

**VENTURA UNIFIED SCHOOL DISTRICT
VENTURA COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2016**



VENTURA UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Ventura Unified School District
Ventura, California

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Education
Ventura Unified School District

Opinions

In our opinion, the financial statements listed 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of funding progress (postemployment healthcare benefits and deferred compensation), schedule of the District's proportionate share of the net pension liability and schedule of District contributions, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules, the combining major and non-major fund financial statements, and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary section, including the schedule of expenditures of federal awards and the combining major and non-major 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

Board of Education
Ventura Unified School District

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary section, including the schedule of expenditures of federal awards, and the combining major and non-major fund financial statements is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016 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* in considering the District's internal control over financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 9, 2016

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

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, 2016. Readers should also review the notes to the basic financial statements and the fund financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Total net position was \$36,434,475. As a result of state allocated one-time funding to satisfy outstanding mandate claims that will be expended in subsequent fiscal years, the District's net position increased by \$5.1 million or 16.3%.

- Total revenues were \$205.3 million. General Fund revenue accounted for \$185.2 million or 90% of total revenues.
- The District had \$200.2 million in expenses; \$46.6 million of these expenses were offset by program specific charges for services and grants and/or contributions.
- Outlays for capital improvements were \$5.8 million, primarily for facility modernization and for the purchase and installation of modular buildings and landscape around these buildings. Facility modernization projects include roofing, HVAC, plumbing, installation of new asphalt, shade shelters and flooring. 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 \$185,207,455 in revenues and \$176,056,300 in expenditures. The excess revenues are a result of one-time funds from the state and several grants that are received up front to support multi-year programs. District has restricted, as required by law, the \$2.8 million unspent program grant funds and assigned \$3.1 million for year-one of a planned five-year common core curriculum adoption. Over the past few years the state has paid down nearly all back-logged mandate claims and outstanding Proposition 98 maintenance factor obligations, as a result, annual increases in state revenues are expected to diminish.
- School Districts in California continue their implementation of the Local Control Funding Formula a comprehensive reform of how funding is allocated for K-12 schools. The (LCFF) was adopted by the state in 2013 to replace the Revenue Limit funding formula and the majority of state categorical programs, a structure that had been in place for 40 years. The LCFF model requires local determination of priorities for the expenditure of funds. Districts developed a Local Control Accountability Plan (LCAP) to explain programs and priorities to the community. Input from the community is required as part of the development of the plan, and it is intended to assist in promoting transparency for the districts.

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2016

- The LCFF consists of base, supplemental, and concentration funding. Base funding provides consistent per student funding rates for all students state-wide using grade level groupings. Additional funding is provided for students identified as higher need: low socio-economic, English learners, homeless, and foster youth. Supplemental funding provides an additional 20% of the base funds for the unduplicated count of students who are identified in these higher need categories. Concentration funding is provided to districts exceeding 55% of their population identified in the unduplicated pupil count. Concentration grant funding provides an additional 50% of the base funds for the percentage of students that exceed 55%. For the 2015-16 school year, Ventura Unified's unduplicated count of students was 48.9%.
- In the November 2012 election the District was successful in passing a parcel tax. The community approved a \$59 per parcel per year tax, generating \$2.1 million for the District. The first receipts for this tax were for the 2013-14 school year and will continue through the 2016-17 school-year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis (this section), the basic financial statements, and the supplementary information, comprised of required and other supplemental 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 position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred-inflows of resources. 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 position* and how they have changed. Net position—the difference between the District's assets plus deferred outflow of resources less liabilities and deferred inflows of resources—is one way to measure the District's financial health or *position*.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities*—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities. Other funds in the District are also included here and are described in the notes to the financial statements.

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.

VENTURA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2016

- *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 position and a statement of changes in fiduciary net position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position from governmental activities was \$36.4 million. The \$5.1 million increase was primarily due to one-time and program grant funds received in 2016 that will be expended in subsequent fiscal years. Table 1 provides a summary of the District's combined net position for 2016.

Total combined assets were \$239.6 million, capital assets were 75% (\$178.6 million) of total assets and non-capital assets were 25% (\$61.0 million) of total assets. Total liabilities were \$217.3 million; 8% (\$16.8 million) current and 92% (\$200.5 million) long term. Of the District's *Governmental Activities* net position, \$118.6 million were invested in capital assets net of related debt, \$28.0 million were legally restricted, and negative <\$110.2> million were unrestricted.

Significant changes include:

- Accounts receivable from federal and state governments decreased by \$4.8 million primarily due to the decrease in federal deferrals. The District continues to reduce its capital investment, resulting in depreciation expense exceeding asset additions, causing a decrease of \$1.4 million or 1%. The non-current liability for Certificates of Participation decreased \$0.9 million or <36%> as a result of refunding that debt. Post-employment healthcare benefits increased \$0.3 million or 12%. The net position legally restricted for capital outlay decreased \$4.2 million or <18%>. The net position restricted for educational programs increased \$1.2 million or 74% due to reserving of program grant funds to support multi-year programs. Long term liabilities increased \$32.3 million primary due to an increase in the District's reportable share of the retirement systems net pension liability.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

