

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2010**

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

AUDIT REPORT June 30, 2010

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AUDIT REPORT

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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, 2010, 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, 2010, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2010 on our consideration of the Ventura Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education
Ventura Unified School District

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information and schedules of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ventura Unified School District financial statements as a whole. The supplementary schedules and combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements of Ventura Unified School District. The supplementary section and combining and individual fund financial statements, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


VICENTI, LLOYD & STUTZMAN LLP

December 9, 2010

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

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, 2010. 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 decreased \$3.4 million, or <1.8> percent over the course of the year.
- Total revenues were \$156.5 million. General Fund revenue accounted for \$138.4 million or 88 percent of total revenues.
- The School District had \$159.9 million in expenses; \$41.5 million of these expenses were offset by program specific charges for services and grants and/or contributions.
- Outlays for capital improvements were the same as the prior year, \$5.3 million, primarily for 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 \$138,390,571 in revenues and \$139,083,987 in expenditures. Decreases to Revenue Limit and Federal revenues were offset by increases in Other State and local revenues. The reduction in Revenue Limit, \$10.8 million, resulted from the impact of the reduced funding level based on the change in the deficit factor and the one-time reduction of \$252.83 per average daily attendance (ADA). Other State revenues increased by \$9.3 million due to funding reallocation of 2008-09 funding that was announced as a part of the 2009-10 State budget. Federal revenues decreased by \$2.6 million as a reduced amount of one-time American Recovery and Reinvestment Act funding was provided. Local revenue increased \$2.2 million primarily due to a local grant from the Ventura County Air Pollution Control District which allowed the replacement of eight busses with low emission diesel busses. Expenditures were increased by a minimal amount, \$0.3 due to the uncertainty in funding, particularly from the State. Flexibility in programs that had previously been defined as categoricals was used to help offset the cuts that would have been necessary due to the Revenue Limit reduction. Due to the fiscal crisis the board has authorized the transfer of \$10 million from the proceeds recognized from the sale of excess property. The first transfer of from the building fund, \$2.5 million, was posted in 2009-10. Subsequent transfers of \$2.5 million and \$5 million will take place over the next two years as allowed by legislation included in the State budget. With the flexibility defined by the State Adult Education revenues are reported in the General fund. The transfer out \$2.6 million was the Adult Education revenue. The General Fund ending balance was \$15.3 million dollars.

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2010

- The District is able to meet all of its current needs and maintains the required reserve balance. With the uncertainty of State funding there is concern with regards to additional expenditure reductions that may be necessary. The District has benefited from prior reserves that were available and the legislation that allowed proceeds from the sale of excess property to be used to fund one-time general fund expenditures.

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.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

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.

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, 2010

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets from governmental activities were smaller on June 30, 2010 than they were the year before, decreasing by <1.8%> to \$184.3 million. Table 1 provides a summary of the District's combined net assets for 2010.

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

Summary of Statement of Net Assets	2009	2010	Total Change	Total % Change
Non-capital Assets	\$ 77.1	\$ 68.3	\$ (8.8)	-11.4%
Capital Assets	193.8	195.1	1.3	0.7%
Total Assets	<u>270.9</u>	<u>263.4</u>	<u>(7.5)</u>	-2.8%
Current Liabilities	10.5	8.7	(1.8)	-17.1%
Long-Term Liabilities	72.7	70.4	(2.3)	-3.2%
Total Liabilities	<u>83.2</u>	<u>79.1</u>	<u>(4.1)</u>	-4.9%
Invested in Capital Assets, Net of Related Debt	118.9	122.3	3.4	2.9%
Net Assets Legally Restricted	57.7	45.2	(12.5)	-21.7%
Net Assets Unrestricted	11.1	16.8	5.7	51.4%
Total Net Assets	<u>\$ 187.7</u>	<u>\$ 184.3</u>	<u>\$ (3.4)</u>	-1.8%

Total combined assets were \$263.4 million, capital assets were 74 percent (\$195.1 million) of total assets and non-capital assets were 26 percent (\$68.3 million) of total assets. Total liabilities were \$79.1 million; 11 percent (\$8.7 million) current and 89 percent (\$70.4 million) long term. Of the District's *Governmental Activities* net assets, 67 percent (\$122.3 million) were capital assets net of related debt, 25 percent (\$45.2 million) were net assets legally restricted and 8 percent (\$16.8 million) were unrestricted net assets.

Significant changes include:

- Due to the economic constraints and the reduction in funding levels cash receipts and miscellaneous accounts receivable were reduced. Net assets legally restricted have decreased as capital outlay reserves are reduced as all voter approved bond issuances have been made. Funds are also being transferred from the building fund to the general fund per State legislation. Funds restricted for educational programs have also decreased as one-time categorical programs, including Federal stimulus, have been expended.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

Summary of Statement of Activities	<u>2009</u>	<u>2010</u>
Program Revenues	\$ 46.0	\$ 41.5
General Revenues	116.6	115.0
Total Revenues	<u>162.6</u>	<u>156.5</u>
Expenses for:		
Instruction and Instruction Related Services	104.3	103.6
Pupil Services	18.6	18.7
General Administration	7.5	7.2
Plant Services	15.6	14.1
Ancillary, Community and Enterprise Activities	4.4	4.3
Debt Service	3.7	3.6
Other Outgo	2.8	2.1
Depreciation	6.1	6.3
Total Expenses	<u>163.0</u>	<u>159.9</u>
Change in Net Assets	(0.4)	(3.4)
Net Assets, beginning of year	188.1	187.7
Net Assets, end of year	<u>\$ 187.7</u>	<u>\$ 184.3</u>

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

Total cost of all governmental activity programs and services were \$156.5 million. Instruction and pupil services made up 76.5 percent of total program cost. Plant services were 8.8 percent and general administration was 4.5 percent.

Significant changes include:

Revenues:

- General revenues decreased from both Revenue Limit sources and Other State sources. Revenue Limit funding received an inflationary increase of \$262 per Average Daily Attendance (ADA) during the 2009-10 year. However, a one-time reduction of \$252.83 and a 0.82 percent deficit factor was applied, yielding a net decrease of approximately \$681 per ADA.

To reduce the impact of this drastic revenue reduction the State allowed flexibility in the 2008-09 ending fund balance and use of forty-two different categorical programs allowing the funds to be used for "any other educational purpose." In addition to this flexibility many of the programs were cut by over 15 percent. Penalties for additional students in kindergarten through third grade class size reduction programs were also reduced.

- Additional allocations of Federal stimulus funding was received through three primary American Recovery and Reinvestment Act programs. These programs are additional Title I funding focused on low socio-economic students, State Fiscal Stabilization Funds (SFSF) where the allocation by the State was calculated to offset the Revenue Limit and categorical reductions and additional funds targeted for Special Education students.

Expenses:

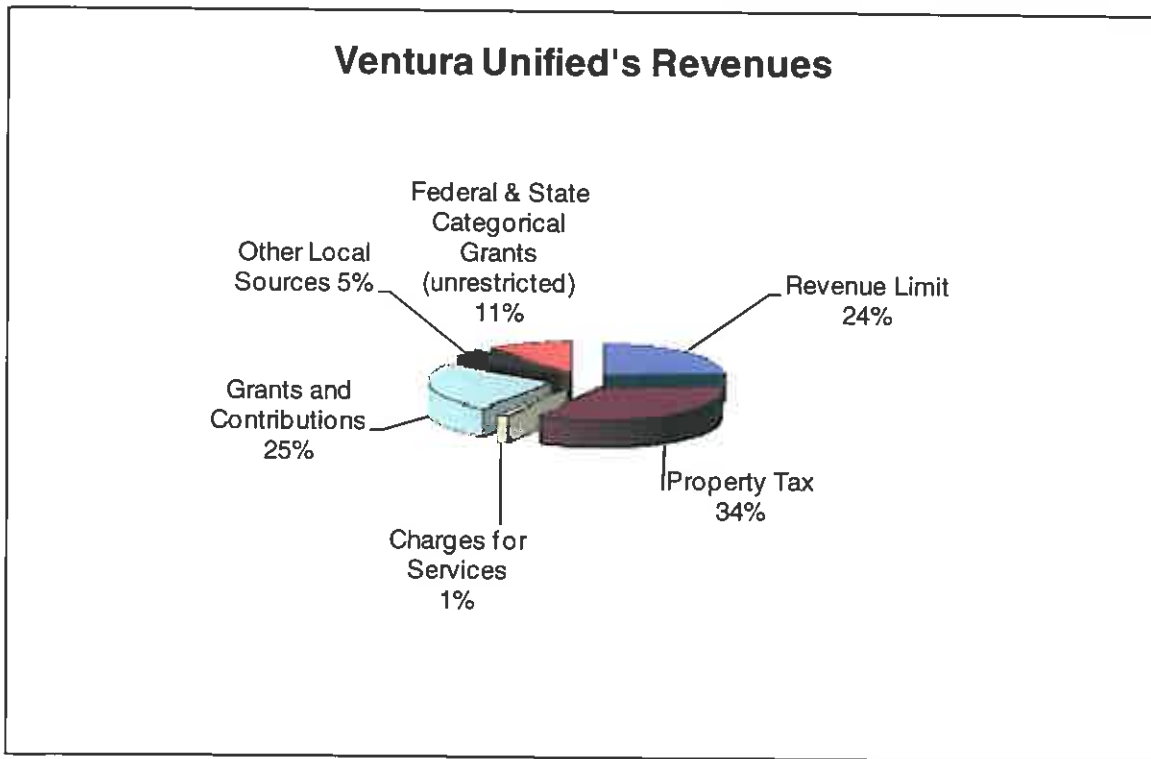
- Total expenses decreased \$3 million dollars. Reductions were made by increasing class sizes, and minimizing expenditures for books and supplies and capital investment. The District worked diligently to maintain the reduced levels of expenditures in light of the uncertainty of State funding.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

Governmental Activities

By the end of the fiscal year the revenue for the District's governmental activities totaled \$156.5 million. Fifty-eight percent was from revenue limit and property taxes, thirty-six percent was from federal and state grants and contributions and five percent from local sources. General revenues, revenue limit and the related property taxes were received to provide for the District's basic services.

