing Sources (Uses)				
Interfund transfers in			100,000	100,000
Interfund transfers out	(14,115)	(1,227)		(15,342)
Total Other Financing Sources (Uses)	<u>(14,115)</u>	<u>(1,227)</u>	<u>100,000</u>	<u>84,658</u>
Net change in fund balances	(1,227,909)	66,817	(160)	(1,161,252)
Fund Balances at Beginning of Year	<u>6,710,863</u>	<u>594,688</u>	<u>614,555</u>	<u>7,920,106</u>
Fund Balances at End of Year	<u>\$ 5,482,954</u>	<u>\$ 661,505</u>	<u>\$ 614,395</u>	<u>\$ 6,758,854</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
June 30, 2008

	<u>David Graham Scholarship Fund</u>	<u>Foundation Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>			
Cash in county	\$ 59,619	\$ 200,840	\$ 260,459
Accounts receivable:			
Miscellaneous	<u>862</u>	<u>9,388</u>	<u>10,250</u>
Total Assets	<u>60,481</u>	<u>210,228</u>	<u>270,709</u>
<u>Liabilities</u>			
Accounts payable		133	133
Due to governmental funds		<u>5,839</u>	<u>5,839</u>
Total Liabilities	<u>-</u>	<u>5,972</u>	<u>5,972</u>
<u>Net Assets</u>			
Restricted for special purposes	<u>60,481</u>	<u>204,256</u>	<u>264,737</u>
Total Net Assets	<u>\$ 60,481</u>	<u>\$ 204,256</u>	<u>\$ 264,737</u>

See the accompanying notes to the optional 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, 2008**

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
Additions			
Revenue from local sources	\$ 2,893	\$ 332,590	\$ 335,483
Total Additions	2,893	332,590	335,483
Deductions			
Scholarships awarded	1,201		1,201
Other expenses		328,857	328,857
Total Deductions	1,201	328,857	330,058
Changes in net assets	1,692	3,733	5,425
Net Assets at Beginning of Year	58,789	200,523	259,312
Net Assets at End of Year	\$ 60,481	\$ 204,256	\$ 264,737

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
June 30, 2008

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
Assets						
Cash on hand and in banks	\$ 418,876	\$ 600,825	\$ 127,638	\$ 14,825	\$ 12,238	\$ 53,995
Inventories	15,974	8,022	2,500			336
Total Assets	<u>\$ 434,850</u>	<u>\$ 608,847</u>	<u>\$ 130,138</u>	<u>\$ 14,825</u>	<u>\$ 12,238</u>	<u>\$ 54,331</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 3,551	\$	\$	\$	\$	\$
Funds held in trust	307,040	484,548	98,483	2,854	7,994	52,652
Total Liabilities	<u>310,591</u>	<u>484,548</u>	<u>98,483</u>	<u>2,854</u>	<u>7,994</u>	<u>52,652</u>
Fund Balances						
Reserved for special purposes	15,974	8,022	2,500			336
Undesignated	108,285	116,277	29,155	11,971	4,244	1,343
Total Fund Balances	<u>124,259</u>	<u>124,299</u>	<u>31,655</u>	<u>11,971</u>	<u>4,244</u>	<u>1,679</u>
Total Liabilities and Fund Balances	<u>\$ 434,850</u>	<u>\$ 608,847</u>	<u>\$ 130,138</u>	<u>\$ 14,825</u>	<u>\$ 12,238</u>	<u>\$ 54,331</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
 June 30, 2008

	<u>Cabrillo Middle School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>					
Cash on hand and in banks	\$ 91,110	\$ 25,519	\$ 6,096	\$ 7,774	\$ 1,358,896
Inventories	7,281				34,113
Total Assets	<u>\$ 98,391</u>	<u>\$ 25,519</u>	<u>\$ 6,096</u>	<u>\$ 7,774</u>	<u>\$ 1,393,009</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 12,158	\$ 21,156	\$ -	\$ -	\$ 3,551
Funds held in trust	12,158	21,156	-	-	986,885
Total Liabilities	<u>12,158</u>	<u>21,156</u>	<u>-</u>	<u>-</u>	<u>990,436</u>
Fund Balances					
Reserved for special purposes	7,281				34,113
Undesignated	78,952	4,363	6,096	7,774	368,460
Total Fund Balances	<u>86,233</u>	<u>4,363</u>	<u>6,096</u>	<u>7,774</u>	<u>402,573</u>
Total Liabilities and Fund Balances	<u>\$ 98,391</u>	<u>\$ 25,519</u>	<u>\$ 6,096</u>	<u>\$ 7,774</u>	<u>\$ 1,393,009</u>