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

Summary of Statement of Net Position	2015	2016	Total Change	Total % Change
Non-capital Assets	\$ 48.0	\$ 61.0	\$ 13.0	27.1%
Capital Assets	<u>180.0</u>	<u>178.6</u>	<u>(1.4)</u>	-0.8%
Total Assets	<u>228.0</u>	<u>239.6</u>	<u>11.6</u>	5.1%
Deferred Charge on Refunding	1.5	0.9	(0.6)	-40.0%
Deferred Outflows of Resources - Pensions	<u>9.4</u>	<u>27.1</u>	<u>17.7</u>	188.3%
Total Deferred Outflows of Resources	<u>10.9</u>	<u>28.0</u>	<u>17.1</u>	156.9%
Current Liabilities	10.5	16.8	6.3	60.0%
Long-Term Liabilities	<u>168.2</u>	<u>200.5</u>	<u>32.3</u>	19.2%
Total Liabilities	<u>178.7</u>	<u>217.3</u>	<u>38.6</u>	21.6%
Deferred Inflows of Resources - Pensions	<u>28.9</u>	<u>13.9</u>	<u>(15.0)</u>	-51.9%
Total Deferred Inflows of Resources	<u>28.9</u>	<u>13.9</u>	<u>(15.0)</u>	-51.9%
Net Investment in Capital Assets	117.7	118.6	0.9	0.8%
Net Position Legally Restricted	28.7	28.0	(0.7)	-2.4%
Net Position Unrestricted	<u>(115.1)</u>	<u>(110.2)</u>	<u>4.9</u>	-4.3%
Total Net Position	<u>\$ 31.3</u>	<u>\$ 36.4</u>	<u>\$ 5.1</u>	16.3%

Activities. Total cost of all governmental activity programs and services was \$200.2 million. Instruction and pupil services made up 77% of total program cost, plant services were 9%, and general administration was 5%.

With the implementation of the Local Control funding Formula, the funding received from Proposition 30 and an improved California economy, funding received from the state for education increased for the third consecutive year. The parcel tax, \$2.2 million, that was collected for the third year in 2015-16, helped to maintain class sizes, purchase technology, and support the arts in our community.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Significant changes include:

Revenues:

- Local Control Funding Formula increased \$15.7 million, or 13% primarily based on the “gap” funding increase for 2015-16.
- Federal revenues decreased primarily as a result of the three year \$10.3 million Magnet Schools Assistance Program grant for six elementary schools the District was awarded in 2013-14, grant allocation revenues and expenditures are lower as the program nears full implementation.

Expenses:

- The District implemented salary increases for all staff. The increase consisted of a 7% salary increase effective February 1, 2016 and a 2.75% bonus. In addition, the District increased its contribution to the cost of the employee benefit package, from \$14,220 to \$15,480 per full time employee.
- The continued receipts from the parcel tax allowed the District to reduce class size in grades 4 through 12. Sixteen teaching positions, totaling \$1.1 million, were added to allow the following:
 - grades four and five to be staffed at a ratio of 30:1 decreased from 32:1
 - grades six to twelve to be staffed at a ratio of 34:1 decreased from 35:1The funds were also used to support visual arts and music programs, purchase instructional materials and technology, \$1.1 million.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Table 2
(In Millions)

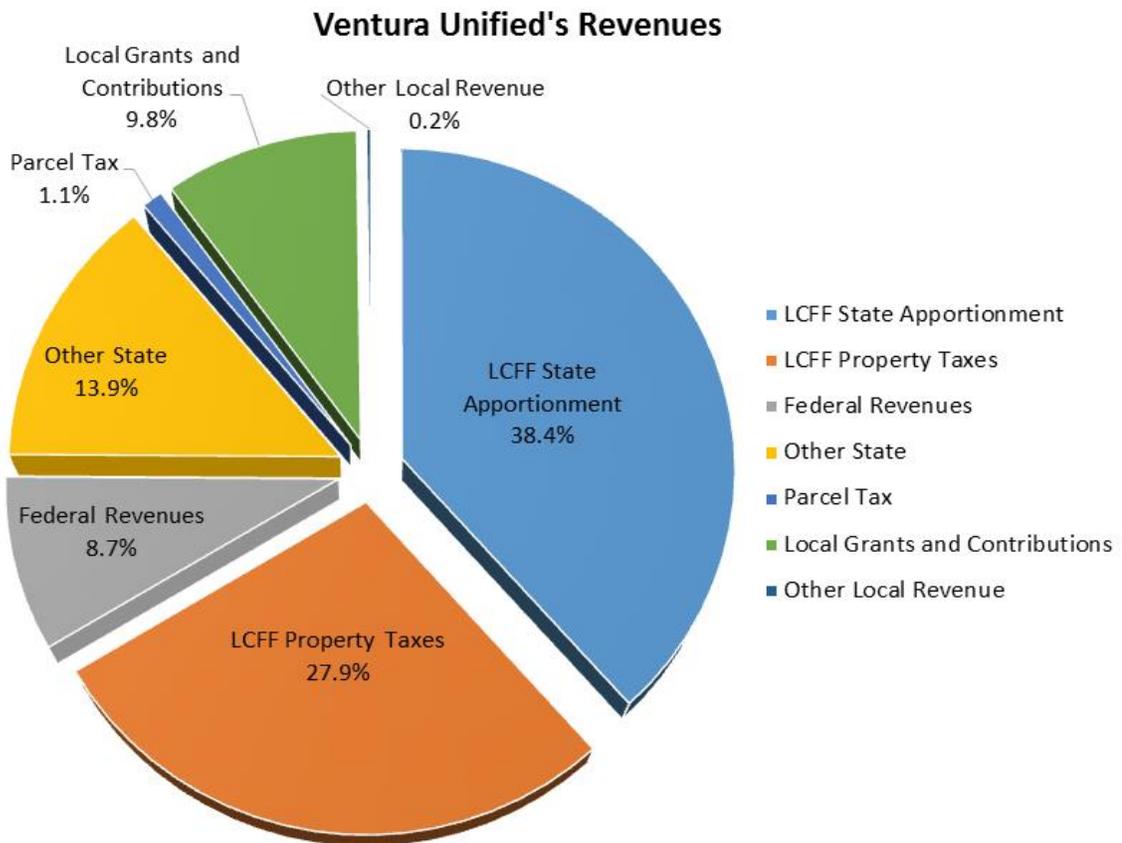
Summary of Statement of Activities	2015	2016
Program Revenues	\$ 41.0	\$ 46.6
General Revenues	<u>138.6</u>	<u>158.7</u>
Total Revenues	<u>179.6</u>	<u>205.3</u>
Expenses for:		
Instruction and Instruction Related Services	122.9	131.3
Pupil Services	19.5	22.0
General Administration	8.4	10.1
Plant Services	17.0	18.4
Ancillary, Community and Enterprise Activities	4.5	4.2
Debt Service	3.8	2.2
Other Outgo	4.0	4.8
Depreciation	<u>6.8</u>	<u>7.2</u>
Total Expenses	<u>186.9</u>	<u>200.2</u>
Change in Net Position	(7.3)	5.1
Net Position, Beginning of Year	<u>38.6</u>	<u>31.3</u>
Net Position, End of Year	<u><u>\$ 31.3</u></u>	<u><u>\$ 36.4</u></u>