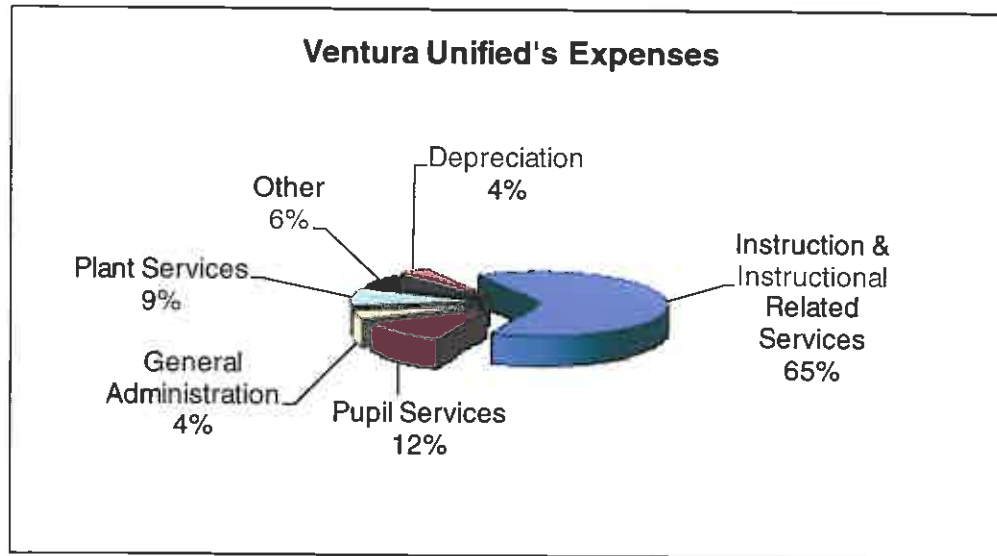
Figure 1



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$159.9 million. Users of the District programs paid \$2.1 million of the cost. The federal and state governments subsidized approximately \$39.3 million in certain program costs with grants and contributions. Most of the District's expenses (\$108.0 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, 2010

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 \$2.4 million more than the final budget amount. Other State revenues were increased due to a timing issue in the State's adopted budget.

Actual expenditures were \$3.9 million less than the final budgeted amounts. The majority of this difference was in books and supplies, \$3.4 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 \$2.0 million in capital assets. The majority of this expenditure was for school bus replacement. Overall capital assets decreased from \$193.8 million as of July 1, 2009 to \$195.0 million as of June 30, 2010. 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 12.

Debt Administration

By year-end the District had \$74 million in long-term debt a two and a half percent (\$1.8 million) decrease over last year. Additional information on the changes in long-term debt can be found at Note 11. The District's bonds currently are rated "AAA".

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2010

Average Daily Attendance

Average daily attendance reported on the second period attendance report for the regular education program and excluding adult education increased by 96 to 16,744. The District's enrollment count increased by 108 students, as measured by the California Basic Education System (CBEDS). The attendance ratio was increased by requiring all school sites to offer at least four make up days for absences. Providing this opportunity has both a financial impact and educational impact by allowing students the additional opportunity to learn. The District expects enrollment to remain flat over the next 2 years, with fluctuations of less than one percent.

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. California continues in fiscal crisis and budget solutions, and the impact on education, are not known at this time. The State faces major operating deficits, projected to be approximately \$20 billion in the next fiscal year and through 2015-2016.

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, 2010

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash in county treasury	\$ 43,809,210
Cash on hand and in banks	122,990
Cash with fiscal agent	880,530
Investments with fiscal agent	568,658
Accounts receivable:	
Federal and State governments	18,029,311
Miscellaneous	3,855,287
Due from fiduciary funds	52,643
Inventories	463,604
Capitalized fees	534,224
Land	12,371,805
Depreciable assets, net	<u>182,672,946</u>
Total Assets	<u>263,361,208</u>
<u>Liabilities</u>	
Accounts payable and other current liabilities	3,024,494
Accrued interest payable	1,378,217
Deferred revenue	733,932
Current portion of long-term liabilities:	
Loan payable	12,167
General obligation bonds	2,055,000
Certificates of participation	250,000
Compensated absences	1,032,999
Early retirement incentive	177,250
Non-current portion of long-term liabilities:	
Loan payable	11,033
General obligation bonds	68,821,036
Less deferred charges on refunding bonds	(2,290,927)
Certificates of participation	3,840,000
Early retirement incentive	35,000
Retiree benefits:	
Post employment healthcare benefits	301,642
Net pension (asset)	<u>(289,350)</u>
Total Liabilities	<u>79,092,493</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	122,346,442
Restricted for	
Debt service	3,694,435
Capital outlay	40,353,241
Educational programs	1,132,886
Unrestricted	<u>16,741,711</u>
Total Net Assets	<u>\$ 184,268,715</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

<u>Functions</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities					
Instruction	\$ 85,630,026	\$ 386,328	\$ 22,062,491	\$	\$ (63,181,207)
Instruction - related services	17,953,301	10,949	4,237,758		(13,704,594)
Pupil services	18,671,964	1,636,738	9,913,696		(7,121,530)
Ancillary services	731,048		99		(730,949)
Community services	318,924		185,085		(133,839)
Enterprise activities	3,199,865		435,537		(2,764,328)
General administration	7,205,331	22,783	1,268,491		(5,914,057)
Plant services	14,134,405		84,077	17,053	(14,033,275)
Other outgo	2,104,281	78,005	1,131,850		(894,426)
Debt service - interest	3,585,605				(3,585,605)
Depreciation (unallocated)	6,337,876				(6,337,876)
Total Governmental Activities	<u>\$ 159,872,626</u>	<u>\$ 2,134,803</u>	<u>\$ 39,319,084</u>	<u>\$ 17,053</u>	<u>(118,401,686)</u>
 General Revenues					
Property taxes levied for:					
General purposes					48,166,867
Debt service					5,174,145
Other specific purposes					226,950
Federal and State aid not restricted to specific purposes					54,441,460
Interest and investment earnings					1,381,011
Miscellaneous					<u>5,619,644</u>
Total General Revenues					<u>115,010,077</u>
Changes in net assets					(3,391,609)
Net Assets at Beginning of Year					<u>187,660,324</u>
Net Assets at End of Year					<u>\$ 184,268,715</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Special Reserve for Post- Employment Benefits Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash in county treasury	\$ 994,953	\$ 165,066	\$ 29,103,029	\$ 13,546,162	\$ 43,809,210
Cash on hand and in banks				122,990	122,990
Cash with fiscal agent			880,530		880,530
Investments with fiscal agent			568,658		568,658
Accounts receivable:					
Federal and State governments	17,460,642			568,669	18,029,311
Miscellaneous	3,137,343	578	118,475	598,891	3,855,287
Due from other funds	3,961,917		6,722,508	859,388	11,543,813
Inventories	370,498			93,106	463,604
Total Assets	\$ 25,925,353	\$ 165,644	\$ 37,393,200	\$ 15,789,206	\$ 79,273,403
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,647,550	\$	\$ 48,063	\$ 328,881	\$ 3,024,494
Due to other funds	7,367,920		2,796,610	1,326,640	11,491,170
Deferred revenue	590,213		66,484	77,235	733,932
Total Liabilities	10,605,683	-	2,911,157	1,732,756	15,249,596
Fund Balances					
Restricted for debt service				5,072,652	5,072,652
Restricted for special purposes	1,132,886				1,132,886
Reserved for special purposes	370,498			93,106	463,604
Designated for special purposes	8,079,821				8,079,821
Undesignated	5,736,465	165,644	34,482,043	8,890,692	49,274,844
Total Fund Balances	15,319,670	165,644	34,482,043	14,056,450	64,023,807
Total Liabilities and Fund Balances	\$ 25,925,353	\$ 165,644	\$ 37,393,200	\$ 15,789,206	\$ 79,273,403

