

VENTURA UNIFIED SCHOOL DISTRICT
VENTURA COUNTY
REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2012

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
June 30, 2012**

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INDEPENDENT AUDITOR'S 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 (the District) as of and for the year ended June 30, 2012, 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.

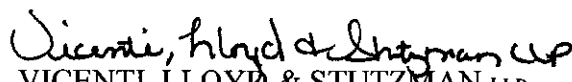
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial 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 10, 2012 on our consideration of the 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 District financial statements as a whole. The supplementary schedules and combining and individual major, non-major and fiduciary 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 the District. The supplementary section, including the schedule of expenditures of federal awards, and combining and individual fund financial statements 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 10, 2012

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2012

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, 2012. 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 \$3.5 million, or <1.9%> over the course of the year.
- Total revenues were \$157.8 million. General Fund revenue accounted for \$137.0 million or 87% of total revenues.
- The School District had \$161.3 million in expenses; \$40.4 million of these expenses were offset by program specific charges for services and grants and/or contributions.
- Outlays for capital improvements were \$4.0 million, primarily for facility modernization and for the purchase and installation of modular buildings. Major projects include the heating, ventilation and air conditioning project at the Adult Ed facilities, and various landscape and irrigation projects as well as paving improvements. 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 \$136,985,815 in revenues and \$138,183,026 in expenditures. The General Fund deficit spending trend continues for the third consecutive year. With volatility in the funding structure, as the majority of district revenues are dependent on the State and to a lesser extent Federal budget allocations, the District has been very closely monitoring budget projections and discussing regularly at board meetings and other public presentations to ensure that the community is aware of the constantly changing environment.
- The District initiated legislation that allowed proceeds from the sale of excess property to be used to fund one-time general fund operating expenditures. The board has authorized the transfer of \$10 million from the proceeds from the sale of excess property. The third transfer from the building fund, \$2.5 million, was posted in 2011-12. The final transfer of \$2.5 million will happen in 2012-13.
- Subsequent to this transfer into the General Fund from the Building Fund, the Net Change in fund balance for the General Fund is an increase of \$1.3 million.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

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 two 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, 2012

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 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, 2012

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets from governmental activities were smaller on June 30, 2012 than they were the year before, decreasing by <1.9%> to \$176.0 million. Table 1 provides a summary of the District's combined net assets for 2012.

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

Summary of Statement of Net Assets	2011	2012	Total Change	Total % Change
Non-capital Assets	\$ 68.8	\$ 67.6	\$ (1.2)	-1.7%
Capital Assets	190.3	187.8	(2.5)	-1.3%
Total Assets	<u>259.1</u>	<u>255.4</u>	<u>(3.7)</u>	-1.4%
Current Liabilities	11.9	13.6	1.7	14.3%
Long-Term Liabilities	<u>67.7</u>	<u>65.8</u>	<u>(1.9)</u>	-2.8%
Total Liabilities	<u>79.6</u>	<u>79.4</u>	<u>(0.2)</u>	-0.3%
Invested in Capital Assets, Net of Related Debt	119.9	119.6	(0.3)	-0.3%
Net Assets Legally Restricted	42.4	39.3	(3.1)	-7.3%
Net Assets Unrestricted	<u>17.2</u>	<u>17.1</u>	<u>(0.1)</u>	-0.6%
Total Net Assets	<u>\$ 179.5</u>	<u>\$ 176.0</u>	<u>\$ (3.5)</u>	-1.9%

Total combined assets were \$255.4 million, capital assets were 74% (\$187.8 million) of total assets and non-capital assets were 26% (\$67.6 million) of total assets. Total liabilities were \$79.4 million; 17% (\$13.6 million) current and 83% (\$65.8 million) long term. Of the District's *Governmental Activities* net assets, 68% (\$119.6 million) were capital assets net of related debt, 22% (\$39.3 million) were net assets legally restricted and 10% (\$17.1 million) were unrestricted net assets.

Significant changes include:

- Due to the increased State deferrals cash in county treasury has decreased <\$8.6> million or 20.4%, and accounts receivable from Federal and State governments has increased \$4.2 million or 20.0%. Current liabilities have increased 14.3% due to the increased accrual and timing of the Special Ed excess cost payment. The decrease in Net Assets Legally Restricted, 7.3%, results from the decrease in the Capital outlay balance. As the District is reducing its capital investment, depreciation expense is greater than asset additions, and \$2.5 million from the fund balance has been transferred to the General Fund to offset operational costs.

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2012

Summary of Statement of Activities	<u>2011</u>	<u>2012</u>
Program Revenues	\$ 35.9	\$ 40.4
General Revenues	<u>118.7</u>	<u>117.4</u>
Total Revenues	<u>154.6</u>	<u>157.8</u>
Expenses for:		
Instruction and Instruction Related Services	102.9	103.5
Pupil Services	18.4	18.4
General Administration	6.8	6.6
Plant Services	14.5	14.8
Ancillary, Community and Enterprise Activities	4.5	4.6
Debt Service	2.8	4.2
Other Outgo	2.5	2.6
Depreciation	<u>7.0</u>	<u>6.6</u>
Total Expenses	<u>159.4</u>	<u>161.3</u>
Change in Net Assets	(4.8)	(3.5)
Net Assets, Beginning of Year	184.3	179.5
Net Assets, End of Year	<u>\$ 179.5</u>	<u>\$ 176.0</u>

Total cost of all governmental activity programs and services were \$161.3 million. Instruction and pupil services made up 76% of total program cost. Plant services were 9% and general administration was 4%.

The volatility of the State's budget had a pronounced effect on the District's planning. The State Budget was adopted assuming a \$4 billion increase in revenues compared to the May Revise projections. If these revenue projections were not met, then mid-year "trigger cuts" would be implemented. These trigger cuts were to be implemented in February, more than half way through the school year, and would allow a reduction of up to 7 school days, which was subject to collective bargaining. Restrictions were placed prohibiting school agencies from budgeting for these reductions. The reductions were linked to the amount of the shortfall in State Budget revenues and could range from 0 – 4% of the revenue limit before the deficit. If the full reduction was implemented then the average cut for a unified district would be \$260 per Average Daily Attendance (ADA).

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Significant changes include:

Revenues:

- Revenue Limit funding received an inflationary increase of \$143 per ADA during the 2011-12 school year. This increase was not funded as the deficit factor, or payment rate from the State, decreased to 79.4% after the “trigger cuts”, which lead to a net reduction per ADA of <\$54>. The combination of factors in the Revenue Limit calculation lead to a slight increase in overall funding of \$0.4 million, primarily related to prior year adjustments.
- Federal Ed Jobs funds, \$3.4 million, a one-time revenue source, helped to offset the reductions in other federal programs that are no longer funded. These included the American Recovery and Reinvestment Act (ARRA) programs such as State Fiscal Stabilization Funds (SFSF), ARRA Title I and ARRA Special Ed programs, reduced <\$2.1> million.
- Other State Revenues were decreased in the General Fund based on the accounting treatment of Adult Education Funding. Adult Education apportionment was previously recorded as revenue in the General Fund as the program is part of the “flexibility” programs defined by the State, where the funding can be used for any educational purpose. These revenues were then transferred out to the Adult Education Fund. Per the revised directives established relating to fund balance reporting, the California Department of Education requires that these funds be recorded in the Adult Education Fund as the district continues to commit these balances.

Expenses:

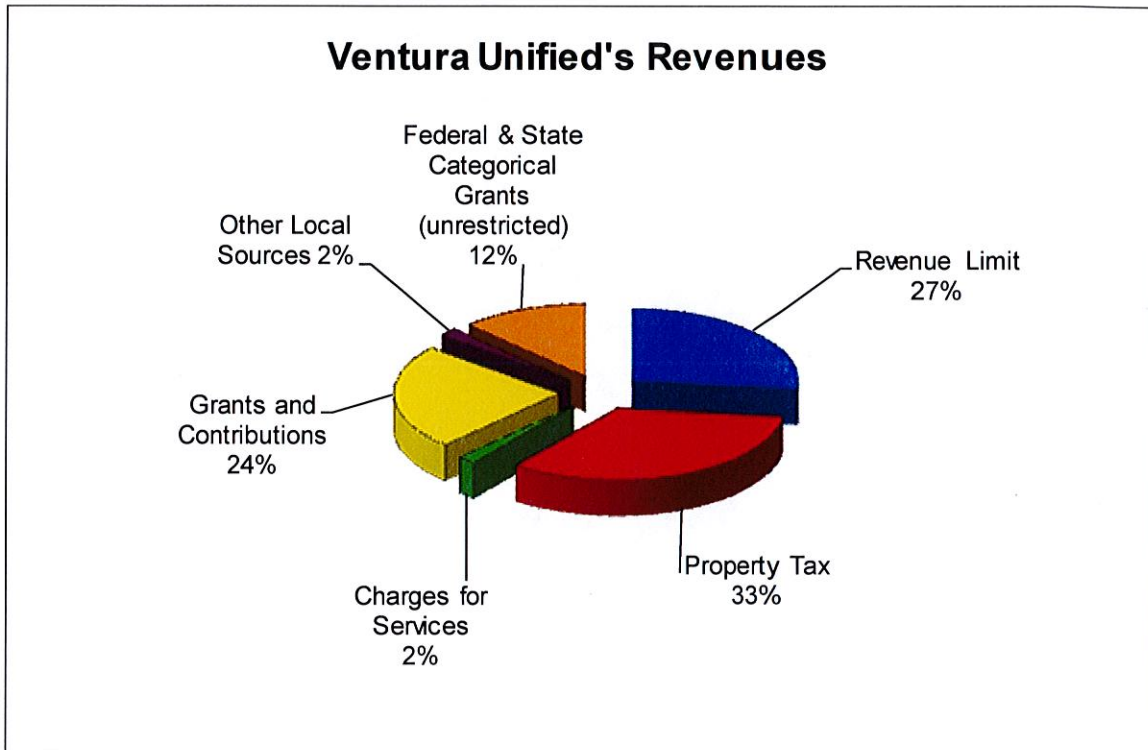
- Total expenses increased \$1.9 million dollars. As per the requirements of the State Budget adoption, legislated in AB114, the District was required to maintain staffing and program levels commensurate with flat funding from the State per ADA. Three furlough days were taken by all employee groups. Employee benefits increased \$2.5 million. Health Benefits increased \$0.9 million, or 6.5%. State Unemployment Insurance increased \$0.8 million, or 122%. This additional cost is offset by additional revenues in the Revenue Limit calculation. Deferred Compensation, previously recorded as services and other operating expenditures were moved to Other Post-Employment Benefits, which contributed to the increased cost, \$0.9 million, or 36%.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Governmental Activities

By the end of the fiscal year the revenue for the District's governmental activities totaled \$157.8 million. 60% was from revenue limit and property taxes, 23% was from federal and state grants and contributions and 2% from local sources. General revenues, revenue limit and the related property taxes were received to provide for the District's basic services.