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Governmental Activities

The District's governmental activities totaled \$205.7 million. Local control funding formula (funded by property taxes and state funds) generated 66.3% of the revenues, 22.6% was from federal and state grants and contributions, 10.0% from local sources and charges for services, and 1.1% from the parcel tax. General revenues, local control funding formula and the related property taxes were received to provide for the District's basic services.

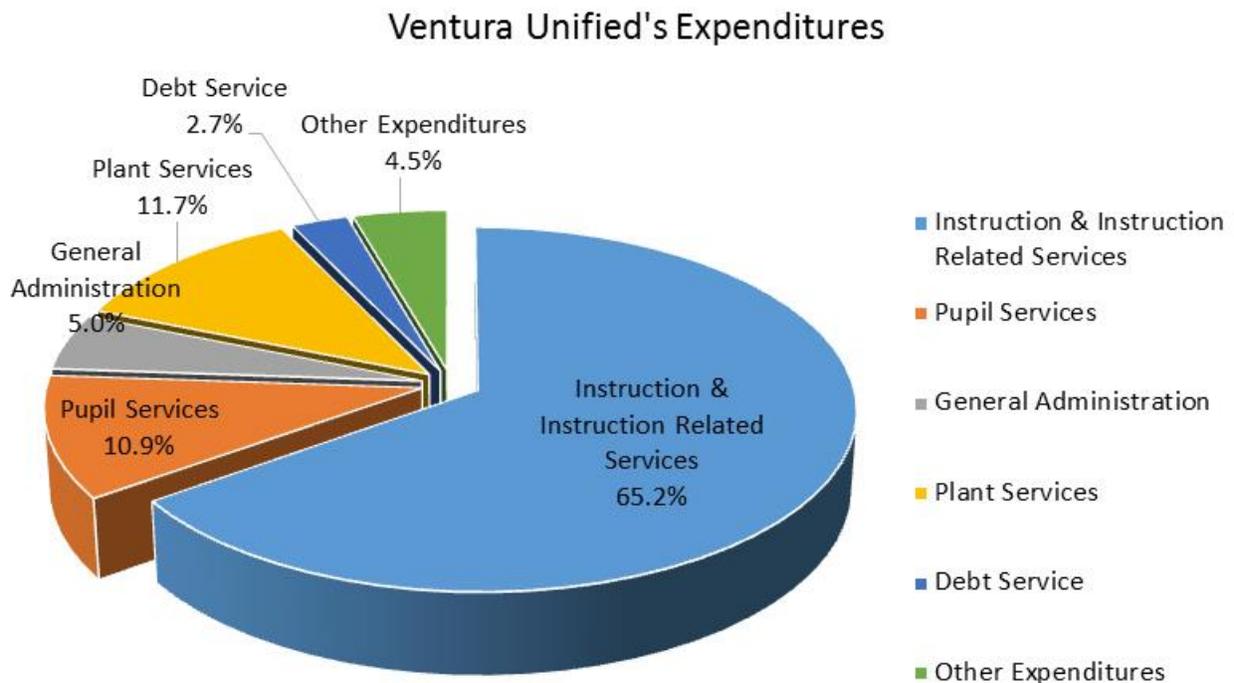
Figure 1



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

The cost of all the District's activities: instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$199.0 million. Instruction and instructional related services was \$129.8 million, 65.2%, pupil services were \$21.7 million, 10.9%, general administration \$10.0 million, 5.0%, plant services \$23.2 million, 11.7%, debt service \$5.4 million, 2.7% and other expenditures were \$2.7 million, 4.5%. Users of the District programs paid \$3.0 million of the cost. The federal and state governments subsidized approximately \$43.6 million in certain program costs with grants and contributions. Most of the District's expenses (\$156.6 million) were paid for by District taxpayers and the taxpayers of our state.