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, 2010

Total fund balances-governmental funds \$ 64,023,807

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>182,672,946</u>

Total capital assets	195,044,751
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General obligation bond issuance costs to be amortized over the life of the bond	534,224
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Interest expense related to certificates of participation and general obligation bonds payable was incurred but not accrued through June 30, 2010	(1,378,217)
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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	(1,032,999)
General obligation bonds payable and related premium	(70,876,036)
Less deferred charges on refunding bonds	2,290,927
Certificates of participation	(4,090,000)
Loan payable	(23,200)
Postemployment health care benefits	(301,642)
Net pension asset	289,350
Early retirement incentive	<u>(212,250)</u>
	<u>(73,955,850)</u>

Total net assets – governmental activities	<u>\$184,268,715</u>
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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, 2010

	General Fund	Special Reserve for Post- Employment Benefits Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Revenue limit sources:					
State apportionments	\$ 35,436,154	\$	\$	\$ 1,549,754	\$ 36,985,908
Local sources	<u>48,166,867</u>				<u>48,166,867</u>
Total revenue limit sources	83,603,021	-	-	1,549,754	85,152,775
Federal sources	14,046,010			5,259,184	19,305,194
Other State sources	26,271,369			1,847,678	28,119,047
Other local sources	<u>14,470,171</u>	<u>2,962</u>	<u>1,522,543</u>	<u>8,117,731</u>	<u>24,113,407</u>
Total Revenues	<u>138,390,571</u>	<u>2,962</u>	<u>1,522,543</u>	<u>16,774,347</u>	<u>156,690,423</u>
Expenditures					
Instruction	83,840,281			3,561,345	87,401,626
Instruction - related services	17,062,665			856,493	17,919,158
Pupil services	11,799,706			7,190,451	18,990,157
Ancillary services	766,928				766,928
Community services	328,048				328,048
Enterprise activities	3,212,508				3,212,508
General administration	6,483,912			531,467	7,015,379
Plant services	13,473,491		4,712,562	1,490,295	19,676,348
Other outgo	2,104,281				2,104,281
Debt service	<u>12,167</u>		<u>446,326</u>	<u>5,226,696</u>	<u>5,685,189</u>
Total Expenditures	<u>139,083,987</u>	<u>-</u>	<u>5,158,888</u>	<u>18,856,747</u>	<u>163,099,622</u>
Excess (deficiency) of revenues over expenditures	<u>(693,416)</u>	<u>2,962</u>	<u>(3,636,345)</u>	<u>(2,082,400)</u>	<u>(6,409,199)</u>
Other Financing Sources (Uses)					
Interfund transfers in	2,510,619			2,798,214	5,308,833
Interfund transfers out	<u>(2,696,531)</u>		<u>(2,601,683)</u>	<u>(10,619)</u>	<u>(5,308,833)</u>
Total Other Financing Sources (Uses)	<u>(185,912)</u>	<u>-</u>	<u>(2,601,683)</u>	<u>2,787,595</u>	<u>-</u>
Net change in fund balances	(879,328)	2,962	(6,238,028)	705,195	(6,409,199)
Fund Balances at Beginning of Year	<u>16,198,998</u>	<u>162,682</u>	<u>40,720,071</u>	<u>13,351,255</u>	<u>70,433,006</u>
Fund Balances at End of Year	<u>\$ 15,319,670</u>	<u>\$ 165,644</u>	<u>\$ 34,482,043</u>	<u>\$ 14,056,450</u>	<u>\$ 64,023,807</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, 2010

Net change in fund balances – Total government funds \$ (6,409,199)

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	\$ 7,586,630	
Depreciation expense	<u>(6,337,876)</u>	
Excess of capital outlay over depreciation expense		1,248,754

The proceeds from the sale of equipment is reported as revenue in the governmental funds. However, the net value 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) in the statement of activities.

Retirement of equipment (net of accumulated depreciation) - loss	(71)
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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	1,970,000	
Certificates of participation principal payments	240,000	
Loan payable principal payments	<u>12,167</u>	
		2,222,167

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

Net increase in accrued interest payable	(41,665)	
Net increase in compensated absences	(130,874)	
Amortization of premium on general obligation bonds	63,016	
Amortization of costs on general obligation bonds	(27,337)	
Amortization of deferred charges on refunded bonds	(116,597)	
Increase in postemployment health care benefits	(151,914)	
Increase in net pension asset	164,361	
Increase in early retirement incentive	<u>(212,250)</u>	<u>(453,260)</u>

Change in net assets of governmental activities	\$ <u>(3,391,609)</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, 2010

	Foundation Private-Purpose Trust	Associated Student Body Funds
<u>Assets</u>		
Cash in county treasury	\$ 469,808	\$
Cash on hand and in banks		1,459,817
Accounts receivable:		
Miscellaneous	2,528	
Due from other funds	425	
Inventories		45,074
Total Assets	472,761	1,504,891
<u>Liabilities</u>		
Accounts payable	2,498	3,091
Due to other funds	53,068	
Funds held in trust		934,669
Total Liabilities	55,566	937,760
<u>Net Assets</u>		
Restricted for special purposes	417,195	
Unrestricted		567,131
Total Net Assets	\$ 417,195	\$ 567,131

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, 2010

	<u>Foundation Private- Purpose Trust</u>	<u>Associated Student Body Funds</u>
Additions		
Other local sources	\$ 387,047	\$ 1,604,028
Total Additions	<u>387,047</u>	<u>1,604,028</u>
Deductions		
Scholarships	1,250	
Other expenses	<u>272,172</u>	<u>1,489,846</u>
Total Deductions	<u>273,422</u>	<u>1,489,846</u>
Changes in net assets	113,625	114,182
Net Assets at Beginning of Year	<u>303,570</u>	<u>452,949</u>
Net Assets at End of Year	<u>\$ 417,195</u>	<u>\$ 567,131</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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, 2010

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, 2010

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, 2010

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 –(Fund #010) 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.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – MAJOR (continued)

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR (continued)

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, 2010

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, 2010

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, 2010, total supply inventory is \$370,498, food inventory is \$93,106 and inventories maintained by student body organizations is \$45,074.

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, 2010

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 appropriate 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, 2010

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 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, laws or regulations of other governments or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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, 2010

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 \$1,350,000 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, 2010

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

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.

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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

D. REPORTING ENTITY: (continued)

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

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

Based upon the application of the criteria listed on the previous page, the following potential component 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, 2010

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, 2010, \$2,096,664 of the District's bank balances of \$2,681,786 were exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$1,216,134
Uninsured and uncollateralized (1)	<u>880,530</u>
Total	<u>\$2,096,664</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, 2010, as provided by the pool sponsor, was \$44,347,563.

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, 2010

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 2008-09 fiscal year, nor were they involved in any reverse repurchase agreements during 2008-09.

Investments with Fiscal Agent at June 30, 2010, held on behalf of the Ventura County Schools Public Financing Corporation, are presented below:

Uncategorized Investments:

Guaranteed Investment Contracts (GIC)	\$ <u>568,658</u>
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VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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, 2010 are temporary loans and are detailed as follows:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,961,917	\$ 7,367,920
Special Revenue Funds:		
Adult Education Fund	707,255	397,324
Child Development Fund	3,196	104,459
Cafeteria Fund	146,648	811,949
Deferred Maintenance Fund	2,289	2,289
Capital Projects Funds:		
Building Sub-Fund	6,722,508	2,796,248
Building Fund (Series A)		362
Capital Facilities Fund (Residential)		9,883
Capital Facilities Fund (Commercial)		736
Fiduciary Funds:		
Foundation Fund	425	53,068
Totals	<u>\$11,544,238</u>	<u>\$11,544,238</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

B. Interfund Transfers

Interfund transfers for the 2009-10 fiscal year are as follows:

Transfer from the General Fund to the Adult Education Fund for apportionment revenue generated by adult education attendance	\$2,696,531
Transfer from the Building Sub-Fund to the Capital Facilities Fund (Residential) to pay for portables	101,683
Transfer from the Building Sub-Fund to the General Fund for proceeds from sale of surplus property	2,500,000
Transfer from the Capital Facilities Fund (Residential and Commercial) to General Fund to pay for developers' fees administration	<u>10,619</u>
Total	<u>\$5,308,833</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>
Inventories	\$370,498	\$ 93,106

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

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

Major Fund:

General Fund:

Medi-Cal Billing Option	\$ 51,073
English Language Acquisition Program (ELAP)	73,274
Lottery – Instructional Materials	408,051
Special Education Early Education Intervention	60,073
Economic Impact Aid	132,771
Local Donations	<u>407,644</u>
Total	<u>\$1,132,886</u>

Fiduciary Fund – Private Purpose Trust Funds:

David Graham Scholarship Fund	
Scholarships	\$ 60,371
Foundation Fund	
Ventura Education Partnership	<u>356,824</u>
Total Fiduciary	<u>\$ 417,195</u>

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

Major Funds:

General Fund:

Economic Uncertainties	\$4,206,111
Transfer from Building Fund – Sale of Surplus Property	2,500,000
Medi-Cal Administrative Activities (MAA)	<u>1,373,710</u>
Total General Fund	<u>\$8,079,821</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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>
2011	\$ 421,880
2012	421,880
2013	<u>421,880</u>
	<u>\$1,265,640</u>

Current year expenditures for operating leases is approximately \$495,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 7 - TAX REVENUE ANTICIPATION NOTES:

The District issued \$9,855,000 of Tax Revenue Anticipation Notes dated June 16, 2009 through the California School Cash Reserve Program Authority (2009-10, Series A). The notes matured on July 1, 2010 and carried a 2.50% interest rate. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that principal of \$3,942,000 be repaid on February 1, 2010, \$985,500 be repaid on both March 1, 2010 and April 1, 2010 and that \$3,942,000 plus \$242,953 of interest be repaid from the funds held with the administrator by May 1, 2010.