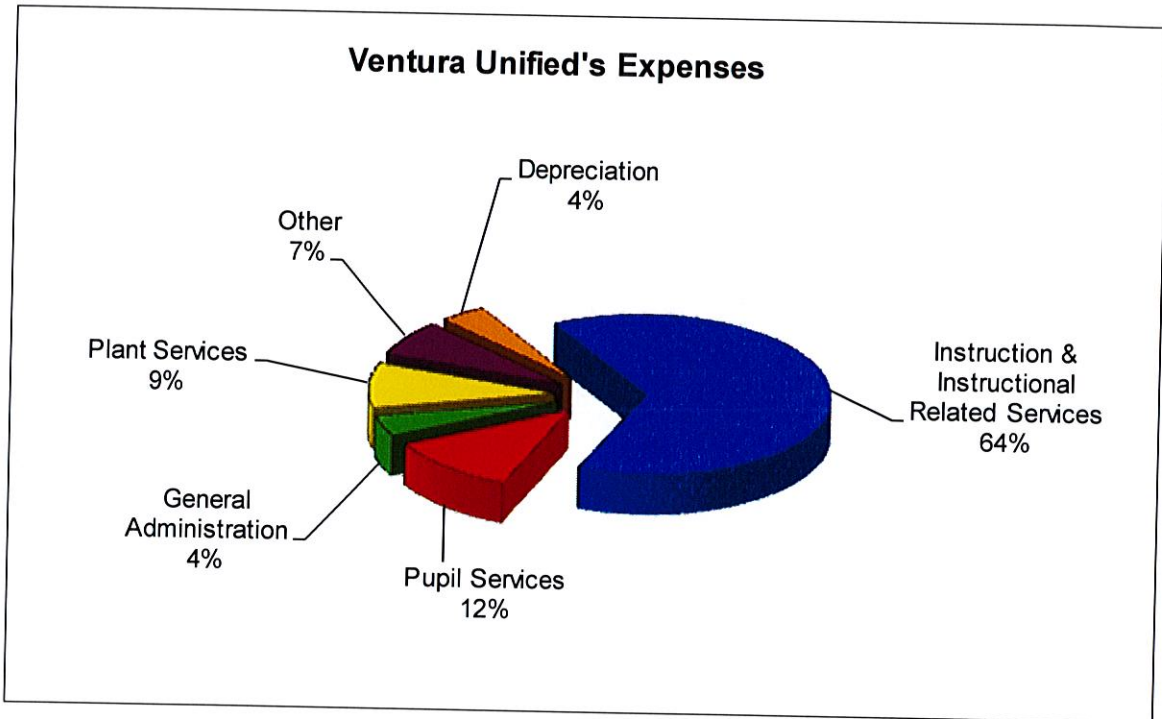
Figure 1



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$161.3 million. Users of the District programs paid \$2.8 million of the cost. The federal and state governments subsidized approximately \$37.6 million in certain program costs with grants and contributions. Most of the District's expenses (\$114.7 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, 2012

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

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

Actual revenues were \$1.1 million more than the final budget amount. Other State revenues were increased for a prior year correction of Adult Education revenues, which was partially offset by a deferrals for Federal and Local restricted programs where revenue is recognized as the expenditures are made.

Actual expenditures were \$1.6 million less than the final budgeted amounts. The majority of this difference was in books and supplies, \$1.4 million. The school district appropriates categorical programs up to their full allocations. The 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 \$4.0 million in capital assets. Overall capital assets decreased from \$190.3 million as of July 1, 2011 to \$187.8 million as of June 30, 2012. The majority of capital outlay expenditures occur in the Building Fund, County School Facilities Fund and General Fund. Additional information on the changes in capital assets can be found at Note 11.

Debt Administration

By year-end the District had \$69 million in long-term debt, a 3% (\$2.1 million) decrease over last year. Additional information on the changes in long-term debt can be found at Note 10. The District's bonds currently are rated "AAA".

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Average Daily Attendance

Average daily attendance reported on the second period attendance report for the regular education program and excluding adult education increased by 25 to 16,804. The District's attendance rate has increased while the enrollment count decreased by 80 students, to 17,429, as measured by the California Basic Education System (CBEDS). The District expects to remain flat over the next two years, with fluctuations of less than 1%.

Factors bearing on the District's future

Although the District is financially stable, its financial condition is highly dependent upon the economic condition of the State of California. The District continues to maintain a cautious approach, focusing on the maintenance and enhancement of programs for the current year and adjusting plans for the future in light of uncertainty.

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, 2012

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 33,314,611
Cash on hand and in banks	101,396
Cash with fiscal agent	909,247
Investments with fiscal agent	568,658
Accounts receivable:	
Federal and State governments	25,110,708
Miscellaneous	6,394,016
Inventories	431,821
Prepaid expenditures	75
Capitalized fees	827,901
Land	12,426,759
Depreciable assets, net	<u>175,358,147</u>
Total Assets	<u>255,443,339</u>
 <u>Liabilities</u>	
Accounts payable and other current liabilities	8,254,166
Due to fiduciary funds	198,237
Accrued interest payable	1,155,698
Deferred revenue	573,504
Current portion of long-term liabilities:	
General obligation bonds	2,315,000
Certificates of participation	270,000
Compensated absences	881,617
Non-current portion of long-term liabilities:	
General obligation bonds	65,412,445
Less deferred charges on refunding bonds	(3,166,032)
Certificates of participation	3,310,000
Retiree benefits:	
Post employment healthcare benefits	742,605
Net pension (asset)	<u>(481,054)</u>
Total Liabilities	<u>79,466,186</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	119,643,493
Restricted for:	
Debt service	3,669,610
Capital outlay	32,357,503
Educational programs	1,342,307
Other programs	1,837,911
Unrestricted	<u>17,126,329</u>
Total Net Assets	<u>\$ 175,977,153</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities					
Instruction	\$ 85,194,166	\$ 415,499	\$ 19,159,367	\$	\$ (65,619,300)
Instruction - related services	18,332,733	21,302	4,402,099		(13,909,332)
Pupil services	18,387,751	1,339,823	8,597,203		(8,450,725)
Ancillary services	790,750	859	4,636		(785,255)
Community services	274,319		101,179		(173,140)
Enterprise activities	3,556,645	63			(3,556,582)
General administration	6,575,366	66,258	974,695		(5,534,413)
Plant services	14,808,616	289,357	1,181,583	6,174	(13,331,502)
Other outgo	2,572,707	642,670	3,130,992		1,200,955
Debt service - interest	4,177,539				(4,177,539)
Depreciation (unallocated)	6,580,123				(6,580,123)
Total Governmental Activities	<u>\$ 161,250,715</u>	<u>\$ 2,775,831</u>	<u>\$ 37,551,754</u>	<u>\$ 6,174</u>	<u>(120,916,956)</u>
 General Revenues					
Property taxes levied for:					
General purposes					47,769,471
Debt service					5,132,235
Other specific purposes					98,907
Federal and State aid not restricted to specific purposes					61,683,278
Interest and investment earnings					479,446
Miscellaneous					<u>2,285,944</u>
Total General Revenues					<u>117,449,281</u>
Changes in net assets					(3,467,675)
Net Assets at Beginning of Year					<u>179,444,828</u>
Net Assets at End of Year					<u>\$ 175,977,153</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash in county treasury	\$ 246,302	\$ 21,634,897	\$ 11,433,412	\$ 33,314,611
Cash on hand and in banks			101,396	101,396
Cash with fiscal agent		909,247		909,247
Investments with fiscal agent		568,658		568,658
Accounts receivable:				
Federal and State governments	24,036,289		1,074,419	25,110,708
Miscellaneous	5,990,197	104,537	299,282	6,394,016
Due from other funds	1,321,580	5,200,000	2,599,442	9,121,022
Inventories	392,646		39,175	431,821
Prepaid expenditures	75			75
Total Assets	<u>\$ 31,987,089</u>	<u>\$ 28,417,339</u>	<u>\$ 15,547,126</u>	<u>\$ 75,951,554</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 7,356,136	\$ 581,203	\$ 316,827	\$ 8,254,166
Due to other funds	8,020,877	351,543	946,839	9,319,259
Deferred revenue	493,304	30,790	49,410	573,504
Total Liabilities	<u>15,870,317</u>	<u>963,536</u>	<u>1,313,076</u>	<u>18,146,929</u>
<u>Fund Balances</u>				
Nonspendable	392,721		39,175	431,896
Restricted	1,342,307	27,453,803	11,566,919	40,363,029
Committed			2,619,460	2,619,460
Assigned	2,383,430		8,496	2,391,926
Unassigned	11,998,314			11,998,314
Total Fund Balances	<u>16,116,772</u>	<u>27,453,803</u>	<u>14,234,050</u>	<u>57,804,625</u>
Total Liabilities and Fund Balances	<u>\$ 31,987,089</u>	<u>\$ 28,417,339</u>	<u>\$ 15,547,126</u>	<u>\$ 75,951,554</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2012