Figure 2



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

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 <\$1.3> million less than the final budget amount. Local control funding formula was <\$0.2> million less than budgeted. Federal revenues were <\$1.1> million less than budgeted as program budgets were not fully expended. Other state revenues were <\$0.7> million less than budgeted. Local revenues were \$0.7 more than budgeted.

Actual expenditures were <\$2.7> million less than the final budgeted amount.

Capital Assets

The District had invested \$5.8 million in capital assets during the 2015-16 school year. Overall total capital assets decreased from \$180.0 million as of July 1, 2015 to \$178.6 million as of June 30, 2016. 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 7.

Debt Administration

On June 30, 2016, the District had \$52.3 million in general obligation bond long-term debt, a 6.4% (\$3.6 million) decrease over last year. Additional information on the changes in long-term debt can be found at Note 8. The District's bonds currently are rated "Aa2".

Average Daily Attendance

Average daily attendance reported on the second period attendance report for the regular education K-12 program decreased by 275 to 16,462 while the enrollment count decreased by 241 students, to 17,125, as measured by the California Basic Education System (CBEDS). School sites continue working diligently to reduce absences with twenty-one of twenty-six schools achieving 96% or greater attendance rates.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

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. Continued economic growth in California is uncertain. The California Legislative Analyst's Office is projecting state revenues under two scenarios: economic growth and mild-recession. The growth scenario would have K-12 education spending increase at an average annual rate of 3.2% 2016-17 to 2020-21, conversely, the mild-recession scenario would have K-12 education spending increase at an average annual rate of 0.7% 2016-17 to 2020-21. At the same time, the District's General Fund expenditures are expected to rise at an average annual rate of 1.8%. The state's operating surplus declines from \$0.8 billion surplus in the current year to \$5.0 billion deficit by 2020-21. The LAO cautions that the current economic expansion will not last forever and that a sizable reserve is the key to managing the next downturn with minimal disruptions to public services. Thus, the LAO offers that, "Less additional ongoing spending on public programs now probably would mean fewer difficult choices about those programs later."

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 the 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, Deputy Superintendent of Business at Ventura Unified School District, 255 West Stanley Ave, Ventura California 93001.

FINANCIAL SECTION

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash in county treasury	\$ 50,644,231
Cash and cash equivalents	57,313
Accounts receivable	9,598,231
Due from fiduciary funds	37,582
Inventories	370,620
Prepaid expenses	295,059
Land	12,426,759
Depreciable assets, net	<u>166,171,367</u>
Total Assets	<u>239,601,162</u>
 <u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	892,125
Deferred outflows - pensions	<u>27,138,598</u>
Total Deferred Outflows of Resources	<u>28,030,723</u>
 <u>Liabilities</u>	
Accounts payable	11,880,240
Accrued interest payable	988,594
Unearned revenue	763,828
Current portion of long-term liabilities	3,106,305
Non-current portion of long term liabilities	<u>200,522,994</u>
Total Liabilities	<u>217,261,961</u>
 <u>Deferred Inflows of Resources</u>	
Deferred inflows - pensions	<u>13,935,449</u>
Total Deferred Inflows of Resources	<u>13,935,449</u>
 <u>Net Position</u>	
Net investment in capital assets	118,604,530
Restricted for:	
Capital projects	20,186,692
Debt service	4,782,674
Educational programs	2,884,786
Other programs	184,660
Unrestricted	<u>(110,208,867)</u>
Total Net Position	<u>\$ 36,434,475</u>

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total
Governmental Activities				
Instruction	\$ 107,829,344	\$ 794,321	\$ 26,845,798	\$ (80,189,225)
Instruction - related services	23,506,208	25,162	5,899,373	(17,581,673)
Pupil services	21,967,076	1,317,716	7,957,145	(12,692,215)
Ancillary services	1,177,043	1,653	28,527	(1,146,863)
Community services	284,029	-	166,405	(117,624)
Enterprise activities	2,662,482	-	-	(2,662,482)
General administration	10,127,135	39,985	842,978	(9,244,172)
Plant services	18,381,852	293,676	1,348,150	(16,740,026)
Other outgo	4,758,736	503,083	536,212	(3,719,441)
Debt service - interest	2,236,562	-	-	(2,236,562)
Depreciation (unallocated)	7,229,822	-	-	(7,229,822)
Total Governmental Activities	\$ 200,160,289	\$ 2,975,596	\$ 43,624,588	(153,560,105)
 General Revenues				
Property taxes levied for				
General purposes				58,729,379
Debt service				4,861,597
Other specific purposes				2,353,657
Federal and state aid not restricted to specific purposes				90,704,974
Interest and investment earnings				117,002
Miscellaneous				1,933,063
Total General Revenues				158,699,672
Change in net position				5,139,567
Net Position - Beginning of Year				31,294,908
Net Position - End of Year				\$ 36,434,475