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, 2010 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, 2010.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 8 - 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 and as such were considered in-substance defeased. The outstanding balance of the defeased debt has been fully paid by the escrow agent.

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 and as such were considered in-substance defeased. At June 30, 2010, the outstanding balance of the defeased debt had been fully paid by the escrow agent.

The outstanding bonded debt of the Ventura Unified School District at June 30, 2010 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2009</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2010</u>
6/11/2001 E	4.1%-6.5%	2/1/2032	\$ 12,500,000	\$ 11,015,000	\$	\$ 275,000	\$ 10,740,000
7/11/2002 F	4%-6.75%	8/1/2032	10,000,000	9,005,000		205,000	8,800,000
7/21/2003 G	3%-6%	8/1/2033	6,000,000	5,435,000		135,000	5,300,000
3/3/2004	2%-5%	8/1/2030	23,180,000	20,140,000		625,000	19,515,000
7/01/2004 H	4%-7%	8/1/2034	5,000,000	4,700,000		90,000	4,610,000
4/28/2005	3%-4.50%	8/1/2029	17,750,000	16,605,000		540,000	16,065,000
9/07/2005 I	3%-5%	8/1/2034	5,000,000	4,715,000		100,000	4,615,000
				<u>\$ 71,615,000</u>	<u>\$ -</u>	<u>\$ 1,970,000</u>	<u>\$ 69,645,000</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 2,055,000	\$ 3,172,709	\$ 5,227,709
2012	2,135,000	3,095,575	5,230,575
2013	2,205,000	3,015,606	5,220,606
2014	2,295,000	2,929,121	5,224,121
2015	2,385,000	2,837,459	5,222,459
2016-2020	13,600,000	12,521,246	26,121,246
2021-2025	17,065,000	8,988,879	26,053,879
2026-2030	19,715,000	4,303,306	24,018,306
2031-2035	<u>8,190,000</u>	<u>697,018</u>	<u>8,887,018</u>
Totals	<u>\$ 69,645,000</u>	<u>\$ 41,560,919</u>	<u>\$ 111,205,919</u>

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 \$63,016 was recognized during the 2009-10 year.

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 2009-10 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 2009-10 year.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 9 - CERTIFICATES OF PARTICIPATION:

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

The Ventura County Schools Public Facilities Financing Corporation acts as a purchaser and lessor of the property and U.S. Bank acts as trustee and disbursing agent. At June 30, 2010, the District had \$568,658 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>
2011	\$ 250,000	\$ 196,728	\$ 446,728
2012	260,000	186,352	446,352
2013	270,000	175,302	445,302
2014	285,000	163,558	448,558
2015	300,000	150,732	450,732
2016-2020	1,720,000	525,392	2,245,392
2021-2022	<u>1,005,000</u>	<u>82,816</u>	<u>1,087,816</u>
Totals	<u>\$ 4,090,000</u>	<u>\$ 1,480,880</u>	<u>\$ 5,570,880</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, 2010

NOTE 10 – 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, 2010 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Payment</u>
2011	\$ 12,167
2012	<u>11,033</u>
Total	23,200
Less Amount Representing Interest	<u> -</u>
Net Loan Payable	<u>\$ 23,200</u>

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

A schedule of changes in long-term debt for the year ended June 30, 2010 is shown below.

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
General obligation bonds	\$ 71,615,000	\$	\$ 1,970,000	\$ 69,645,000	\$ 2,055,000
General obligation bonds - premium	1,294,052		63,016	1,231,036	
General obligation bonds - deferred liability	(2,407,524)		(116,597)	(2,290,927)	
Certificates of participation	4,330,000		240,000	4,090,000	250,000
Loan payable	35,367		12,167	23,200	12,167
Compensated absences	902,125	130,874		1,032,999	1,032,999
Postemployment healthcare benefits	149,728	151,914		301,642	
Net pension obligation (asset)	(124,989)	(164,361)		(289,350)	
Early retirement incentive		212,250		212,250	177,250
Totals	<u>\$ 75,793,759</u>	<u>\$ 330,677</u>	<u>\$ 2,168,586</u>	<u>\$ 73,955,850</u>	<u>\$ 3,527,416</u>

The loan payable, postemployment healthcare benefits, net pension obligation (asset) and early retirement incentive are liquidated by the General Fund. The certificates of participation are liquidated by the Building Fund Series A. General obligation debt is liquidated by the tax assessments recorded in the Bond Interest and Redemption Fund. Compensated absences are liquidated by the fund associated with the related salary expense.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

Capital asset activity for the year ended June 30, 2010 is shown below.

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Land (1)	\$ 12,371,805	\$	\$	\$ 12,371,805
Buildings and improvements	244,331,936	5,296,098		249,628,034
Machinery, equipment and vehicles	6,217,229	2,290,532	5,117	8,502,644
Totals at historical cost	<u>262,920,970</u>	<u>7,586,630</u>	<u>5,117</u>	<u>270,502,483</u>
Less accumulated depreciation for:				
Buildings and improvements	64,668,609	5,853,274		70,521,883
Machinery, equipment and vehicles	4,456,293	484,602	5,046	4,935,849
Total accumulated depreciation	<u>69,124,902</u>	<u>6,337,876</u>	<u>5,046</u>	<u>75,457,732</u>
Governmental capital assets, net	<u>\$ 193,796,068</u>	<u>\$ 1,248,754</u>	<u>\$ 71</u>	<u>\$ 195,044,751</u>

(1) The total Land balance reported above includes \$700,962 of land considered to be idle property as of June 30, 2010.

NOTE 13 - EMPLOYEE RETIREMENT PLANS:

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

State Teachers' Retirement System (STRS)

Plan Description

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-10 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Public Employees' Retirement System (PERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-10 was 9.709% 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, 2010

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

Contributions to STRS and PERS

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

Year Ended <u>June 30,</u>	STRS		PERS	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2008	\$5,564,269	100%	\$2,280,987	100%
2009	5,596,930	100%	2,363,962	100%
2010	5,525,434	100%	2,430,740	100%

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

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	\$ 495,645
Interest on net pension obligation	(6,249)
Adjustment to annual required contribution	<u>13,306</u>
Annual pension cost	502,702
Contributions made	<u>(667,063)</u>
Increase (decrease) in net pension obligation	(164,361)
Net pension asset beginning of year	<u>(124,989)</u>
Net pension asset end of year	<u>\$ (289,350)</u>

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation (Asset)</u>
6/30/08	\$ 585,117	131.3%	\$ 82,793
6/30/09	565,456	136.7%	(124,989)
6/30/10	502,702	132.7%	(289,350)

Funding Status and Funding Progress

As of July 1, 2009, 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 \$3,559,944. Although the plan has no segregated assets, the District does maintain the Alternative Retiree Fund to designate resources for pension costs. At June 30, 2010, the fund's balance was \$130,795.

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 - EMPLOYEE RETIREMENT PLANS: (continued)

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2009, 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. The remaining amortization period at June 30, 2010 was 12 years.

NOTE 14 - EARLY RETIREMENT INCENTIVE:

The District adopted an Early Retirement Incentive in June 2010. Eligible employees that retired prior to August 19, 2010 are provided a retirement bonus or incentive and/or ability to purchase benefits through the District based upon earnings and length of service. 32 employees who met the requirements chose to participate in the plan.

There were no expenditures paid during the 2009-10 year. The District's liability for future payments at June 30, 2010 is \$212,250 and is reflected in the government-wide statements.