Total fund balances – governmental funds \$ 57,804,625

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	\$ 12,426,759	
Depreciable assets, net	<u>175,358,147</u>	
Total capital assets		187,784,906

General obligation bond issuance costs to be amortized over the life of the bond.	827,901
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Interest expense related to certificates of participations and general obligation bonds payable was incurred but not accrued through June 30, 2012	(1,155,698)
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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	(881,617)	
General obligation bonds payable and related premium	(67,727,445)	
Deferred charges on refunding bonds	3,166,032	
Certificates of participation	(3,580,000)	
Postemployment health care benefits	(742,605)	
Net pension asset	<u>481,054</u>	<u>(69,284,581)</u>

Total net assets - governmental activities	<u>\$ 175,977,153</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, 2012**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue limit sources:				
State apportionments	\$ 40,780,893	\$	\$ 1,454,039	\$ 42,234,932
Local sources	47,769,545			47,769,545
Total revenue limit sources	88,550,438	-	1,454,039	90,004,477
Federal sources	14,192,362		6,058,399	20,250,761
Other State sources	21,931,606		4,885,406	26,817,012
Other local sources	12,311,409	1,924,721	6,776,943	21,013,073
Total Revenues	<u>136,985,815</u>	<u>1,924,721</u>	<u>19,174,787</u>	<u>158,085,323</u>
Expenditures				
Instruction	81,043,151		4,088,698	85,131,849
Instruction - related services	17,144,567		1,187,102	18,331,669
Pupil services	11,629,576		7,174,096	18,803,672
Ancillary services	814,040			814,040
Community services	273,192			273,192
Enterprise activities	3,556,645			3,556,645
General administration	6,640,956		499,030	7,139,986
Plant services	14,133,758	3,238,257	1,245,248	18,617,263
Other outgo	2,572,707			2,572,707
Debt service	374,434	446,353	5,576,253	6,397,040
Total Expenditures	<u>138,183,026</u>	<u>3,684,610</u>	<u>19,770,427</u>	<u>161,638,063</u>
Deficiency of revenues over expenditures	<u>(1,197,211)</u>	<u>(1,759,889)</u>	<u>(595,640)</u>	<u>(3,552,740)</u>
Other Financing Sources (Uses)				
Proceeds from sale of refunding bonds			13,760,000	13,760,000
Premium on sale of refunding bonds			1,145,435	1,145,435
Payment to refunding bond escrow agent			(14,724,230)	(14,724,230)
Interfund transfers in	2,503,221			2,503,221
Interfund transfers out		(2,500,000)	(3,221)	(2,503,221)
Total Other Financing Sources (Uses)	<u>2,503,221</u>	<u>(2,500,000)</u>	<u>177,984</u>	<u>181,205</u>
Net change in fund balance	1,306,010	(4,259,889)	(417,656)	(3,371,535)
Fund Balance - Beginning of Year	<u>14,810,762</u>	<u>31,713,692</u>	<u>14,651,706</u>	<u>61,176,160</u>
Fund Balance - End of Year	<u>\$ 16,116,772</u>	<u>\$ 27,453,803</u>	<u>\$ 14,234,050</u>	<u>\$ 57,804,625</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, 2012

Net change in fund balances – total governmental funds		\$ (3,371,535)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.		
Capital outlay, net	\$ 4,042,294	
Depreciation expense	<u>(6,580,123)</u>	
Deficiency of capital outlay over depreciation expense		(2,537,829)
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		(208)
Issuance of long-term debt is reported as proceeds in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Proceeds from refunding bonds		(13,760,000)
Repayment of long-term debt is reported as proceeds in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General obligation bond principal payments	16,520,000	
Certificates of participation principal payments	260,000	
Loan payable principal payments	<u>11,033</u>	
		16,791,033
Some items reported in the statement of activities do not result in current financial resources or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. These activities consist of:		
Net decrease in accrued interest payable	150,944	
Net decrease in compensated absences	119,727	
Net change - premium on general obligation bonds	(1,018,239)	
Net change - capitalized fees on general obligation bonds	142,930	
Net change - deferred liability on refunded bonds	272,833	
Increase in postemployment health care benefits	(376,499)	
Increase in net pension asset	84,168	
Decrease in early retirement incentive	<u>35,000</u>	<u>(589,136)</u>
Change in net assets of governmental activities		<u>\$ (3,467,675)</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - FIDUCIARY FUNDS

June 30, 2012

	<u>Private- Purpose Trust Funds</u>	<u>Associated Student Body Funds</u>
<u>Assets</u>		
Cash in county treasury	\$ 293,623	\$
Cash on hand and in banks		1,635,834
Accounts receivable:		
Miscellaneous	7,113	
Due from other funds	225,158	
Inventories		31,194
Total Assets	<u>525,894</u>	<u>1,667,028</u>
<u>Liabilities</u>		
Accounts payable	32,728	5,567
Due to other funds	26,921	
Funds held in trust		935,857
Total Liabilities	<u>59,649</u>	<u>941,424</u>
<u>Net Assets</u>		
Restricted	466,245	
Unrestricted		725,604
Total Net Assets	<u>\$ 466,245</u>	<u>\$ 725,604</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FUND NET ASSETS - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2012**

	<u>Private- Purpose Trust Funds</u>	<u>Associated Student Body Funds</u>
Additions		
Other local sources	\$ 220,681	\$ 1,428,880
Total Additions	<u>220,681</u>	<u>1,428,880</u>
Deductions		
Scholarships	900	
Other expenses	<u>146,691</u>	<u>1,373,647</u>
Total Deductions	<u>147,591</u>	<u>1,373,647</u>
Changes in net assets	73,090	55,233
Net Assets at Beginning of Year	<u>393,155</u>	<u>670,371</u>
Net Assets at End of Year	<u><u>\$ 466,245</u></u>	<u><u>\$ 725,604</u></u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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's 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 Statement 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, 2012

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, 2012

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, 2012

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 Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

GOVERNMENTAL FUNDS - MAJOR

General Fund –the general operating fund of the District is used to account for all financial resources except those required to be accounted for in another fund. Due to the reporting requirements of GASB Statement 54, the Deferred Maintenance Fund (Fund #140) the Retiree Benefits Fund (Fund #200) and the Alternative Retiree Benefits Fund (Fund #201) no longer meet the definition of a special revenue fund as they are no longer primarily composed of restricted or committed revenue sources. Therefore, all activities of these funds are reported in the General Fund.

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR

Debt Service Funds – used to account for the financial resources that are restricted and the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

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 restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects.

1. Adult Education Fund (Fund #110) – used to account for resources committed to adult education programs maintained by the District. Due to the flexibility provisions enacted by education trailer bill SBX3 4, this fund no longer meets the definition of a special revenue fund as it is no longer primarily composed of restricted or committed revenue sources. However, because the flexibility is temporary, the restricted revenue source is expected to continue and the District has taken formal action to commit the flexed revenues to these programs for the continued operation of the original program, the fund now meets the requirements to be reported as a Special Revenue fund.
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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR (continued)

Capital Projects Funds - used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets.

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

Private Purpose Trust Fund – is a consolidation of two sub-funds:

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, 2012

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. All material receivables are considered fully collectible. 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, 2012

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, 2012, total supply inventory is \$392,646, food inventory is \$39,175 and inventories maintained by student body organizations totaled \$31,194.

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 Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

C. BASIS OF ACCOUNTING: (continued)

5. Capital Assets (continued)

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

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

6. Deferred Revenue

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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

C. BASIS OF ACCOUNTING: (continued)

7. Compensated Absences (continued)

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 Classification

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

C. BASIS OF ACCOUNTING: (continued)

9. Fund Balance Classification (continued)

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Education. These amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Education, through a formal action has given authority to the Assistant Superintendent of Business Services to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

10. Spending Order Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment functions.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

C. BASIS OF ACCOUNTING: (continued)

11. Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

12. Net Assets

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

13. State Apportionments

Certain current year apportionments from the State are based upon various financial and statistical information of the previous year. Second period to annual corrections for revenue limits and other state apportionments (either positive or negative) are accrued at the end of the fiscal year. (See 1 C 2.)

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

C. BASIS OF ACCOUNTING: (continued)

14. 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.

15. 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 \$1,300,000 for STRS.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

C. BASIS OF ACCOUNTING: (continued)

16. 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.

17. 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.

D. REPORTING ENTITY:

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

D. REPORTING ENTITY: (continued)

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

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

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

D. REPORTING ENTITY: (continued)

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

Ventura Education Partnership (VEP) – VEP is a separate not-for-profit corporation. VEP is not included as a Component Unit because the third criterion was not met; the economic resources received and held by VEP are not significant to the District. Separate financial statements for VEP 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 Clubs 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, 2012

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, 2012, \$2,304,561 of the District's bank balances of \$2,950,423 were exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$1,395,314
Uninsured and uncollateralized (1)	<u>909,247</u>
Total	<u>\$2,304,561</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 unamortized cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2012, as provided by the pool sponsor, was \$33,673,500.

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. The County investment pool is not required to be rated. 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, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS: (continued)

B. Investments

Policies

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 2011-12 fiscal year, nor were they involved in any reverse repurchase agreements during 2011-12.