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash in county treasury	\$ 23,593,231	\$ 16,488,564	\$ 10,562,436	\$ 50,644,231
Cash on hand and in banks	-	-	57,313	57,313
Accounts receivable	7,649,190	42,779	1,906,262	9,598,231
Due from other funds	1,387,405	-	1,313,210	2,700,615
Inventories	346,685	-	23,935	370,620
Prepaid expenditures	-	295,059	-	295,059
Total Assets	\$ 32,976,511	\$ 16,826,402	\$ 13,863,156	\$ 63,666,069
 <u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 10,695,329	\$ 356,018	\$ 828,893	\$ 11,880,240
Due to other funds	1,314,988	237,294	1,110,751	2,663,033
Unearned revenue	681,491	30,790	51,547	763,828
Total Liabilities	12,691,808	624,102	1,991,191	15,307,101
 Fund Balances				
Nonspendable	346,685	295,059	23,935	665,679
Restricted	2,845,045	15,907,241	9,264,051	28,016,337
Committed	-	-	2,583,979	2,583,979
Assigned	4,208,010	-	-	4,208,010
Unassigned	12,884,963	-	-	12,884,963
Total Fund Balances	20,284,703	16,202,300	11,871,965	48,358,968
Total Liabilities and Fund Balances	\$ 32,976,511	\$ 16,826,402	\$ 13,863,156	\$ 63,666,069

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016**

Total fund balances - governmental funds \$ 48,358,968

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$ 12,426,759	
Depreciable assets, net	<u>166,171,367</u>	178,598,126

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

General obligation bonds and related bond premium	(57,632,483)	
Net pension liability	(139,823,557)	
Certificates of participation (COPS)	(1,903,000)	
Installment loan	(658,163)	
Compensated absences	(990,540)	
Postemployment healthcare benefits (OPEB)	<u>(2,621,556)</u>	(203,629,299)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred charge on refunding	892,125	
Deferred outflows - pensions	27,138,598	
Deferred inflows - pensions	<u>(13,935,449)</u>	14,095,274

Interest expense related to general obligation bonds and COPS was incurred but not accrued through June 30, 2016. (988,594)

Total net position - governmental activities \$ 36,434,475

VENTURA UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula sources:				
State apportionments	\$ 79,074,105	\$ -	\$ -	\$ 79,074,105
Local sources	57,468,116	-	-	57,468,116
Total local control funding formula sources	136,542,221	-	-	136,542,221
Federal sources	11,440,589	-	6,544,636	17,985,225
Other state sources	22,535,826	-	5,962,138	28,497,964
Other local sources	14,688,819	965,020	7,067,330	22,721,169
Total Revenues	<u>185,207,455</u>	<u>965,020</u>	<u>19,574,104</u>	<u>205,746,579</u>
Expenditures				
Instruction	102,045,607	-	4,507,158	106,552,765
Instruction - related services	21,870,030	-	1,331,600	23,201,630
Pupil services	14,153,107	-	7,587,494	21,740,601
Ancillary services	1,166,688	-	-	1,166,688
Community services	278,230	-	-	278,230
Enterprise activities	2,662,482	-	-	2,662,482
General administration	9,431,390	-	558,006	9,989,396
Plant services	19,462,521	2,706,466	1,057,096	23,226,083
Other outgo	4,758,736	-	-	4,758,736
Debt service	227,509	151,610	5,038,454	5,417,573
Total Expenditures	<u>176,056,300</u>	<u>2,858,076</u>	<u>20,079,808</u>	<u>198,994,184</u>
Excess (deficiency) of revenues over expenditures	<u>9,151,155</u>	<u>(1,893,056)</u>	<u>(505,704)</u>	<u>6,752,395</u>
Other Financing Sources (Uses)				
Proceeds from bond refunding	-	-	12,800,398	12,800,398
Proceeds from COPS refunding	-	1,903,000	-	1,903,000
Payment to refunded escrow agent	-	(2,793,391)	(12,586,800)	(15,380,191)
Interfund transfers in	48,122	422,652	2,003,863	2,474,637
Interfund transfers out	(2,003,863)	-	(470,774)	(2,474,637)
Total Other Financing Sources (Uses)	<u>(1,955,741)</u>	<u>(467,739)</u>	<u>1,746,687</u>	<u>(676,793)</u>
Net changes in fund balance	7,195,414	(2,360,795)	1,240,983	6,075,602
Fund Balances at Beginning of Year	<u>13,089,289</u>	<u>18,563,095</u>	<u>10,630,982</u>	<u>42,283,366</u>
Fund Balances at End of Year	<u>\$ 20,284,703</u>	<u>\$ 16,202,300</u>	<u>\$ 11,871,965</u>	<u>\$ 48,358,968</u>

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ 6,075,602

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, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	5,780,068	
Depreciation expense	(7,229,822)	
Excess (deficiency) of capital outlay over depreciation expense		(1,449,754)

Issuance of long-term debt is reported as proceeds in governmental funds but increases long-term liabilities in the statement of net position.

Refunding general obligation bond including premium	(12,800,398)	
Refunding certificates of participation (COPS)	<u>(1,903,000)</u>	(14,703,398)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bond principal payments *	14,695,000	
COP principal payments *	2,725,000	
Installment loan	<u>211,323</u>	17,631,323

* includes refunded principal paid to the refunding escrow agent

In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution was:

(2,218,716)

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

Net decrease in accrued interest	88,905	
Net increase in compensated absences	(79,841)	
Increase in other postemployment benefits other than pensions (OPEB)	(291,052)	
Decrease in premium on general obligation bonds	745,284	
Decrease in deferred charge on refunding bonds	<u>(658,786)</u>	<u>(195,490)</u>