NOTE 15 - POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description and Eligibility

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 14 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 2010, the District contributed \$2,545,446 to the plan.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 15 – 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)	\$2,706,401
Interest on net OPEB obligation	8,008
Adjustment to annual required contribution	<u>(17,049)</u>
Annual OPEB cost (expense)	2,697,360
Contributions made	<u>(2,545,446)</u>
Change in net OPEB obligation	151,914
Net OPEB obligation - Beginning of Year	<u>149,728</u>
Net OPEB obligation - End of Year	<u><u>\$ 301,642</u></u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 15 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 2,583,132	95.3%	\$ 121,261
6/30/2009	2,578,753	98.9%	149,728
6/30/2010	2,697,360	94.4%	301,642

Funding Status and Funding Progress

As of July 1, 2009, 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 \$25,422,773. 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, 2010, the fund's balance was \$34,849.

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, 2010

NOTE 15 – 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, 2009 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 7.8 percent initially, reduced by decrements to an ultimate rate of 5.1 percent after 7 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, 2010, was thirteen years.

NOTE 16 - JOINT POWERS AGREEMENTS:

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 16 - JOINT POWERS AGREEMENTS: (continued)

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) June 30, 2010	The Trust (Audited) June 30, 2010
Total Assets	<u>\$ 94,836,832</u>	<u>\$ 19,026,720</u>
Total Liabilities	<u>\$ 49,910,074</u>	<u>\$ 52,980</u>
Fund Balance	<u>\$ 44,926,758</u>	<u>\$ 18,973,740</u>
Total Revenues	<u>\$ 20,156,510</u>	<u>\$ 41,326,467</u>
Total Expenditures	<u>\$ 18,401,914</u>	<u>\$ 45,033,663</u>

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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 17 - COMMITMENTS AND CONTINGENCIES: (continued)

C. Construction Commitments

As of June 30, 2010, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$800,000. 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.

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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 18 - SUBSEQUENT EVENTS:

A. Tax Revenue Anticipation Notes

The District issued \$14,885,000 of Tax Revenue Anticipation Notes dated July 1, 2010 through the California School Cash Reserve Program Authority (2010-11, Series G). The notes mature on July 1, 2011 and carry a 2.00% interest rate. 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 \$7,442,500 in principal and \$7,715,392 in principal, including \$272,892 in interest, be set aside within the County Treasury by January 1, 2011 and May 1, 2011, respectively.

B. Refunding Bond Issuance

The District sold \$14,510,000 General Obligation Refunding Bonds on November 4, 2010. The bonds were issued with interest rates ranging from 2.00% - 5.00% and mature through August 1, 2031. The bonds were sold to refund all outstanding Series E bonds and certain outstanding Series F bonds.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Revenue limit sources:				
State apportionments	\$ 38,658,067	\$ 35,195,602	\$ 35,436,154	\$ 240,552
Local sources	48,726,721	48,242,347	48,166,867	(75,480)
Total revenue limit sources	87,384,788	83,437,949	83,603,021	165,072
Federal sources	11,029,535	15,192,509	14,046,010	(1,146,499)
Other State sources	22,644,278	22,757,455	26,271,369	3,513,914
Other local sources	10,835,632	14,590,821	14,470,171	(120,650)
Total Revenues	<u>131,894,233</u>	<u>135,978,734</u>	<u>138,390,571</u>	<u>2,411,837</u>
Expenditures				
Certificated salaries	64,085,512	67,037,550	66,743,529	294,021
Classified salaries	22,232,010	22,945,783	22,945,647	136
Employee benefits	29,721,919	29,550,834	29,400,559	150,275
Books and supplies	5,331,623	8,892,128	5,412,450	3,479,678
Services and other operating expenditures	10,588,674	10,991,839	10,991,182	657
Capital outlay	53,000	2,005,808	2,005,639	169
Tuition and other outgo	2,852,663	2,236,663	2,104,281	132,382
Direct support - indirect cost	(627,112)	(636,158)	(531,467)	(104,691)
Debt service			12,167	(12,167)
Total Expenditures	<u>134,238,289</u>	<u>143,024,447</u>	<u>139,083,987</u>	<u>3,940,460</u>
Excess (deficiency) of revenues over expenditures	<u>(2,344,056)</u>	<u>(7,045,713)</u>	<u>(693,416)</u>	<u>6,352,297</u>
Other Financing Sources (Uses)				
Interfund transfers in	51,660	2,621,860	2,510,619	(111,241)
Interfund transfers out	(3,279,852)	(3,084,068)	(2,696,531)	387,537
Total Other Financing Sources (Uses)	<u>(3,228,192)</u>	<u>(462,208)</u>	<u>(185,912)</u>	<u>276,296</u>
Net change in fund balance	<u>\$ (5,572,248)</u>	<u>\$ (7,507,921)</u>	<u>(879,328)</u>	<u>\$ 6,628,593</u>
Fund Balances at Beginning of Year			<u>16,198,998</u>	
Fund Balances at End of Year			<u>\$ 15,319,670</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Other local sources	\$ 30,000	\$ 1,300	\$ 2,962	\$ 1,662
Total Revenues	<u>30,000</u>	<u>1,300</u>	<u>2,962</u>	<u>1,662</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 1,300</u>	2,962	<u>\$ 1,662</u>
Fund Balances at Beginning of Year			<u>162,682</u>	
Fund Balances at End of Year			<u>\$ 165,644</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, 2010

<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>
7/1/2004	\$	\$ 5,299,487	\$ 5,299,487	0%	\$	0%
7/1/2007		4,486,382	4,486,382	0%		0%
7/1/2009		3,559,944	3,559,944	0%		0%

Note: Although the plan has no segregated assets, the District does maintain the Alternative Retiree Benefit Fund (Fund #201) to designate resources future retiree pension costs. At June 30, 2010, the fund's balance was \$130,795.

(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, 2010

<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>
7/1/2007	\$	\$ 26,812,023	\$ 26,812,023	0.0%	\$	0.0%
7/1/2009		25,422,773	25,422,773	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 actuarial data is not available. In future years, three year actuarial 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, 2010, the fund's balance was \$34,849.

(1) Because the plan is limited to individuals who retired as of June 30, 1993, and the actuarial accrued liability is amortized using 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, 2010

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:

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

SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2010

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, 2010 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Debbie Golden	President	December 2011
Mrs. Barbara Fitzgerald	Vice President	December 2011
Mrs. Mary Haffner	Member	December 2013
Mrs. Velma Lomax	Member	December 2013
Mr. John Walker	Member	December 2013

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, 2010**

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, 2010 are as follows:

	Revised Second Period	Revised Annual
	<u> </u>	<u> </u>
Elementary:		
Kindergarten	1,240	1,238
First through third grade	3,548	3,550
Fourth through eighth grade	6,201	6,197
Home and hospital - temporary physical disabilities	5	7
Special education master plan	271	269
Special education - nonpublic, nonsectarian schools	7	7
Community day school	6	6
Extended year special education-mandated	16	16
Extended year special education - nonpublic, nonsectarian schools	1	1
Opportunity schools and full-day opportunity class	<u>5</u>	<u>5</u>
Total Elementary ADA	<u>11,300</u>	<u>11,296</u>
Secondary:		
Regular classes	5,060	5,014
Continuation education	207	205
Home and hospital - temporary physical disabilities	15	18
Special education master plan	104	100
Special education - nonpublic, nonsectarian schools	14	14
Community day school	21	20
Extended year special education - mandated	7	7
Extended year special education - nonpublic, nonsectarian schools	2	2
Opportunity schools and full-day opportunity class	<u>14</u>	<u>15</u>
Total Secondary ADA	<u>5,444</u>	<u>5,395</u>
Total ADA	<u>16,744</u>	<u>16,691</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2010

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1986-87 Minutes Reduced</u>	<u>1982-83 Actual Minutes</u>	<u>1982-83 Minutes Reduced</u>	<u>2009-10 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,000	31,500	30,625	36,000	180	In Compliance
Grade 1	50,400	49,000	42,060	40,892	50,520	180	In Compliance
Grade 2	50,400	49,000	42,060	40,892	50,520	180	In Compliance
Grade 3	50,400	49,000	42,060	40,892	50,520	180	In Compliance
Grade 4	54,000	52,500	51,595	50,162	54,015	180	In Compliance
Grade 5	54,000	52,500	51,595	50,162	54,015	180	In Compliance
Grade 6	54,000	52,500	51,595	50,162	54,090	180	In Compliance
Grade 7	54,000	52,500	51,595	50,162	54,090	180	In Compliance
Grade 8	54,000	52,500	51,595	50,162	54,090	180	In Compliance
Grade 9	64,800	63,000	64,642	62,846	65,004	180	In Compliance
Grade 10	64,800	63,000	64,642	62,846	65,004	180	In Compliance
Grade 11	64,800	63,000	64,642	62,846	65,004	180	In Compliance
Grade 12	64,800	63,000	64,642	62,846	65,004	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, 2010