Investments with Fiscal Agent at June 30, 2012, 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, 2012

NOTE 4 - INTERFUND TRANSACTIONS:

Interfund activity has been eliminated in the Government-wide statements as required by GASB Statement 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, 2012 are temporary loans and are detailed as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,321,580	\$ 8,020,877
Building Fund	5,200,000	351,543
Special Revenue Funds:		
Adult Education Fund	1,361,199	179,470
Child Development Fund	48,006	48,158
Cafeteria Fund	1,168,630	719,211
Capital Projects Funds:		
Capital Facilities Fund (Residential)	21,607	
Fiduciary Funds:		
Foundation Fund	<u>225,158</u>	<u>26,921</u>
	<u>\$ 9,346,180</u>	<u>\$ 9,346,180</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

B. Interfund Transfers

Interfund transfers for the 2011-12 fiscal year as follows:

Transfer from the Building Fund to the General Fund for proceeds from sale of excess property	\$ 2,500,000
Transfer from the Capital Facilities Fund (Residential and Commercial) to General Fund to pay for developers' fees administration	<u>3,221</u>
Total	<u>\$ 2,503,221</u>

NOTE 5 - FUND BALANCES:

The following amounts were nonspendable, restricted, committed, assigned or unassigned as shown below:

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Inventories	\$ 392,646	\$ -	\$ 39,175	\$ 431,821
Prepaid expenditures	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
Total nonspendable	<u>392,721</u>	<u>-</u>	<u>39,175</u>	<u>431,896</u>
Restricted				
Legally restricted programs	1,342,307	-	1,837,911	3,180,218
Capital projects	-	27,453,803	4,903,700	32,357,503
Debt service	-	-	4,825,308	4,825,308
Total restricted	<u>1,342,307</u>	<u>27,453,803</u>	<u>11,566,919</u>	<u>40,363,029</u>
Committed				
Adult education program	-	-	2,619,460	2,619,460
Total committed	<u>-</u>	<u>-</u>	<u>2,619,460</u>	<u>2,619,460</u>
Assigned				
Flexibility programs	561,082	-	-	561,082
MAA program	1,701,019	-	-	1,701,019
Deferred maintenance program	110,638	-	-	110,638
Retiree benefits	5,516	-	-	5,516
Deferred compensation	5,175	-	-	5,175
Child development program	-	-	7,633	7,633
Cafeteria program	-	-	863	863
Total assigned	<u>2,383,430</u>	<u>-</u>	<u>8,496</u>	<u>2,391,926</u>
Unassigned				
Economic uncertainties	4,127,984	-	-	4,127,984
Unassigned	<u>7,870,330</u>	<u>-</u>	<u>-</u>	<u>7,870,330</u>
Total unassigned	<u>11,998,314</u>	<u>-</u>	<u>-</u>	<u>11,998,314</u>
Total fund balance	<u>\$ 16,116,772</u>	<u>\$ 27,453,803</u>	<u>\$ 14,234,050</u>	<u>\$ 57,804,625</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 June 30,</u>	<u>Lease Payment</u>
2013	\$ 421,880

Current year expenditures for operating leases were approximately \$422,000. 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 \$19,760,000 of Tax Revenue Anticipation Notes dated July 1, 2011 through the California School Cash Reserve Program Authority (2011-12, Series F). The notes matured on June 1, 2012 and carried a 2.00% interest rate. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that principal of \$9,880,000 be repaid on February 29, 2012, and that \$9,880,000 plus \$362,267 of interest be repaid from the funds held with the administrator by May 31, 2012.

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, June 1, 2012 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, 2012.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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. Between 1997 and 2005, the District issued bonds, Series A through Series I, totaling \$81 million.

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 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 October 2010, Series E and a portion of F general obligation bonds were re-financed for a total of \$14,510,000. 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 2012, the remaining portion of Series F, and portions of G, H & I general obligation bonds were re-financed for a total of \$13,760,000. The difference in cash flow requirements related to this refunding is a savings of cash outflow of approximately \$1.6 million. The present value of the economic gain to the District amounts to approximately \$1.1 million. The outstanding balance of the in-substance defeased debt to be paid by the escrow agent is \$14,120,000 at June 30, 2012.

The outstanding bonded debt of the Ventura Unified School District at June 30, 2012 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2011</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2012</u>
7/11/2002 F	4%-6.75%	8/1/2032	\$ 10,000,000	\$ 4,205,000	\$	\$ 4,205,000	\$ -
7/21/2003 G	3%-6%	8/1/2033	6,000,000	5,160,000		3,185,000	1,975,000
3/3/2004 *	2%-5%	8/1/2030	23,180,000	18,880,000		665,000	18,215,000
7/1/2004 H	4%-7%	8/1/2034	5,000,000	4,510,000		4,290,000	220,000
4/28/2005 *	3%-4.5%	8/1/2029	17,750,000	15,500,000		590,000	14,910,000
9/7/2005 I	3%-5%	8/1/2034	5,000,000	4,510,000		2,795,000	1,715,000
11/4/2010 *	2%-5%	8/1/2031	14,510,000	14,510,000		790,000	13,720,000
4/11/2012 *	3%-5%	8/1/2034	13,760,000		13,760,000		13,760,000
				<u>\$ 67,275,000</u>	<u>\$ 13,760,000</u>	<u>\$ 16,520,000</u>	<u>\$ 64,515,000</u>

(*) Refunding bonds

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	\$ 2,315,000	\$ 2,745,402	\$ 5,060,402
2014	2,260,000	2,782,741	5,042,741
2015	2,330,000	2,700,340	5,030,340
2016	2,410,000	2,610,809	5,020,809
2017	2,520,000	2,510,262	5,030,262
2018-2022	14,435,000	10,704,675	25,139,675
2023-2027	18,665,000	6,779,342	25,444,342
2028-2032	16,630,000	2,265,991	18,895,991
2033-2035	<u>2,950,000</u>	<u>151,584</u>	<u>3,101,584</u>
Totals	<u>\$ 64,515,000</u>	<u>\$ 33,251,146</u>	<u>\$ 97,766,146</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, 2006, 2010 and 2012 included a total premium of \$3,777,122. This amount is amortized using the straight-line method. Amortization of \$127,196 was recognized during the 2011-12 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, \$982,792 for the 2006 refunding, \$551,188 for the 2010 refunding and \$604,230 for the 2012 refunding. Amortization of \$331,397 was recognized during the 2011-12 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 \$1,049,478 are amortized using the straight-line method. Amortization of \$38,277 was recognized during the 2011-12 year.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012, 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 semiannual interest payments 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>
2013	\$ 270,000	\$ 175,302	\$ 445,302
2014	285,000	163,558	448,558
2015	300,000	150,732	450,732
2016	310,000	136,783	446,783
2017	325,000	122,058	447,058
2018-2022	<u>2,090,000</u>	<u>349,367</u>	<u>2,439,367</u>
Totals	<u>\$ 3,580,000</u>	<u>\$ 1,097,800</u>	<u>\$ 4,677,800</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, 2012

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

A schedule of changes in long-term debt for the year ended June 30, 2012 is shown below.

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
General obligation bonds	\$ 67,275,000	\$ 13,760,000	\$ 16,520,000	\$ 64,515,000	\$ 2,315,000
General obligation bonds - premium	2,194,206	1,145,435	127,196	3,212,445	
General obligation bonds - deferred liability	(2,893,199)	(604,230)	(331,397)	(3,166,032)	
Certificates of participation	3,840,000		260,000	3,580,000	270,000
Loan payable	11,033		11,033	-	
Compensated absences	1,001,344		119,727	881,617	
Postemployment healthcare benefits	366,106	376,499		742,605	
Net pension obligation (asset)	(396,886)		84,168	(481,054)	
Early retirement incentive	35,000		35,000	-	
Totals	<u>\$ 71,432,604</u>	<u>\$ 14,677,704</u>	<u>\$ 16,825,727</u>	<u>\$ 69,284,581</u>	<u>\$ 2,585,000</u>

The postemployment healthcare benefits and net pension obligation (asset) 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 with the related salary expense.

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

Capital asset activity for the year ended June 30, 2012 is shown below.

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets not being depreciated:				
Land (1)	\$ 12,426,759	\$	\$	\$ 12,426,759
Total capital assets not being depreciated	<u>12,426,759</u>	<u>-</u>	<u>-</u>	<u>12,426,759</u>
Capital assets being depreciated:				
Buildings and improvements	251,190,648	3,547,522		254,738,170
Machinery, equipment and vehicles	9,113,307	494,772	998	9,607,081
Total capital assets being depreciated	<u>260,303,955</u>	<u>4,042,294</u>	<u>998</u>	<u>264,345,251</u>
Less accumulated depreciation for:				
Buildings and improvements	76,414,052	5,980,857		82,394,909
Machinery, equipment and vehicles	5,993,719	599,266	790	6,592,195
Total accumulated depreciation	<u>82,407,771</u>	<u>6,580,123</u>	<u>790</u>	<u>88,987,104</u>
Depreciable assets, net	<u>177,896,184</u>	<u>(2,537,829)</u>	<u>208</u>	<u>175,358,147</u>
Governmental activities capital assets, net	<u>\$ 190,322,943</u>	<u>\$ (2,537,829)</u>	<u>\$ 208</u>	<u>\$ 187,784,906</u>

(1) The total Land balance reported above includes \$678,019 of land considered to be idle property as of June 30, 2012.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 12 - EMPLOYEE RETIREMENT PLANS:

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

State Teachers' Retirement System (STRS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-12 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-12 was 10.923% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

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

Year Ended June 30,	STRS		PERS	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2010	\$5,525,434	100%	\$2,430,740	100%
2011	5,400,945	100%	2,635,335	100%
2012	5,329,094	100%	2,697,745	100%

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Deferred Compensation Plan

Plan Description

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

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution (ARC)	\$ 454,462
Interest on net pension asset	(17,860)
Adjustment to annual required contribution	<u>46,534</u>
Annual pension cost	483,136
Contributions made	<u>(567,304)</u>
Change in net pension asset	(84,168)
Net pension asset - Beginning of Year	<u>(396,886)</u>
Net pension asset - End of Year	<u><u>\$ (481,054)</u></u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Annual Pension Cost and Net Pension Obligation (continued)

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Asset</u>
6/30/2010	\$ 502,702	132.7%	\$ (289,350)
6/30/2011	493,397	121.8%	(396,886)
6/30/2012	483,136	117.4%	(481,054)

Funding Status and Funding Progress

As of July 1, 2011, 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 \$3,137,779. Although the plan has no segregated assets, the District does maintain the Alternative Retiree Fund to designate resources for pension costs. At June 30, 2012, the fund's balance was \$5,516.