Change in net position of governmental activities \$ 5,139,567

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

	Foundation Trust	Associated Student Body
	Funds	Funds
	<hr/>	<hr/>
<u>Assets</u>		
Cash in county treasury	\$ 736,459	\$ -
Cash and cash equivalents	-	1,406,924
Accounts receivable	1,947	-
Inventories	-	30,156
Total Assets	<hr/> 738,406 <hr/>	<hr/> 1,437,080 <hr/>
 <u>Liabilities</u>		
Accounts payable	-	2,220
Due to governmental funds	37,582	-
Funds held in trust	-	937,941
Total Liabilities	<hr/> 37,582 <hr/>	<hr/> 940,161 <hr/>
 <u>Net Position</u>		
Restricted	700,824	-
Unrestricted	-	496,919
Total Net Position	<hr/> \$ 700,824 <hr/>	<hr/> \$ 496,919 <hr/>

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2016**

	Foundation Trust Funds	Associated Student Body Funds
Additions		
Revenue from local sources	\$ 218,946	\$ 1,065,784
Total Additions	218,946	1,065,784
Deductions		
Scholarships	2,250	-
Other expenses	135,548	995,621
Total Deductions	137,798	995,621
Changes in net position	81,148	70,163
Net Position - Beginning of Year	619,676	426,756
Net Position - End of Year	\$ 700,824	\$ 496,919

See accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California 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).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB 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 Position, a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are excluded.

The Statement of Net Position 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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 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 where the stated intent is that the costs are financed or recovered primarily through user charges. This function 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 expenses are presented by natural classification.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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: used to account for all financial resources except those required to be accounted for in another fund. The Deferred Maintenance Fund (Fund #140) no longer meets the definition of a special revenue fund as it is no longer primarily composed of restricted or committed revenue sources. Therefore, all activities of this fund are reported with the General Fund.

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

Building Fund (Fund #210): used to account for the construction and/or acquisition of major capital facilities. Income is from rental of unused sites.

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.

Bond Building Fund (Fund #213): used to account for proceeds of general obligation bonds and for construction and repairs of facilities.

Governmental Funds – Non-Major

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Adult Education Fund (Fund #110): used to account for resources restricted or committed to adult education programs maintained by the District.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Child Development Fund (Fund #120): used to account for resources restricted to child development programs.

Cafeteria Fund (Fund #130): used to account for revenues received and expenditures made to operate the District's cafeterias.

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.

Capital Facilities Fund (Residential) (Fund #250): used to account for resources received from residential developer impact fees.

Capital Facilities Fund (Commercial) (Fund #251): used to account for resources received from commercial developer impact fees.

County School Facilities Fund (Fund #355 and #356): used to account for the School Facility Program grants award for modernization of high school and elementary sites. The County School Facilities Fund is a consolidation of two sub-funds.

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

Bond Interest and Redemption Fund (#510): used to collect taxes and pay for debt service associated with general obligation bonds.

Fiduciary Funds

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

David Graham and Stella Brittingham Memorial Scholarship Fund (Fund #736): used to award scholarships to students and/or graduates of the District who have participated in aquatic sports.

Foundation Fund (Fund #730): used to account for donations of funds from private individuals and organizations.

Associated Student Body Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body organizations. The District operates eight organized student body funds and two unorganized student body funds.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 unearned revenue, and in the presentation of expenses versus expenditures.

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.

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.

Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of expendable supplies held for consumption. At June 30, 2016, the total supply inventory is \$346,685, food inventory is \$23,935 and inventories maintained by student body organization totaled \$30,156.

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

amount is recorded at the time of the purchase and an expense is reported in the year in which goods or services are consumed.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, 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 by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Buildings and improvements	20-40 years
Furniture and equipment	3-12 years
Vehicles	5-20 years

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions results from the following and are recognized as follows:

- District contributions to employee pension plans subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.
- All other deferred outflows will be amortized to pension expense over the estimated average

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

remaining service lifetime of plan participants (EARSL) over closed periods. The EARSL is 7 years for the California State Teachers' Retirement System (CalSTRS) and 3.9 years for the California Public Employees' Retirement System plan for schools (CalPERS). The first year of amortization is recognized in pension expense in the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, 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. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

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

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions results from the following and are amortized to pension expense as follows:

- The net differences between projected and actual earnings on plan investments are amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period.
- All other deferred inflows will be amortized to pension expense over the estimated average remaining service lifetime of plan participants (EARSL) over closed periods. The EARSL is 7 years for CalSTRS and 3.9 years for CalPERS. The first year of amortization is recognized in pension expense in the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 net position or 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.

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

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

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 local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

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 California 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 local control funding formula purposes. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the government-wide financial statements.

On-Behalf Payments

GAAP 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. The amount of on-behalf payments made for the District has been recorded in the fund financial statements.

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.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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. 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 a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- 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.
- 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.
- 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 above, 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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

not prepared for the Corporation.

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 criteria listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO and the Booster Club individually are not significant to the District.

NOTE 2: BUDGETS

By state law, the District's Governing Board must approve a 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 on 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.

NOTE 3: DEPOSITS AND INVESTMENTS

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, 2016, \$1,132,039 of the District's bank balance of \$1,746,984 was exposed to credit risk as follows:

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 3: DEPOSITS AND INVESTMENTS

District's Bank Balance	June 30, 2016
Uninsured and collateral held by pledging bank's trust department not in the District's name.	\$ 1,132,039
Total	\$ 1,132,039

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2016 is measured at 100.18% of amortized costs. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted 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.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participants percentage participation on the date of such withdrawals.