See the accompanying notes to the optional 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, 2008

	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	\$ 125,589	\$ 164,286	\$	\$	\$	\$
Student body cards	16,660	26,495				
Student store / P.E. clothes	37,204	29,980	11,172	3,408		
Yearbook	91,480	102,863	57,928	20,023	5,182	
Fundraising			49,005	11,380	7,002	138,915
Vending machines	8,615	4,969				
Social activities				1,800	997	
Interest	10,175	11,774		20		2,401
Other revenues	44,531	43,073	77,812	34,042	7,487	90,407
Total Revenues	<u>334,254</u>	<u>383,440</u>	<u>195,917</u>	<u>70,673</u>	<u>20,668</u>	<u>231,723</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics	150,788	188,230				
Fundraising			49,526		4,009	120,281
Student store / P.E. clothes	29,414	21,924	8,288	6,067		
Yearbook	82,297	101,126	58,889	19,287	6,110	
Social activities				1,120	266	
Vending machines	5,486	996				
Other expenditures	57,863	99,095	101,641	53,658	13,231	142,087
Total Expenditures	<u>325,848</u>	<u>411,371</u>	<u>218,344</u>	<u>80,132</u>	<u>23,616</u>	<u>262,368</u>
Net change in fund balances	8,406	(27,931)	(22,427)	(9,459)	(2,948)	(30,645)
Fund Balances at Beginning of Year	<u>115,853</u>	<u>152,230</u>	<u>54,082</u>	<u>21,430</u>	<u>7,192</u>	<u>32,324</u>
Fund Balances at End of Year	<u>\$ 124,259</u>	<u>\$ 124,299</u>	<u>\$ 31,655</u>	<u>\$ 11,971</u>	<u>\$ 4,244</u>	<u>\$ 1,679</u>

See the accompanying notes to the optional 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, 2008**

	<u>Cabrillo Middle 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	\$	\$	\$	\$	\$ 289,875
Student body cards					43,155
Student store / P.E. clothes	25,967				107,731
Yearbook	21,660				299,136
Fundraising	73,604		2,347		282,253
Vending machines					13,584
Social activities			2,574	5,005	10,376
Interest	51		8		24,429
Other revenues	27,714	4,244	550	8,975	338,835
Total Revenues	<u>148,996</u>	<u>4,244</u>	<u>5,479</u>	<u>13,980</u>	<u>1,409,374</u>
Expenditures					
Services and Other Operating Expenditures					
Athletics					339,018
Fundraising	57,000		60		230,876
Student store / P.E. clothes	18,319				84,012
Yearbook	17,734				285,443
Social activities			2,754	3,817	7,957
Vendng machines					6,482
Other expenditures	41,023	3,367	625	13,994	526,584
Total Expenditures	<u>134,076</u>	<u>3,367</u>	<u>3,439</u>	<u>17,811</u>	<u>1,480,372</u>
Net change in fund balances	14,920	877	2,040	(3,831)	(70,998)
Fund Balances at Beginning of Year	<u>71,313</u>	<u>3,486</u>	<u>4,056</u>	<u>11,605</u>	<u>473,571</u>
Fund Balances at End of Year	<u>\$ 86,233</u>	<u>\$ 4,363</u>	<u>\$ 6,096</u>	<u>\$ 7,774</u>	<u>\$ 402,573</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES:

Combining and Individual Fund Financial Statements

Combining and individual fund balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the major sub-funds and non-major 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 the financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS



**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

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, 2008 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board, the Ventura County Office of Education, the California Department of Education, the State Controller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 12, 2008



**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

Compliance

We have audited the compliance of Ventura Unified School District (the 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, 2008. The 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 the District's management. Our responsibility is to express an opinion on the 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 the 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 of the District's compliance with those requirements.