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

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2011, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 4.5% 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 twenty-five years on a closed basis. The remaining amortization period at June 30, 2012 was eleven years.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 13 – 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 2012, the District contributed \$3,000,223 to the plan.

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)	\$3,403,172
Interest on net OPEB obligation	16,475
Adjustment to annual required contribution	<u>(42,925)</u>
Annual OPEB cost (expense)	3,376,722
Contributions made	<u>(3,000,223)</u>
Change in net OPEB obligation	376,499
Net OPEB obligation - Beginning of Year	<u>366,106</u>
Net OPEB obligation - End of Year	<u>\$ 742,605</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 13 – 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>
6/30/2010	\$ 2,697,360	94.4%	\$ 301,642
6/30/2011	2,697,051	97.6%	366,106
6/30/2012	3,376,722	88.9%	742,605

Funding Status and Funding Progress

As of July 1, 2011, 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 \$29,025,374. 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, 2012, the fund’s balance was \$5,175.

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 postemployment healthcare benefits 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, 2012

NOTE 13 – 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, 2011 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.8 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. The UAAL is being amortized using a level dollar amortization method over a closed twenty-five year period. The remaining amortization period at June 30, 2012, was eleven years.

NOTE 14 - JOINT POWERS AGREEMENTS:

The Ventura Unified School District participates in two joint powers agreement (JPA) entities: the Ventura County Schools Self-Funding Authority (the Authority) and the Gold Coast Joint Benefits Trust (the Trust). The Authority provides workers' compensation, property and liability insurance, boiler and machinery and fidelity bond coverage 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, 2012

NOTE 14 - 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 (Unaudited) June 30, 2012	The Trust (Audited) June 30, 2011
Total Assets	<u>\$ 92,001,551</u>	<u>\$ 17,807,553</u>
Total Liabilities	<u>\$ 58,283,137</u>	<u>\$ 70,926</u>
Fund Balance	<u>\$ 33,718,414</u>	<u>\$ 17,736,627</u>
Total Revenues	<u>\$ 21,854,787</u>	<u>\$ 43,401,128</u>
Total Expenditures	<u>\$ 26,933,703</u>	<u>\$ 44,638,241</u>

NOTE 15 - COMMITMENTS AND CONTINGENCIES:

A. 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.

B. 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.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 15 - COMMITMENTS AND CONTINGENCIES: (continued)

C. County School Facilities Fund

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

D. Purchase Commitments

As of June 30, 2012, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$1.0 million. Projects will be funded through Bond Proceeds, State School Building Lease-Purchase Grants, State Deferred Maintenance Allocations, Capital Facilities Funds and General Funds.

E. Joint Use Project

In June 2002, the District entered into an agreement with the City of San Buenaventura (the City) and the Redevelopment Agency of the City of San Buenaventura (the Agency) on a joint use project. The terms of the agreement include the commitment of the District to appropriate up to \$3,600,000 in proceeds from the disposition of the Hails site for construction of a City/District community swimming pool and amenities. In addition, the City and Agency agree to share with the District the tax increment generated from the future redevelopment of the Santa Clara site. The City, Agency and District 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.

NOTE 16 - SUBSEQUENT EVENT:

Tax Revenue Anticipation Notes

The District issued \$19,760,000 of Tax and Revenue Anticipation Notes dated July 2, 2012 through the California School Cash Reserve Program Authority (2012-13, Series J). The notes mature on May 1, 2013 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 \$9,880,000 in principal and \$9,880,000 in principal and interest due, be set aside within the County Treasury by January 31, 2013 and April 30, 2013, respectively.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

**NOTE 17 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012 that have future effective dates. The selected pronouncements will most likely impact the District's financial reporting in future periods.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments*. This statement is effective for financial statements for the fiscal year 2012-13.

Governmental Accounting Standards Board Statement No. 62

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This standard establishes accounting and financial reporting standards for state and local governments that report governmental activities, business-type activities and proprietary funds by incorporating applicable guidance from FASB and AICPA pronouncements to meet the needs of the governmental environment and the users of governmental financial statements. This statement, amended by the technical correction contained in GASB Statement No. 66, is effective for financial statements for the fiscal year 2012-13.

Governmental Accounting Standards Board Statements No. 63 and No. 65

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for fiscal year 2012-13 financial statements and is further clarified in GASB Statement No. 65.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 17 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE (continued)

Governmental Accounting Standards Board Statements No. 63 and No. 65 (continued)

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard is designed to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflow of resources that were previously reported as assets and liabilities to ensure consistency in financial reporting. This statement is effective for fiscal year 2013-14 financial statements.

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB Issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This standard is designed to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions provided by other entities. This statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*. This statement is effective for financial statements for the fiscal year 2014-15.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts - General Fund		Actual Amounts	(a) Fund Basis to	Actual Amounts
	Original	Final	General Fund	GAAP	GAAP Basis
Revenues					
Revenue limit sources:					
State apportionments	\$ 43,739,224	\$ 39,997,130	\$ 40,780,893	\$	\$ 40,780,893
Local sources	45,338,585	48,547,692	47,769,545		47,769,545
Total revenue limit sources	89,077,809	88,544,822	88,550,438	-	88,550,438
Federal sources	12,770,582	14,691,140	14,192,362		14,192,362
Other state sources	19,409,073	20,322,198	21,931,606		21,931,606
Other local sources	10,671,821	12,289,381	12,309,762	1,647	12,311,409
Total Revenues	131,929,285	135,847,541	136,984,168	1,647	136,985,815
Expenditures					
Certificated salaries	61,202,535	64,491,688	64,491,688		64,491,688
Classified salaries	22,028,875	22,814,847	22,814,846		22,814,846
Employee benefits	31,470,836	32,556,323	32,342,700		32,342,700
Books and supplies	5,588,368	5,950,855	4,523,358		4,523,358
Services and other operating expenses	10,569,911	10,943,312	10,943,312	88,129	11,031,441
Capital outlay	53,000	405,316	405,315	172,827	578,142
Tuition and other outgo	2,452,663	2,572,663	2,525,447		2,525,447
Direct support - indirect costs	(612,179)	(550,400)	(499,030)		(499,030)
Debt service		362,267	374,434		374,434
Total Expenditures	132,754,009	139,546,871	137,922,070	260,956	138,183,026
Deficiency of revenues over expenditures	(824,724)	(3,699,330)	(937,902)	(259,309)	(1,197,211)
Other Financing Sources					
Interfund transfers in	5,017,400	2,517,400	2,503,221		2,503,221
Total Other Financing Sources	5,017,400	2,517,400	2,503,221	-	2,503,221
Net change in fund balance	\$ 4,192,676	\$ (1,181,930)	1,565,319	(259,309)	1,306,010
Fund Balance - Beginning of Year			14,430,124	380,638	14,810,762
Fund Balance - End of Year			\$ 15,995,443	\$ 121,329	\$ 16,116,772

(a) Amounts presented are the result of the District including activity of special revenue funds. (See Note 1B)

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, 2012

<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 (1)</u>
7/1/2007	\$	\$ 4,486,382	\$ 4,486,382	0%		
7/1/2009		3,559,944	3,559,944	0%		
7/1/2011		3,137,779	3,137,779	0%		

Note: Although the plan has no segregated assets, the District does maintain the Alternative Retiree Benefit Fund (Fund #201) to designate resources for future retiree pension costs. At June 30, 2012, the fund's balance was \$5,516.

(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, 2012

<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%		
7/1/2009		25,422,773	25,422,773	0.0%		
7/1/2011		29,025,374	29,025,374	0.0%		

Note: 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, 2012, the fund's balance was \$5,175.

(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, 2012

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Budgetary Comparison for the General 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 any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

B. Schedule of Deferred Compensation Plan Funding Progress

This schedule is prepared 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 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 excesses of expenditures over appropriations in the General Fund.

SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2012

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, 2012 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Velma Lomax	President	December 2013
Mr. John Walker	Vice President	December 2013
Mrs. Barbara Fitzgerald	Member	December 2015
Mrs. Debbie Golden	Member	December 2015
Mrs. Mary Haffner	Member	December 2013

DISTRICT ADMINISTRATORS

Dr. Trudy Tuttle Arriaga	Superintendent
Mr. Joseph Richards, Jr.	Assistant Superintendent, Business Services
Ms. Kathy Asher	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, 2012**

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, 2012 are as follows:

	Revised Second Period	Annual
Elementary:		
Kindergarten	1,233	1,235
First through third grade	3,718	3,709
Fourth through eighth grade	6,126	6,117
Home and hospital - temporary physical disabilities	9	11
Special education master plan	256	259
Special education - nonpublic, nonsectarian schools	4	4
Extended year special education-mandated	13	13
Extended year special education - nonpublic, nonsectarian schools	1	1
Opportunity schools and full-day opportunity class	11	12
Total Elementary ADA	11,371	11,361
Secondary:		
Regular classes	5,080	5,021
Continuation education	214	215
Home and hospital - temporary physical disabilities	13	16
Special education master plan	100	100
Special education - nonpublic, nonsectarian schools	8	7
Extended year special education - mandated	4	4
Extended year special education - nonpublic, nonsectarian schools	1	1
Opportunity schools and full-day opportunity class	13	13
Total Secondary ADA	5,433	5,377
Total ADA	16,804	16,738

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Fiscal Year Ended June 30, 2012

<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>2011-12 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	33,600	31,500	29,400	35,800	179	In Compliance
Grade 1	50,400	47,040	42,060	39,256	50,210	179	In Compliance
Grade 2	50,400	47,040	42,060	39,256	50,210	179	In Compliance
Grade 3	50,400	47,040	42,060	39,256	50,210	179	In Compliance
Grade 4	54,000	50,400	51,595	48,155	53,700	179	In Compliance
Grade 5	54,000	50,400	51,595	48,155	53,700	179	In Compliance
Grade 6	54,000	50,400	51,595	48,155	53,225	179	In Compliance
Grade 7	54,000	50,400	51,595	48,155	53,225	179	In Compliance
Grade 8	54,000	50,400	51,595	48,155	53,225	179	In Compliance
Grade 9	64,800	60,480	64,642	60,333	63,026	179	In Compliance
Grade 10	64,800	60,480	64,642	60,333	63,026	179	In Compliance
Grade 11	64,800	60,480	64,642	60,333	63,026	179	In Compliance
Grade 12	64,800	60,480	64,642	60,333	63,026	179	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, 2012

<u>PROGRAM NAME</u>	<u>Federal Catalog Number</u>	<u>Entity Identifying Number</u>	<u>Total Program Expenditures</u>
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed-through the California Department of Education:			
Child Nutrition Cluster:			
Child Nutrition Program-Lunch	10.555	13396	\$ 2,837,392
Child Nutrition Program-Basic Breakfast	10.553	13525	78,542
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	1,157,455
Child Nutrition Program-Meal Supplements	10.555	13396	77,355
Child Nutrition Program-Commodities	10.555	13396	302,282
Summer Food Service Program	10.559	13004	<u>258,208</u>
Total Child Nutrition Cluster			4,711,234
Other Programs:			
Team Nutrition	10.574	(1)	18,812
Nutrition Network	10.561	(1)	<u>266,789</u>
Total U.S. Department of Agriculture			<u>4,996,835</u>
<u>U.S. DEPARTMENT OF LABOR:</u>			
Passed-through the County of Ventura:			
Adult Education Workforce Investment Act Cluster:			
Youth Activities	17.259	(1)	304,682
Adults and Dislocated Workers	17.258	(1)	<u>230,878</u>
Total U.S. Department of Labor			<u>535,560</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Programs			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	(1)	123,894
Federal Pell Grant	84.063	(1)	<u>513,342</u>
Total Student Financial Aid Cluster			<u>637,236</u>
Other Programs:			
Indian Education Grants	84.060	(1)	290,740
Magnet Schools Assistance	84.165A	(1)	910,967
Alcohol Abuse Education	84.184A	(1)	74,378
Healthy Eating Active Living (HEAL)	84.215F	(1)	<u>169,903</u>
Subtotal Direct Programs			<u>2,083,224</u>
Passed-through the California Department of Education:			
Special Education Cluster:			
Grants to States (IDEA, Part B)	84.027	13379	2,873,945
American Recovery and Reinvestment Act: Grants to States (IDEA, Part B)	84.391	15003	124,572
Preschool Local Entitlement	84.027A	13682	62,116
American Recovery and Reinvestment Act: Preschool Local Entitlement	84.391	15002	184,504
Preschool Grant	84.173	13430	8,269
American Recovery and Reinvestment Act: Preschool Grants	84.392	15000	<u>5,936</u>
Total Special Education Cluster			<u>3,259,342</u>
Adult Education:			
Adult Education - Adult Basic Education and ESL	84.002A	14508	34,144
Adult Education - Adult Secondary Education	84.002	13978	84,153
Adult Education - English Literacy and Civics	84.002	14109	<u>37,260</u>
Total Adult Education Cluster			<u>155,557</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, 2012

PROGRAM NAME	Federal Catalog Number	Entity Identifying Number	Total Program Expenditures
Passed-through the California Department of Education: (continued)			
Title I, Part A Cluster:			
Title I, Part A - Low Income and Neglected	84.010	14329	2,121,426
American Recovery and Reinvestment Act: Title I, Part A - Low Income and Neglected	84.389	15005	70,214
Total Title I, Part A Cluster			<u>2,191,640</u>
Title I, Part C Migrant Ed Cluster:			
Title I, Part C - Migrant Ed (Regular and Summer Program)	84.011	14838	201,396
Title I - Migrant Ed Summer Program	84.011	10005	52,774
Title I, Part C - Even Start Migrant Education (MEES)	84.011	14768	14,868
Total Title I, Part C Migrant Ed Cluster			<u>269,038</u>
Title II, Part D - Enhancing Education Through Technology, Formula Grant Cluster:			
Education Technology State Grants	84.318	14334	9,582
American Recovery and Reinvestment Act: Education Technology State Grants	84.386	15137	157,626
Total Title II, Part D - Enhancing Education Through Technology, Formula Grant Cluster			<u>167,208</u>
Other Programs:			
Title II, Part A - Improving Teacher Quality	84.367	14341	669,357
Title III - Limited English Proficiency	84.365	10084	289,213
Title IV - Part A, Drug-Free Schools	84.186	14347	1,532
Career and Technical Education - Basic Grants to States (Secondary)	84.048	14894	88,001
Workability II, Transition Partnership	84.158	10006	346,218
Education Jobs Fund	84.410	25152	3,364,986
Subtotal Passed-through the California Department of Education			<u>10,802,092</u>
Total U.S. Department of Education			<u>12,885,316</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed-through the California Department of Education:			
Head Start	93.600	10016	179,402
Medi-Cal Billing Option	93.778	10013	456,271
Total U.S. Department of Health & Human Services			<u>635,673</u>
Total Federal Programs			<u>\$ 19,053,384</u>
Reconciliation to Federal Revenue:			
Total Federal Program Expenditures			\$ 19,053,384
Expenditures in excess of revenues related to Federal Entitlement Programs:			
Medi-Cal Billing Option			(146,641)
Revenues in excess of expenditures related to Federal Entitlement Programs:			
Medi-Cal Administrative Activities			<u>1,344,018</u>
Total Federal Program Revenue			<u>\$ 20,250,761</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, 2012

	<u>General Fund</u>
June 30, 2012 Annual Financial and Budget Report Fund Balance	\$ 15,195,617
Post-closing entries:	
Increase accounts receivable	1,122,455
Increase accounts payable	<u>(322,629)</u>
June 30, 2012 Audited Financial Statement Fund Balance	\$ <u>15,995,443</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,

	2013 (Budgeted)		2012		2011		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenue								
Revenue limit sources	\$ 82,312,752	61.8	\$ 88,550,438	64.2	\$ 88,182,643	63.4	\$ 83,603,021	59.0
Federal	10,066,073	7.6	14,192,362	10.3	12,733,183	9.2	14,046,010	9.9
State	21,209,488	15.9	21,931,606	15.9	23,241,911	16.8	26,271,369	18.5
County and local	9,505,269	7.1	12,309,762	8.9	11,292,633	8.1	14,470,171	10.2
Interfund transfers	2,517,400	1.9	2,503,221	1.8	2,694,440	1.9	2,510,619	1.8
Total Revenue	<u>125,610,982</u>	<u>94.3</u>	<u>139,487,389</u>	<u>101.1</u>	<u>138,144,810</u>	<u>99.4</u>	<u>140,901,190</u>	<u>99.4</u>
Expenditures								
Certificated salaries	61,159,945	45.9	64,491,688	46.8	64,949,252	46.7	66,743,529	47.1
Classified salaries	22,082,092	16.6	22,814,846	16.5	22,621,793	16.3	22,945,647	16.2
Employee benefits	33,346,718	25.0	32,342,700	23.4	29,802,065	21.3	29,400,559	20.7
Books and supplies	5,160,940	3.9	4,523,358	3.3	4,796,773	3.5	5,412,450	3.8
Services and other operating expenditures	9,558,455	7.2	10,943,312	8.2	11,690,943	8.4	10,991,182	7.8
Capital outlay	53,000	0.0	405,315	0.3	213,266	0.2	2,005,639	1.4
Tuition and other outgo	2,452,663	1.8	2,525,447	1.6	2,329,549	1.7	2,104,281	1.5
Direct support/indirect costs	(539,989)	(0.4)	(499,030)	(0.4)	(560,665)	(0.4)	(531,467)	(0.4)
Debt service payments			374,434	0.3	12,167	0.0	12,167	0.0
Interfund transfers out					3,179,213	2.3	2,696,531	1.9
Total Expenditures	<u>133,273,824</u>	<u>100.0</u>	<u>137,922,070</u>	<u>100.0</u>	<u>139,034,356</u>	<u>100.0</u>	<u>141,780,518</u>	<u>100.0</u>
Change in fund balance	<u>\$ (7,662,842)</u>	<u>(5.7)</u>	<u>\$ 1,565,319</u>	<u>1.1</u>	<u>\$ (889,546)</u>	<u>(0.6)</u>	<u>\$ (879,328)</u>	<u>(0.6)</u>
Ending fund balance	<u>\$ 8,332,601</u>	<u>6.3</u>	<u>\$ 15,995,443</u>	<u>11.6</u>	<u>\$ 14,430,124</u>	<u>10.4</u>	<u>\$ 15,319,670</u>	<u>10.8</u>
Available reserve	<u>\$ 4,670,305</u>	<u>3.5</u>	<u>\$ 11,998,314</u>	<u>8.7</u>	<u>\$ 7,533,269</u>	<u>5.4</u>	<u>\$ 9,942,576</u>	<u>7.0</u>
Recommended reserve percentage		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>
Average Daily Attendance								
P-2, Excluding Adult Education	<u>16,783</u>		<u>16,804</u>		<u>16,779</u>		<u>16,744</u>	
Total Long-Term Debt	<u>\$ 66,699,581</u>		<u>\$ 69,284,581</u>		<u>\$ 71,432,604</u>		<u>\$ 73,955,850</u>	

IMPORTANT NOTES:

All Percentages are of total expenditures.