The pools sponsor's annual financial report may be obtained from the Ventura County Board of Supervisors, County Government Center, 800 South Victoria Avenue, Ventura, CA 93009.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016 consists of the following:

Accounts Receivable	General Fund	Building Fund	Non-Major	Total	Foundation
			Governmental	Governmental	Trust Funds
			Funds	Funds	
Federal and state	\$ 6,760,616	\$ -	\$ 1,119,372	\$ 7,879,988	\$ -
Miscellaneous	888,574	42,779	786,890	1,718,243	1,947
Total accounts receivable	<u>\$ 7,649,190</u>	<u>\$ 42,779</u>	<u>\$ 1,906,262</u>	<u>\$ 9,598,231</u>	<u>\$ 1,947</u>

NOTE 5: INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2016 are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 1,387,405	\$ 1,314,988
Building Fund	-	237,294
Non-Major Governmental Funds:		
Adult Education Fund	1,305,123	268,008
Child Development Fund	7,089	81,508
Cafeteria Fund	998	713,113
Capital Facilities Fund (Residential)	-	3,109
Capital Facilities Fund (Commercial)	-	45,013
Fiduciary Funds:		
Foundation Fund	-	37,582
Total	<u>\$ 2,700,615</u>	<u>\$ 2,700,615</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 5: INTERFUND TRANSACTIONS

Interfund transfers for the 2015-16 fiscal year are as follows:

Transfer from the General Fund to the Cafeteria Fund to support the child nutrition program.	\$ 700,000
Transfer from the General Fund to the Adult Education Fund to reimburse for prior year debt service payments.	1,303,863
Transfer from the Adult Education Fund to the Building Fund for debt service.	422,652
Transfer from the Capital Facilities Fund (Residential and Commercial) to the General Fund to pay for developer fee administration.	48,122
Total	\$ 2,474,637

NOTE 6: FUND BALANCES

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 346,685	\$ -	\$ 23,935	\$ 370,620
Prepaid expenditures	-	295,059	-	295,059
Total nonspendable	346,685	295,059	23,935	665,679
Restricted:				
Legally restricted programs	2,845,045	-	200,466	3,045,511
Capital projects	-	15,907,241	4,184,442	20,091,683
Debt service	-	-	4,879,143	4,879,143
Total restricted	2,845,045	15,907,241	9,264,051	28,016,337
Committed:				
Adult education program	-	-	2,583,979	2,583,979
Total committed	-	-	2,583,979	2,583,979
Assigned:				
Curriculum adoption	3,079,019	-	-	3,079,019
Facilities projects	481,298	-	-	481,298
Site based funds	647,693	-	-	647,693
Total assigned	4,208,010	-	-	4,208,010
Unassigned:				
Economic uncertainties	5,326,067	-	-	5,326,067
Unassigned	7,558,896	-	-	7,558,896
Total unassigned	12,884,963	-	-	12,884,963
Total fund balance	\$ 20,284,703	\$ 16,202,300	\$ 11,871,965	\$ 48,358,968

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2016 is shown below.

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 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	264,702,006	5,202,099	-	269,904,105
Machinery, equipment, and vehicles	11,572,049	577,969	-	12,150,018
Total capital assets being depreciated	<u>276,274,055</u>	<u>5,780,068</u>	<u>-</u>	<u>282,054,123</u>
Less accumulated depreciation for:				
Buildings and improvements	100,787,883	6,317,637	-	107,105,520
Machinery, equipment, and vehicles	7,865,051	912,185	-	8,777,236
Total accumulated depreciation	<u>108,652,934</u>	<u>7,229,822</u>	<u>-</u>	<u>115,882,756</u>
Depreciable assets, net	<u>167,621,121</u>	<u>(1,449,754)</u>	<u>-</u>	<u>166,171,367</u>
Governmental activities capital assets, net	<u>\$ 180,047,880</u>	<u>\$ (1,449,754)</u>	<u>\$ -</u>	<u>\$ 178,598,126</u>

The total land balance reported above includes \$678,019 of land considered to be idle property as of June 30, 2016.

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2016 is shown below.

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due in One Year
General obligation bonds	\$ 55,900,000	\$ 11,140,000	\$ 14,695,000	\$ 52,345,000	\$ 2,535,000
Premium on general obligation bonds	4,372,369	1,660,398	745,284	5,287,483	-
Total general obligation bonds	<u>60,272,369</u>	<u>12,800,398</u>	<u>15,440,284</u>	<u>57,632,483</u>	<u>2,535,000</u>
Net pension liability (CalSTRS & CalPERS)	105,347,080	34,907,196	-	140,254,276	-
Net pension asset (deferred comp plan)	(506,850)	-	(76,131)	(430,719)	-
Total net pension liability	<u>104,840,230</u>	<u>34,907,196</u>	<u>(76,131)</u>	<u>139,823,557</u>	<u>-</u>
Certificates of participation	2,725,000	1,903,000	2,725,000	1,903,000	356,000
Installment loan	869,486	-	211,323	658,163	215,305
Compensated absences	910,699	79,841	-	990,540	-
Postemployment healthcare benefits	2,330,504	291,052	-	2,621,556	-
Total	<u>\$ 171,948,288</u>	<u>\$ 49,981,487</u>	<u>\$ 18,300,476</u>	<u>\$ 203,629,299</u>	<u>\$ 3,106,305</u>

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

General obligation bond liabilities are liquidated by the tax assessments recorded in the Bond Interest and Redemption Fund. Net pension liability (asset) and compensated absences are liquidated by the fund with the related salary expenditure. Certificates of participation are liquidated by adult education fees. The installment loan and postemployment healthcare benefits are liquidated by the General Fund.