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed-through the California Department of Education:			
Child Nutrition Cluster:			
Child Nutrition Program-Lunch	10.555	13396	\$ 2,755,702
Child Nutrition Program-Basic Breakfast	10.553	13525	85,420
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	1,093,115
Child Nutrition Program-Meal Supplements	10.555	13396	34,449
Child Nutrition Program-Commodities	10.555	13396	209,405
Summer Food Service Program	10.559	13004	<u>209,707</u>
Total Child Nutrition Cluster			4,387,798
Other Program:			
Nutrition Network	10.561	(1)	<u>292,627</u>
Total U.S. Department of Agriculture			<u>4,680,425</u>
<u>U.S. DEPARTMENT OF LABOR:</u>			
Passed-through the California Department of Education:			
Adult Education			
Special Projects for Out-of-School Youth	17.259	(1)	7,694
Adults and Dislocated Workers	17.258	(1)	<u>10,880</u>
Total U.S. Department of Labor			<u>18,574</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Program			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	(1)	83,436
Federal Pell Grant	84.063	(1)	<u>614,532</u>
Total Student Financial Aid Cluster			<u>697,968</u>
Other Programs:			
Indian Education Grants	84.060	(1)	303,362
Alcohol Abuse Education	84.184A	(1)	366,036
Smaller Learning Community	84.215L	(1)	<u>230,518</u>
Subtotal Direct Programs			<u>1,597,884</u>
Passed-through the California Department of Education:			
Special Education Cluster:			
Grants to States (IDEA, Part B)	84.027	13379	2,867,344
American Recovery and Reinvestment Act: Grants to States (IDEA, Part B)	84.391	15003	2,285,805
Preschool Local Entitlement	84.027A	13682	147,843
American Recovery and Reinvestment Act: Preschool Local Entitlement	84.391	15002	8,682
Preschool Grant	84.173	13430	72,157
American Recovery and Reinvestment Act: Preschool Grants	84.392	15000	<u>1,240</u>
Total Special Education Cluster			<u>5,383,071</u>
Adult Education:			
Adult Education - Adult Basic Education and ESL	84.002	14508	49,405
Adult Education - Adult Secondary Education	84.002	13978	6,000
Adult Education - English Literacy and Civics	84.002	14109	<u>22,400</u>
Total Adult Education Cluster			<u>77,805</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, 2010

<u>PROGRAM NAME</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>
Title I, Part A Cluster:			
Title I, Part A - Low Income and Neglected	84.010	14329	2,174,602
Title I, Part A - Program Improvement District Intervention	84.010	14581	188,684
American Recovery and Reinvestment Act: Title I, Part A - Low Income and Neglected	84.389	15005	356,541
Total Title I, Part A Cluster			<u>2,719,827</u>
Title I, Part C Migrant Ed Cluster:			
Title I, Part C - Migrant Ed (Regular and Summer Program)	84.011	14838	145,747
Title I - Migrant Ed Summer Program	84.011	10005	78,566
Total Title I, Part C Migrant Ed Cluster			<u>224,313</u>
Other Programs			
Title I, Part C - Even Start Migrant Education (MEES)	84.011	14768	21,273
Title II, Part A - Improving Teacher Quality	84.367	14341	645,462
Title II, Part A - Administrative Training	84.367	14344	6,924
Title II, Part D - Enhancing Education Through Technology, Formula Grant	84.318	14334	33,722
Title III - Limited English Proficiency	84.365	10084	146,101
Title IV - Part A, Drug-Free Schools	84.186	14347	50,112
Title V - Part A, Innovative Education Strategies	84.298A	14354	2,528
Career and Technical Education - Basic Grants to States (Secondary)	84.048	14894	98,009
Career and Technical Education - Basic Grants to States (Adult)	84.048	13923	31,790
Workability II, Transition Partnership	84.158	10006	350,507
Foreign Language Acquisition	84.293B	(1)	206,449
American Recovery and Reinvestment Act: State Fiscal Stabilization Fund	84.394	25008	7,315,477
Subtotal Passed-through the California Department of Education			<u>17,313,370</u>
Total U.S. Department of Education			<u>18,911,254</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed-through the California Department of Education:			
Head Start	93.600	10016	79,885
Child Development Pre-K Quality Curriculum Materials	93.575	24486	45,250
Medi-Cal Administrative Activities	93.778	10600	1,131,313
Medi-Cal Billing Option	93.778	10013	413,149
Total U.S. Department of Health & Human Services			<u>1,669,597</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed-through the California Department of Education:			
FEMA Public Assistance Funds	97.036	10014	1,063
Total U.S. Department of Homeland Security			<u>1,063</u>
Total Federal Programs			<u>\$ 25,280,913</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 25,280,913
Expenditures in excess of revenues related to American Recovery and Reinvestment Act: State Fiscal Stabilization Fund			(6,026,791)
Revenues in excess of expenditures related to Medi-Cal Billing Option			<u>51,072</u>
Total Federal Program Revenue			<u>\$ 19,305,194</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, 2010

GOVERNMENTAL FUNDS

Major Fund:	<u>General Fund</u>
June 30, 2010 Annual Financial and Budget Report Fund Balance	\$14,184,633
To adjust the underaccrual of accounts receivable	<u>1,135,037</u>
June 30, 2010 Audited Financial Statement Fund Balance	<u>\$15,319,670</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

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

	2011 (Budgeted) (2)		2010		2009		2008	
	Amount	%	Amount	%	Amount	%	Amount	%
GENERAL FUND:								
Revenue								
Revenue limit sources	\$ 83,541,097	62.5	\$ 83,603,021	59.0	\$ 94,411,416	68.0	\$ 95,860,963	67.2
Federal	9,700,166	7.3	14,046,010	9.9	16,674,394	12.0	10,275,682	7.2
State	22,610,554	16.9	26,271,369	18.5	16,978,534	12.3	21,698,323	15.2
County and local	11,138,028	8.3	14,470,171	10.2	12,280,296	8.9	13,723,523	9.7
Interfund transfers	2,664,381	2.0	2,510,619	1.8	2,642,682	1.9	15,342	0.0
Total Revenue	<u>129,654,226</u>	<u>97.0</u>	<u>140,901,190</u>	<u>99.4</u>	<u>142,987,322</u>	<u>103.1</u>	<u>141,573,833</u>	<u>99.3</u>
Expenditures								
Certificated salaries	61,490,021	46.0	66,743,529	47.1	67,008,721	48.3	66,696,610	46.8
Classified salaries	21,221,754	15.9	22,945,647	16.2	23,288,092	16.8	22,497,597	15.8
Employee benefits	29,908,563	22.4	29,400,559	20.7	29,700,173	21.4	29,512,575	20.7
Books and supplies	5,354,723	4.0	5,412,450	3.8	4,678,459	3.4	7,430,558	5.2
Contracted services	10,413,811	7.8	10,991,182	7.8	11,677,451	8.4	12,584,224	8.8
Capital outlay	171,139	0.1	2,005,639	1.4	105,304	0.1	1,358,212	1.0
Interfund transfers	2,872,614	2.1	2,696,531	1.9			881,712	0.6
Other uses	2,852,663	2.1	2,104,281	1.5	2,823,488	2.0	2,475,884	1.7
Debt service payments			12,167	0.0	12,167	0.0	12,167	0.0
Direct support/indirect costs	(575,324)	(0.4)	(531,467)	(0.4)	(546,841)	(0.4)	(830,568)	(0.6)
Total Expenditures	<u>133,709,964</u>	<u>100.0</u>	<u>141,780,518</u>	<u>100.0</u>	<u>138,747,014</u>	<u>100.0</u>	<u>142,618,971</u>	<u>100.0</u>
Change in Fund Balance	<u>\$ (4,055,738)</u>	<u>(3.0)</u>	<u>\$ (879,328)</u>	<u>(0.6)</u>	<u>\$ 4,240,308</u>	<u>3.1</u>	<u>\$ (1,045,138)</u>	<u>(0.7)</u>
Ending Fund Balance	<u>\$ 11,263,932</u>	<u>8.4</u>	<u>\$ 15,319,670</u>	<u>10.8</u>	<u>\$ 16,198,998</u>	<u>11.7</u>	<u>\$ 11,958,690</u>	<u>8.4</u>
General Fund Available								
Reserve Balance (1)	<u>\$ 5,654,833</u>	<u>4.2</u>	<u>\$ 9,942,576</u>	<u>7.0</u>	<u>\$ 6,490,767</u>	<u>4.7</u>	<u>\$ 5,180,609</u>	<u>3.6</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>16,631</u>		<u>16,744</u>		<u>16,648</u>		<u>16,463</u>	
Total Long-Term Debt (3)	<u>\$ 70,428,434</u>		<u>\$ 73,955,850</u>		<u>\$ 75,793,759</u>		<u>\$ 78,104,766</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 June 2010

(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.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2010

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, 2010

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 *Standards and Procedures for Audits of California K-12 Local Education Agencies* 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, 2010

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

F. Schedule of Charter Schools

The *Standards and Procedures for Audits of California K-12 Local Education Agencies* 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.