Amounts above are those reported as General Fund in the State accounting software and do not include special revenue funds reported in the financial statement General Fund according to GASB 54.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund.

2013 is the original Budget approved by the Board of Education in June 2012.

Long-term debt is reported for the District as a whole and includes debt related to all funds. Long-term debt includes any 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, 2012

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, 2012

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance (ADA)

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. This schedule 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, 2012

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 BUILDING SUB-FUNDS
COMBINING BALANCE SHEET**

June 30, 2012

	<u>Building Fund</u>	<u>Building Fund (Series A)</u>	<u>Bond Building Fund</u>	<u>Eliminating Intersubfund Activity</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>					
Cash in county treasury	\$ 19,771,198	\$ 27,944	\$ 1,835,755	\$	\$ 21,634,897
Cash with fiscal agent		909,247			909,247
Investments with fiscal agent		568,658			568,658
Accounts receivable:					
Miscellaneous	100,521	92	3,924		104,537
Due from other funds	5,200,000				5,200,000
Due from other subfunds	1,897,238	651,708		(2,548,946)	-
Total Assets	<u>\$ 26,968,957</u>	<u>\$ 2,157,649</u>	<u>\$ 1,839,679</u>	<u>\$ (2,548,946)</u>	<u>\$ 28,417,339</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 585,880	\$ (3,621)	\$ (1,056)	\$	\$ 581,203
Due to other funds	351,543				351,543
Due to other subfunds	651,708	1,897,238		(2,548,946)	-
Deferred revenue	30,790				30,790
Total Liabilities	<u>1,619,921</u>	<u>1,893,617</u>	<u>(1,056)</u>	<u>(2,548,946)</u>	<u>963,536</u>
Fund Balances					
Restricted	25,349,036	264,032	1,840,735		27,453,803
Total Fund Balances	<u>25,349,036</u>	<u>264,032</u>	<u>1,840,735</u>	<u>-</u>	<u>27,453,803</u>
Total Liabilities and Fund Balances	<u>\$ 26,968,957</u>	<u>\$ 2,157,649</u>	<u>\$ 1,839,679</u>	<u>\$ (2,548,946)</u>	<u>\$ 28,417,339</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, 2012

	Building Fund	Building Fund (Series A)	Bond Building Fund	Total (Memorandum Only)
Revenues				
Other local sources	\$ 1,863,996	\$ 45,069	\$ 15,656	\$ 1,924,721
Total Revenues	<u>1,863,996</u>	<u>45,069</u>	<u>15,656</u>	<u>1,924,721</u>
Expenditures				
Plant services	2,167,491	825,991	244,775	3,238,257
Debt service	446,353			446,353
Total Expenditures	<u>2,613,844</u>	<u>825,991</u>	<u>244,775</u>	<u>3,684,610</u>
Deficiency of revenues over expenditures	<u>(749,848)</u>	<u>(780,922)</u>	<u>(229,119)</u>	<u>(1,759,889)</u>
Other Financing Uses				
Interfund transfers out	<u>(2,500,000)</u>			<u>(2,500,000)</u>
Total Other Financing Uses	<u>(2,500,000)</u>	<u>-</u>	<u>-</u>	<u>(2,500,000)</u>
Net change in fund balance	(3,249,848)	(780,922)	(229,119)	(4,259,889)
Fund Balance at Beginning of Year	<u>28,598,884</u>	<u>1,044,954</u>	<u>2,069,854</u>	<u>31,713,692</u>
Fund Balance at End of Year	<u>\$ 25,349,036</u>	<u>\$ 264,032</u>	<u>\$ 1,840,735</u>	<u>\$ 27,453,803</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND

BALANCE SHEET

June 30, 2012

	<u>Bond Interest and Redemption Fund</u>
<u>Assets</u>	
Cash in county treasury	\$ 4,817,477
Accounts receivable:	
Miscellaneous	<u>7,831</u>
Total Assets	<u>\$ 4,825,308</u>
<u>Fund Balance</u>	
Restricted	<u>\$ 4,825,308</u>
Total Fund Balance	<u>\$ 4,825,308</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, 2012**

	Bond Interest and Redemption Fund
Revenues	
Other State sources	\$ 48,659
Other local sources	5,105,540
Total Revenues	5,154,199
 Expenditures	
Debt service	5,576,253
Total Expenditures	5,576,253
Deficiency of revenues over expenditures	(422,054)
 Other Financing Sources (Uses)	
Proceeds from sale of refunding bonds	13,760,000
Premium on sale of refunding bonds	1,145,435
Payment to refunding bond escrow agent	(14,724,230)
Total Other Financing Sources (Uses)	181,205
Net change in fund balance	(240,849)
 Fund Balance at Beginning of Year	5,066,157
 Fund Balance at End of Year	\$ 4,825,308

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2012

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Total (Memorandum Only)
<u>Assets</u>				
Cash in county treasury	\$ 1,063,109	\$ (251)	\$ 619,172	\$ 1,682,030
Cash in bank			101,396	101,396
Accounts receivable:				
Federal and State governments	174,442	11,987	887,990	1,074,419
Miscellaneous	277,359	196	99	277,654
Due from other funds	1,361,199	48,006	1,168,630	2,577,835
Inventories			39,175	39,175
Total Assets	\$ 2,876,109	\$ 59,938	\$ 2,816,462	\$ 5,752,509
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 77,179	\$ 4,147	\$ 169,892	\$ 251,218
Due to other funds	179,470	48,158	719,211	946,839
Deferred revenue			49,410	49,410
Total Liabilities	256,649	52,305	938,513	1,247,467
Fund Balances				
Nonspendable			39,175	39,175
Restricted			1,837,911	1,837,911
Committed	2,619,460			2,619,460
Assigned		7,633	863	8,496
Total Fund Balances	2,619,460	7,633	1,877,949	4,505,042
Total Liabilities and Fund Balances	\$ 2,876,109	\$ 59,938	\$ 2,816,462	\$ 5,752,509

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, 2012

	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Fund</u>	<u>Total (Memorandum Only)</u>
Revenues				
Revenue limit sources:				
State apportionments	\$ _____	\$ _____	\$ 1,454,039	\$ 1,454,039
Total revenue limit sources	-	-	1,454,039	1,454,039
Federal sources	1,328,353		4,730,046	6,058,399
Other State sources	3,348,029	1,098,635	390,083	4,836,747
Other local sources	<u>216,218</u>	<u>5,434</u>	<u>1,303,979</u>	<u>1,525,631</u>
Total Revenues	<u>4,892,600</u>	<u>1,104,069</u>	<u>7,878,147</u>	<u>13,874,816</u>
Expenditures				
Instruction	3,013,051	1,075,647		4,088,698
Instruction-related services	1,102,110	84,992		1,187,102
Pupil services		15,166	7,158,930	7,174,096
General administration	178,329	48,156	272,545	499,030
Plant services	<u>252,180</u>			<u>252,180</u>
Total Expenditures	<u>4,545,670</u>	<u>1,223,961</u>	<u>7,431,475</u>	<u>13,201,106</u>
Net change in fund balance	346,930	(119,892)	446,672	673,710
Fund Balance at Beginning of Year	<u>2,272,530</u>	<u>127,525</u>	<u>1,431,277</u>	<u>3,831,332</u>
Fund Balance at End of Year	<u>\$ 2,619,460</u>	<u>\$ 7,633</u>	<u>\$ 1,877,949</u>	<u>\$ 4,505,042</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	<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	\$ 3,194,490	\$ 787,163	\$ 952,252	\$ 4,933,905
Accounts receivable:				
Miscellaneous	6,993	1,594	5,210	13,797
Due from other funds	<u>21,607</u>			<u>21,607</u>
Total Assets	<u>\$ 3,223,090</u>	<u>\$ 788,757</u>	<u>\$ 957,462</u>	<u>\$ 4,969,309</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	<u>\$ 65,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,609</u>
Total Liabilities	<u>65,609</u>	<u>-</u>	<u>-</u>	<u>65,609</u>
<u>Fund Balances</u>				
Restricted	<u>3,157,481</u>	<u>788,757</u>	<u>957,462</u>	<u>4,903,700</u>
Total Fund Balances	<u>3,157,481</u>	<u>788,757</u>	<u>957,462</u>	<u>4,903,700</u>
Total Liabilities and Fund Balances	<u>\$ 3,223,090</u>	<u>\$ 788,757</u>	<u>\$ 957,462</u>	<u>\$ 4,969,309</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, 2012