In our opinion, the 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, 2008.

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

Internal Control Over Compliance

The management of the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was to the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board, the Ventura County Office of Education, 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

December 12, 2008

REPORT ON STATE COMPLIANCE

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, 2008, and have issued our report thereon dated December 12, 2008.

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 Comptroller General of the United States, and the 2007-08 *Standards and Procedures for Audits of California K-12 Local Educational Agencies* published by the Education Audit Appeals Panel. 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 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 Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Not applicable

REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional time:		
School Districts	6	Yes
County Offices of Education	3	Not applicable
Community day schools	9	No (see below)
Class size reduction program (including charter schools):		
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
Classroom teacher salaries	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
Excess sick leave	2	Yes
Notice of right to elect California State Teachers Retirement System (CalSTRS) membership		
System (CalSTRS) membership	1	Yes
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
Mathematics and reading professional development	4	Not applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	Not applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not applicable
Mode of instruction	1	Not applicable
Nonclassroom-based instructional/independent study	15	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	3	Not applicable

REPORT ON STATE COMPLIANCE

We did not perform testing for community day schools because the ADA generated by the program was under the level which requires testing. The District had two options under which to implement class size reduction; the District exercised Option One, therefore, audit procedures for Option Two were not performed. The District did not participate in the Early Retirement Incentive Program; the Mathematics and Reading Professional Development Program or the Before School Education and Safety Program; therefore, the compliance procedures are not applicable. 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. 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 management, the Board, the Ventura County Office of Education, the California Department of Education, the State Controller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 12, 2008

FINDINGS AND RECOMMENDATIONS

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2008

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weaknesses? Yes 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 No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.559

Child Nutrition Cluster

84.027, 84.173

Special Education Cluster

84.126A

Workability II, Transition Partnership

84.318

Title II – Part D, Enhancing Education through Technology

84.293B

Foreign Language Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 444,449

Auditee qualified as low-risk auditee?

Yes No

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2008

All audit findings must be identified as one or more of the following eleven categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings or questioned costs related to financial statements for the year ended June 30, 2008.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2008

There were no findings and questioned costs related to federal awards for the year ended June 30, 2008.

VENTURA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2008

Original Finding No.	Finding	Code	Recommendation	Current Status
07-1	<p><u>STATE COMPLIANCE – INSTRUCTIONAL MATERIALS FUNDS REALIGNMENT PROGRAM (IMFRP)</u></p> <p>It was noted during testing that one expenditure charged to the IMFRP resource was for a computer server. The district had a certification of provision of standards-aligned instructional materials allowing them to use IMFRP funds on instructional materials other than text books. Although Education Code Section 6000(m) allows the purchase of technology-based materials, the code clearly excludes equipment required to make use of technology-based materials. We believe the computer server is equipment to make use of instructional materials, therefore, the expenditure would not qualify as an instructional material.</p>	70000	<p>The District should reimburse the IMFRP resource for the amount of questioned costs. Further, the District should ensure that only proper expenditures are spent out of this restricted resource.</p>	Implemented
07-2	<p><u>INTERNAL CONTROLS – CLOSING PROCESS ACCRUALS</u></p> <p>It was noted during testing that the District does not have an adequate system of review to ensure that expenditure accruals related to construction projects are properly recorded. As a result, there were construction expenditures that were not properly accrued at year end. Statement on Auditing Standards No. 112 (SAS 112) suggests that material misstatements made during the closing process reflect a material weakness in the internal controls over financial reporting when the likelihood of misstatement is more than remote of continued occurrence.</p>	30000	<p>The District should establish a formal closing policy and procedures for the accrual of construction related expenditures. The procedures should include but not be limited to the coordination of information between the fiscal, purchasing and facilities departments to ensure all vendors and contracts have been considered, as to work completed but not paid before year-end.</p>	Implemented