OPTIONAL SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2010

	<u>Retiree Benefits Fund</u>	<u>Alternative Retiree Benefits Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>			
Cash in county treasury	\$ 34,727	\$ 130,339	\$ 165,066
Accounts receivable:			
Miscellaneous	<u>122</u>	<u>456</u>	<u>578</u>
Total Assets	<u>\$ 34,849</u>	<u>\$ 130,795</u>	<u>\$ 165,644</u>
<u>Liabilities and Fund Balances</u>			
Fund Balances			
Undesignated	<u>34,849</u>	<u>130,795</u>	<u>165,644</u>
Total Fund Balances	<u>34,849</u>	<u>130,795</u>	<u>165,644</u>
Total Liabilities and Fund Balances	<u>\$ 34,849</u>	<u>\$ 130,795</u>	<u>\$ 165,644</u>

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, 2010

	<u>Retiree Benefits Fund</u>	<u>Alternative Retiree Benefits Fund</u>	<u>Total (Memorandum Only)</u>
Revenues			
Other local sources	\$ 602	\$ 2,360	\$ 2,962
Total Revenues	<u>602</u>	<u>2,360</u>	<u>2,962</u>
Net change in fund balances	602	2,360	2,962
Fund Balances at Beginning of Year	<u>34,247</u>	<u>128,435</u>	<u>162,682</u>
Fund Balances at End of Year	<u>\$ 34,849</u>	<u>\$ 130,795</u>	<u>\$ 165,644</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

MAJOR BUILDING SUB-FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	<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	\$ 26,900,823	\$ 112,696	\$ 2,089,510	\$ 29,103,029
Cash with fiscal agent		880,530		880,530
Investments with fiscal agent		568,658		568,658
Accounts receivable:				
Miscellaneous	110,503	394	7,578	118,475
Due from other funds	6,722,508			6,722,508
Total Assets	<u>\$ 33,733,834</u>	<u>\$ 1,562,278</u>	<u>\$ 2,097,088</u>	<u>\$ 37,393,200</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 23,724	\$	\$ 24,339	\$ 48,063
Due to other funds	2,796,248	362		2,796,610
Deferred revenue	66,484			66,484
Total Liabilities	<u>2,886,456</u>	<u>362</u>	<u>24,339</u>	<u>2,911,157</u>
Fund Balances				
Undesignated	30,847,378	1,561,916	2,072,749	34,482,043
Total Fund Balances	<u>30,847,378</u>	<u>1,561,916</u>	<u>2,072,749</u>	<u>34,482,043</u>
Total Liabilities and Fund Balances	<u>\$ 33,733,834</u>	<u>\$ 1,562,278</u>	<u>\$ 2,097,088</u>	<u>\$ 37,393,200</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, 2010

	Building Fund	Building Fund (Series A)	Bond Building Fund	Total (Memorandum Only)
Revenues				
Other local sources	\$ 1,419,634	\$ 57,982	\$ 44,927	\$ 1,522,543
Total Revenues	<u>1,419,634</u>	<u>57,982</u>	<u>44,927</u>	<u>1,522,543</u>
Expenditures				
Plant services	4,214,147	13,929	484,486	4,712,562
Debt service	341,164	105,162		446,326
Total Expenditures	<u>4,555,311</u>	<u>119,091</u>	<u>484,486</u>	<u>5,158,888</u>
Deficiency of revenues over expenditures	<u>(3,135,677)</u>	<u>(61,109)</u>	<u>(439,559)</u>	<u>(3,636,345)</u>
Other Financing Uses				
Interfund transfers out	<u>(2,601,683)</u>			<u>(2,601,683)</u>
Total Other Financing Uses	<u>(2,601,683)</u>	<u>-</u>	<u>-</u>	<u>(2,601,683)</u>
Net change in fund balances	(5,737,360)	(61,109)	(439,559)	(6,238,028)
Fund Balances at Beginning of Year	<u>36,584,738</u>	<u>1,623,025</u>	<u>2,512,308</u>	<u>40,720,071</u>
Fund Balances at End of Year	<u>\$ 30,847,378</u>	<u>\$ 1,561,916</u>	<u>\$ 2,072,749</u>	<u>\$ 34,482,043</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND
BALANCE SHEET
June 30, 2010

	<u>Bond Interest and Redemption Fund</u>
<u>Assets</u>	
Cash in county treasury	\$ 5,057,342
Accounts receivable:	
Miscellaneous	15,310
Total Assets	<u>\$ 5,072,652</u>
<u>Fund Balance</u>	
Restricted for debt service	\$ 5,072,652
Total Fund Balance	<u>\$ 5,072,652</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, 2010

	Bond Interest and Redemption Fund
Revenues	
Other State sources	\$ 49,630
Other local sources	<u>5,190,597</u>
Total Revenues	<u>5,240,227</u>
Expenditures	
Debt service	<u>5,226,696</u>
Total Expenditures	<u>5,226,696</u>
Net change in fund balance	13,531
Fund Balance at Beginning of Year	<u>5,059,121</u>
Fund Balance at End of Year	<u>\$ 5,072,652</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2010

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total (Memorandum Only)
<u>Assets</u>					
Cash in county treasury	\$ 443,982	\$ 107,098	\$ 1,253,507	\$ 833,933	\$ 2,638,520
Cash in bank			122,990		122,990
Accounts receivable:					
Federal and State governments	80,033	158,251	330,385		568,669
Miscellaneous	543,527	1,476	4,015	2,945	551,963
Due from other funds	707,255	3,196	146,648	2,289	859,388
Inventories			93,106		93,106
Total Assets	<u>\$ 1,774,797</u>	<u>\$ 270,021</u>	<u>\$ 1,950,651</u>	<u>\$ 839,167</u>	<u>\$ 4,834,636</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 13,459	\$ 12,783	\$ 191,100	\$ 111,438	\$ 328,780
Due to other funds	397,324	104,459	811,949	2,289	1,316,021
Deferred revenue	16,812	16,667	43,756		77,235
Total Liabilities	<u>427,595</u>	<u>133,909</u>	<u>1,046,805</u>	<u>113,727</u>	<u>1,722,036</u>
Fund Balances					
Reserved for special purposes			93,106		93,106
Undesignated	1,347,202	136,112	810,740	725,440	3,019,494
Total Fund Balances	<u>1,347,202</u>	<u>136,112</u>	<u>903,846</u>	<u>725,440</u>	<u>3,112,600</u>
Total Liabilities and Fund Balances	<u>\$ 1,774,797</u>	<u>\$ 270,021</u>	<u>\$ 1,950,651</u>	<u>\$ 839,167</u>	<u>\$ 4,834,636</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, 2010

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total (Memorandum Only)
Revenues					
Revenue limit sources:					
State apportionments	\$	\$	\$ 1,549,754	\$	\$ 1,549,754
Total revenue limit sources	-	-	1,549,754	-	1,549,754
Federal sources	826,136	45,250	4,387,798		5,259,184
Other State sources	84,764	1,371,217	342,067		1,798,048
Other local sources	767,526	2,397	1,674,808	18,757	2,463,488
Total Revenues	<u>1,678,426</u>	<u>1,418,864</u>	<u>7,954,427</u>	<u>18,757</u>	<u>11,070,474</u>
Expenditures					
Instruction	2,553,343	1,008,002			3,561,345
Instruction-related services	711,461	145,032			856,493
Pupil services		26,640	7,163,811		7,190,451
General administration	149,581	67,140	314,746		531,467
Plant services	291,662	77,506		170,388	539,556
Total Expenditures	<u>3,706,047</u>	<u>1,324,320</u>	<u>7,478,557</u>	<u>170,388</u>	<u>12,679,312</u>
Excess (deficiency) of revenues over expenditures	<u>(2,027,621)</u>	<u>94,544</u>	<u>475,870</u>	<u>(151,631)</u>	<u>(1,608,838)</u>
Other Financing Sources					
Interfund transfers in	2,696,531				2,696,531
Total Other Financing Sources	<u>2,696,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,696,531</u>
Net change in fund balances	668,910	94,544	475,870	(151,631)	1,087,693
Fund Balances at Beginning of Year	<u>678,292</u>	<u>41,568</u>	<u>427,976</u>	<u>877,071</u>	<u>2,024,907</u>
Fund Balances at End of Year	<u>\$ 1,347,202</u>	<u>\$ 136,112</u>	<u>\$ 903,846</u>	<u>\$ 725,440</u>	<u>\$ 3,112,600</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	<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	\$ 4,186,415	\$ 726,890	\$ 936,995	\$ 5,850,300
Accounts receivable:				
Miscellaneous	25,808	2,538	3,272	31,618
Total Assets	<u>\$ 4,212,223</u>	<u>\$ 729,428</u>	<u>\$ 940,267</u>	<u>\$ 5,881,918</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 101	\$ 736	\$ -	\$ 101
Due to other funds	9,883	736	-	10,619
Total Liabilities	<u>9,984</u>	<u>736</u>	<u>-</u>	<u>10,720</u>
Fund Balances				
Undesignated	4,202,239	728,692	940,267	5,871,198
Total Fund Balances	<u>4,202,239</u>	<u>728,692</u>	<u>940,267</u>	<u>5,871,198</u>
Total Liabilities and Fund Balances	<u>\$ 4,212,223</u>	<u>\$ 729,428</u>	<u>\$ 940,267</u>	<u>\$ 5,881,918</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, 2010