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	County School Facilities Fund	Total (Memorandum Only)
Revenues				
Other local sources	\$ 103,812	\$ 35,785	\$ 6,175	\$ 145,772
Total Revenues	<u>103,812</u>	<u>35,785</u>	<u>6,175</u>	<u>145,772</u>
Expenditures				
Plant services	991,773	-	1,295	993,068
Total Expenditures	<u>991,773</u>	<u>-</u>	<u>1,295</u>	<u>993,068</u>
Excess (deficiency) of revenues over expenditures	<u>(887,961)</u>	<u>35,785</u>	<u>4,880</u>	<u>(847,296)</u>
Other Financing Uses				
Interfund transfers out	(2,374)	(847)	-	(3,221)
Total Other Financing Uses	<u>(2,374)</u>	<u>(847)</u>	<u>-</u>	<u>(3,221)</u>
Net change in fund balance	(890,335)	34,938	4,880	(850,517)
Fund Balance at Beginning of Year	<u>4,047,816</u>	<u>753,819</u>	<u>952,582</u>	<u>5,754,217</u>
Fund Balance at End of Year	<u>\$ 3,157,481</u>	<u>\$ 788,757</u>	<u>\$ 957,462</u>	<u>\$ 4,903,700</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FUND NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
June 30, 2012

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash in county	\$ 59,432	\$ 234,191	\$ 293,623
Accounts receivable:			
Miscellaneous	122	6,991	7,113
Due from other funds	<u> </u>	<u> 225,158</u>	<u> 225,158</u>
Total Assets	<u> 59,554</u>	<u> 466,340</u>	<u> 525,894</u>
<u>Liabilities</u>			
Accounts payable		32,728	32,728
Due to other funds	<u> </u>	<u> 26,921</u>	<u> 26,921</u>
Total Liabilities	<u> -</u>	<u> 59,649</u>	<u> 59,649</u>
<u>Net Assets</u>			
Restricted	<u> 59,554</u>	<u> 406,691</u>	<u> 466,245</u>
Total Net Assets	<u>\$ 59,554</u>	<u>\$ 406,691</u>	<u>\$ 466,245</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2012**

	<u>David Graham Scholarship Fund</u>	<u>Foundation Fund</u>	<u>Total (Memorandum Only)</u>
Additions			
Revenue from local sources	\$ 640	\$ 220,041	\$ 220,681
Total Additions	<u>640</u>	<u>220,041</u>	<u>220,681</u>
Deductions			
Scholarships awarded	900		900
Other expenses		<u>146,691</u>	<u>146,691</u>
Total Deductions	<u>900</u>	<u>146,691</u>	<u>147,591</u>
Changes in net assets	(260)	73,350	73,090
Net Assets at Beginning of Year	<u>59,814</u>	<u>333,341</u>	<u>393,155</u>
Net Assets at End of Year	<u>\$ 59,554</u>	<u>\$ 406,691</u>	<u>\$ 466,245</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FUND NET ASSETS -
ASSOCIATED STUDENT BODY FUNDS
June 30, 2012

	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	\$ 481,490	\$ 596,984	\$ 174,200	\$ 33,285	\$ 24,535	\$ 164,505
Inventories	<u>10,309</u>	<u>15,157</u>	<u>2,500</u>			<u>336</u>
Total Assets	<u>491,799</u>	<u>612,141</u>	<u>176,700</u>	<u>33,285</u>	<u>24,535</u>	<u>164,841</u>
<u>Liabilities</u>						
Accounts payable	567	5,000				
Funds held in trust	<u>354,828</u>	<u>452,529</u>	<u>53,563</u>	<u>12,041</u>	<u>14,811</u>	<u>10,884</u>
Total Liabilities	<u>355,395</u>	<u>457,529</u>	<u>53,563</u>	<u>12,041</u>	<u>14,811</u>	<u>10,884</u>
<u>Net Assets</u>						
Unrestricted	<u>136,404</u>	<u>154,612</u>	<u>123,137</u>	<u>21,244</u>	<u>9,724</u>	<u>153,957</u>
Total Net Assets	<u>\$ 136,404</u>	<u>\$ 154,612</u>	<u>\$ 123,137</u>	<u>\$ 21,244</u>	<u>\$ 9,724</u>	<u>\$ 153,957</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FUND NET ASSETS -
ASSOCIATED STUDENT BODY FUNDS
June 30, 2012

	<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	\$ 116,152	\$ 21,892	\$ 6,403	\$ 16,388	\$ 1,635,834
Inventories	<u>2,892</u>				<u>31,194</u>
Total Assets	<u>119,044</u>	<u>21,892</u>	<u>6,403</u>	<u>16,388</u>	<u>1,667,028</u>
<u>Liabilities</u>					
Accounts payable					5,567
Funds held in trust	<u>21,711</u>	<u>15,490</u>			<u>935,857</u>
Total Liabilities	<u>21,711</u>	<u>15,490</u>	<u>-</u>	<u>-</u>	<u>941,424</u>
<u>Net Assets</u>					
Unrestricted	<u>97,333</u>	<u>6,402</u>	<u>6,403</u>	<u>16,388</u>	<u>725,604</u>
Total Net Assets	<u>\$ 97,333</u>	<u>\$ 6,402</u>	<u>\$ 6,403</u>	<u>\$ 16,388</u>	<u>\$ 725,604</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS -
ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2012**

	<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>
Additions						
Other local sources	\$ 343,822	\$ 387,417	\$ 299,721	\$ 68,635	\$ 17,815	\$ 173,833
Total Additions	<u>343,822</u>	<u>387,417</u>	<u>299,721</u>	<u>68,635</u>	<u>17,815</u>	<u>173,833</u>
Deductions						
Other expenses	<u>354,075</u>	<u>417,176</u>	<u>246,783</u>	<u>62,341</u>	<u>15,681</u>	<u>157,790</u>
Total Deductions	<u>354,075</u>	<u>417,176</u>	<u>246,783</u>	<u>62,341</u>	<u>15,681</u>	<u>157,790</u>
Change in net assets	(10,253)	(29,759)	52,938	6,294	2,134	16,043
Net Assets at Beginning of Year	<u>146,657</u>	<u>184,371</u>	<u>70,199</u>	<u>14,950</u>	<u>7,590</u>	<u>137,914</u>
Net Assets at End of Year	<u>\$ 136,404</u>	<u>\$ 154,612</u>	<u>\$ 123,137</u>	<u>\$ 21,244</u>	<u>\$ 9,724</u>	<u>\$ 153,957</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS -
ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2012**

	<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>
Additions					
Other local sources	\$ 113,339	\$ 3,235	\$ 4,295	\$ 16,768	\$ 1,428,880
Total Additions	<u>113,339</u>	<u>3,235</u>	<u>4,295</u>	<u>16,768</u>	<u>1,428,880</u>
Deductions					
Other expenses	<u>99,542</u>	<u>2,631</u>	<u>2,258</u>	<u>15,370</u>	<u>1,373,647</u>
Total Deductions	<u>99,542</u>	<u>2,631</u>	<u>2,258</u>	<u>15,370</u>	<u>1,373,647</u>
Change in net assets	13,797	604	2,037	1,398	55,233
Net Assets at Beginning of Year	<u>83,536</u>	<u>5,798</u>	<u>4,366</u>	<u>14,990</u>	<u>670,371</u>
Net Assets at End of Year	<u>\$ 97,333</u>	<u>\$ 6,402</u>	<u>\$ 6,403</u>	<u>\$ 16,388</u>	<u>\$ 725,604</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, 2012**

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 balances for governmental funds and combining statements of fund net assets and changes in fund net assets for fiduciary funds have been presented 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 AUDITOR'S 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, 2012 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2012. 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

Management of Ventura Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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.

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.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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


VICENTI, LLOYD & STUTZMAN LLP

December 10, 2012



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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 10, 2012



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

We have audited the compliance of the Ventura Unified School District (the District) with the types of compliance requirements described in the *2011-12 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel for the year ended June 30, 2012. The District's State compliance requirements are identified in the table below. Compliance with the State laws and regulations as identified below 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 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 the *2011-12 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has 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 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	6	Yes
Teacher Certification and Misassignments	3	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

INDEPENDENT AUDITOR'S 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
Juvenile Court Schools	8	Not applicable
Exclusion of Pupils – Pertussis Immunization	2	Yes
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	3	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	4	No ¹

In our opinion, we found that, for the items tested, the District complied with the laws and regulations of the state programs referred to above in all material respects, except as described in the Schedule of Findings and Questioned Costs Related to the State Awards section of this report.

The District's response to the finding identified in our audit is described in the accompany Schedule of Findings and Questioned Costs Related to State Awards. We did not audit the District's response and, accordingly, we express no opinion on it.

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 10, 2012

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, 2012

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>
84.027, 84.027A, 84.173, 84.391, 84.392	Special Education Cluster (including American Recovery and Reinvestment Act)
84.367	Title II, Part A – Improving Teacher Quality
84.410	Education Jobs Fund
84.318, 84.386	Title II, Part D – Enhancing Education Through Technology, Formula Grant Cluster (including American Recovery and Reinvestment Act)

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 571,602

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, 2012

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, 2012.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2012

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2012.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2012

FINDING 12-1 –AFTER SCHOOL EDUCATION
AND SAFETY (ASES) PROGRAM

40000

Criteria: Attendance reports submitted to the California Department of Education should be supported by written records that document pupil participation. For pupils who attended less than the full day, the attendance must be consistent with the District's established early release policy.

Condition: During our testing of the written records that document pupil participation at Montalvo Elementary School, we noted five pupils who attended less than the full day. We were unable to determine that the early release was consistent with the established early release policy.

Effect: Without documentation we could not substantiate that these five pupils, who attended less than the full day, attended consistent with the established early release policy.

Cause: The documentation validating the pupils were consistent with the established early release policy was not retained at the City of Ventura site.

Number of ADA units, if any, inappropriately stated: N/A – attendance is not a condition of funding.

Recommendation: The District should ensure that the program administrators retain all required documentation to support that pupils attending less than the full day are released early consistent with the established early release policy.

District Response: The District has discussed the requirement to ensure that all supporting documentation will be retained with the program administrators. Spot checks will be performed to confirm compliance.

VENTURA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2012

There were no prior year findings or questioned costs related to the basic financial statements, federal awards or state awards for the year ended June 30, 2011.