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	County School Facilities Fund	Total (Memorandum Only)
Revenues				
Other local sources	\$ 409,051	\$ 37,542	\$ 17,053	\$ 463,646
Total Revenues	<u>409,051</u>	<u>37,542</u>	<u>17,053</u>	<u>463,646</u>
Expenditures				
Plant services	949,298	-	1,441	950,739
Total Expenditures	<u>949,298</u>	<u>-</u>	<u>1,441</u>	<u>950,739</u>
Excess (deficiency) of revenues over expenditures	<u>(540,247)</u>	<u>37,542</u>	<u>15,612</u>	<u>(487,093)</u>
Other Financing Sources (Uses)				
Interfund transfers in	101,683	-	-	101,683
Interfund transfers out	(9,883)	(736)	-	(10,619)
Total Other Financing Sources (Uses)	<u>91,800</u>	<u>(736)</u>	<u>-</u>	<u>91,064</u>
Net change in fund balances	(448,447)	36,806	15,612	(396,029)
Fund Balances at Beginning of Year	<u>4,650,686</u>	<u>691,886</u>	<u>924,655</u>	<u>6,267,227</u>
Fund Balances at End of Year	<u>\$ 4,202,239</u>	<u>\$ 728,692</u>	<u>\$ 940,267</u>	<u>\$ 5,871,198</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, 2010

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
<u>Assets</u>			
Cash in county	\$ 60,156	\$ 409,652	\$ 469,808
Accounts receivable:			
Miscellaneous	215	2,313	2,528
Due from other funds	425	425	425
Total Assets	60,371	412,390	472,761
<u>Liabilities</u>			
Accounts payable		2,498	2,498
Due to other funds		53,068	53,068
Total Liabilities	-	55,566	55,566
<u>Net Assets</u>			
Restricted for special purposes	60,371	356,824	417,195
Total Net Assets	\$ 60,371	\$ 356,824	\$ 417,195

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, 2010

	<u>David Graham Scholarship Fund</u>	<u>Foundation Fund</u>	<u>Total (Memorandum Only)</u>
Additions			
Revenue from local sources	\$ 1,116	\$ 385,931	\$ 387,047
Total Additions	<u>1,116</u>	<u>385,931</u>	<u>387,047</u>
Deductions			
Scholarships awarded	1,250		1,250
Other expenses		<u>272,172</u>	<u>272,172</u>
Total Deductions	<u>1,250</u>	<u>272,172</u>	<u>273,422</u>
Changes in net assets	(134)	113,759	113,625
Net Assets at Beginning of Year	<u>60,505</u>	<u>243,065</u>	<u>303,570</u>
Net Assets at End of Year	<u>\$ 60,371</u>	<u>\$ 356,824</u>	<u>\$ 417,195</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, 2010

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
<u>Assets</u>						
Cash on hand and in banks	\$ 438,716	\$ 612,523	\$ 94,765	\$ 24,243	\$ 19,328	\$ 141,777
Inventories	17,054	18,658	2,500			336
Total Assets	<u>\$ 455,770</u>	<u>\$ 631,181</u>	<u>\$ 97,265</u>	<u>\$ 24,243</u>	<u>\$ 19,328</u>	<u>\$ 142,113</u>
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 3,091	\$ 486,781	\$ 56,977	\$ 4,792	\$ 12,218	\$ 17,762
Funds held in trust	320,104	486,781	56,977	4,792	12,218	17,762
Total Liabilities	<u>323,195</u>	<u>486,781</u>	<u>56,977</u>	<u>4,792</u>	<u>12,218</u>	<u>17,762</u>
Fund Balances						
Reserved for special purposes	17,054	18,658	2,500			336
Undesignated	115,521	125,742	37,788	19,451	7,110	124,015
Total Fund Balances	<u>132,575</u>	<u>144,400</u>	<u>40,288</u>	<u>19,451</u>	<u>7,110</u>	<u>124,351</u>
Total Liabilities and Fund Balances	<u>\$ 455,770</u>	<u>\$ 631,181</u>	<u>\$ 97,265</u>	<u>\$ 24,243</u>	<u>\$ 19,328</u>	<u>\$ 142,113</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, 2010

	<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	\$ 92,535	\$ 23,247	\$ 2,817	\$ 9,866	\$ 1,459,817
Inventories	6,526				45,074
Total Assets	\$ 99,061	\$ 23,247	\$ 2,817	\$ 9,866	\$ 1,504,891
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$	\$	\$	\$	\$ 3,091
Funds held in trust	17,557	18,478			934,669
Total Liabilities	17,557	18,478	-	-	937,760
Fund Balances					
Reserved for special purposes	6,526				45,074
Undesignated	74,978	4,769	2,817	9,866	522,057
Total Fund Balances	81,504	4,769	2,817	9,866	567,131
Total Liabilities and Fund Balances	\$ 99,061	\$ 23,247	\$ 2,817	\$ 9,866	\$ 1,504,891

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, 2010

	<u>Ventura High School</u>	<u>Buena High School</u>	<u>Foothill Technology High School</u>	<u>Anacapa Middle School</u>	<u>DeAnza Middle School</u>	<u>Balboa Middle School</u>
Total Revenues	\$ 361,826	\$ 493,452	\$ 213,261	\$ 76,672	\$ 19,165	\$ 306,297
Total Expenditures	<u>351,186</u>	<u>506,373</u>	<u>200,607</u>	<u>72,715</u>	<u>16,117</u>	<u>210,102</u>
Net change in fund balances	10,640	(12,921)	12,654	3,957	3,048	96,195
Fund Balances at Beginning of Year	<u>121,935</u>	<u>157,321</u>	<u>27,634</u>	<u>15,494</u>	<u>4,062</u>	<u>28,156</u>
Fund Balances at End of Year	<u>\$ 132,575</u>	<u>\$ 144,400</u>	<u>\$ 40,288</u>	<u>\$ 19,451</u>	<u>\$ 7,110</u>	<u>\$ 124,351</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, 2010

	<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>
Total Revenues	\$ 99,686	\$ 3,950	\$ 4,262	\$ 25,457	\$ 1,604,028
Total Expenditures	104,614	3,331	4,672	20,129	1,489,846
Net change in fund balances	(4,928)	619	(410)	5,328	114,182
Fund Balances at Beginning of Year	86,432	4,150	3,227	4,538	452,949
Fund Balances at End of Year	<u>\$ 81,504</u>	<u>\$ 4,769</u>	<u>\$ 2,817</u>	<u>\$ 9,866</u>	<u>\$ 567,131</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, 2010**

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, 2010 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

**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***

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of 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 9, 2010



**INDEPENDENT AUDITOR'S 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, 2010. 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, 2010.

**INDEPENDENT AUDITOR'S 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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 9, 2010



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, 2010, and have issued our report thereon dated December 9, 2010.

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 2009-10 *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
Continuation education	10	Yes
Independent study	23	Yes
Instructional time.		
School Districts	6	Yes
County Offices of Education	3	Not applicable

REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
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
Instructional materials general requirements	8	Yes
Ratios of administrative employees to teachers	1	Yes
Classroom teacher salaries	1	Yes
Early retirement incentive	4	Not applicable
GANN limit calculation	1	Yes
School Accountability Report Card	3	Yes
Public hearing requirement – receipt of funds	1	Yes
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	No ¹
Mode of instruction	1	No ¹
Nonclassroom-based instruction/independent study	15	No ¹
Determination of funding for nonclassroom-based instruction	3	No ¹
Annual instructional minutes – classroom based	3	No ¹

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

December 9, 2010

¹The District is not the granting agency for any Charter Schools.

FINDINGS AND QUESTIONED COSTS

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2010

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified not considered
 to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified not considered
 to be material weaknesses? _____ Yes X None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010, 84.389	Title I, Part A Cluster
84.027, 84.027A, 84.173, 84.391 and 84.392	Special Education Cluster
93.778	Medi-Cal Administrative Activities
84.394	American Reinvestment and Recovery Act: State Fiscal Stabilization Fund
84.011	Title I, Part C Migrant Education Cluster

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 758,427

Auditee qualified as low-risk auditee? X Yes _____ No

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2010

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, 2010.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2010

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2010.

VENTURA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2010

There were no prior year findings or questioned costs related to financial statements for the year ended June 30, 2009.