NOTE 9: GENERAL OBLIGATION BONDS

On 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.

Between 2004 and 2014 Series A through Series I were re-financed and proceeds associated with the refunding were deposited into escrow accounts and as such the applicable bond series are considered in-substance defeased. The defeased debt has been fully paid by the escrow agent.

During July 2015 the outstanding 2005 General Obligation Refunding Bonds were re-funded for a total of \$11.1 million. The difference in cash flow requirements related to this refunding is a savings of cash outflow of approximately \$1.5 million. The present value of the economic gain to the District amounts to approximately \$1.8 million. The proceeds associated with the refunding were deposited in an escrow account and as such the applicable refunded bonds are considered in-substance defeased. The outstanding balance of the defeased debt as of June 30, 2016 was fully paid by the escrow agent.

The outstanding general obligation bonded debt of the District at June 30, 2016 is:

<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2016</u>
2010 Refunding	11/4/2010	8/1/2031	2.0-5.0	\$ 14,510,000	\$ 11,540,000
2012 Refunding	4/11/2012	8/1/2034	3.0-5.0	13,760,000	12,795,000
2014 Refunding	7/29/2014	8/1/2034	2.0-5.0	17,570,000	16,870,000
2015 Refunding	7/30/2015	8/1/2029	2.0-5.0	11,140,000	11,140,000
Total				<u>\$ 56,980,000</u>	<u>\$ 52,345,000</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 9: GENERAL OBLIGATION BONDS

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 2,535,000	\$ 2,348,793
2018	2,480,000	2,260,118
2019	2,575,000	2,155,918
2020	2,685,000	2,039,869
2021	2,810,000	1,909,581
2022-2026	16,645,000	7,269,038
2027-2031	17,565,000	2,971,644
2032-2035	5,050,000	293,872
Total	<u>\$ 52,345,000</u>	<u>\$ 21,248,833</u>

NOTE 10: CERTIFICATES OF PARTICIPATION

The District entered into a certificate of participation agreement dated March 1, 2016. The proceeds of \$1,903,000, after payment of costs, and along with District lease payment and debt service reserves amounting to \$973,580, were used to refund the outstanding Certificates of Participation Series 2002. The difference in cash flow requirements related to this refunding is a savings of cash outflow of approximately \$212,000. The present value of the economic gain to the District amounts to approximately \$192,000. The proceeds and reserves associated with the refunding were deposited in an escrow account and all outstanding principal and accrued interest of the outstanding Certificates of Participation Series 2002 were paid.

The Ventura County Schools Public Facilities Financing Corporation acts as a purchaser and lessor of the property. Lease payments are required to be made by the District under the lease agreement each October 1st and April 1st for use and possession of the property for the period commencing October 1, 2016 and terminating April 1, 2022. Lease payments will be funded in part from the proceeds of the certificates.

Required principal and interest payments as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 356,000	\$ 35,904
2018	368,000	27,063
2019	374,000	20,191
2020	382,000	13,196
2021	390,000	6,054
2022	33,000	474
Total	<u>\$ 1,903,000</u>	<u>\$ 102,882</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 10: CERTIFICATES OF PARTICIPATION

Certificates of Participation are long-term debt instruments which are tax exempt and therefore issued at an interest rate of 1.86%, which is below current market levels for taxable investments.

NOTE 11: INSTALLMENT LOAN

On September 22, 2014, the District entered into a master installment purchase agreement for the purchase of ten buses in the amount of \$1,297,194. The purchase agreement calls for an initial payment totaling \$427,708 with annual loan installment payments over the next four years including interest at a rate of 1.885%.

Required principal and interest payments as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 215,305	\$ 12,403
2018	219,362	8,346
2019	223,496	4,212
Total	<u>\$ 658,163</u>	<u>\$ 24,961</u>

NOTE 12: POST EMPLOYMENT 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 2016, the District contributed \$2,299,290 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. The ARC represents a level of funding that, if paid on

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 12: POST EMPLOYMENT HEALTHCARE BENEFITS

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 OPEB Cost and Net OPEB Obligation	Balance June 30, 2016
Annual required contribution (ARC)	\$ 2,885,406
Interest on net OPEB obligation	93,220
Adjustment to ARC	(388,284)
Annual OPEB cost	2,590,342
Contributions made	(2,299,290)
Change in net OPEB obligation	291,052
Net OPEB obligation - beginning of year	2,330,504
Net OPEB obligation - end of year	\$ 2,621,556

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

Year Ending June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 3,037,684	81.1%	\$ 1,839,212
2015	3,054,386	83.9%	2,330,504
2016	2,590,342	88.8%	2,621,556

Funding Status and Funding Progress

As of July 1, 2015, 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 \$17,318,365. Because the plan is limited to individuals who retired as of June 30, 1993, there are no active employees covered by the plan.

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

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 12: POST EMPLOYMENT HEALTHCARE BENEFITS

value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2015 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% 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 8.25% initially, reduced by decrements to an ultimate rate of 5.0 percent after fourteen years. The UAAL is being amortized using a level dollar amortization method over a closed fifteen year period. The remaining amortization period at June 30, 2016, was seven years.

NOTE 13: EMPLOYEE RETIREMENT PLANS

Multi-employer Defined Benefit Plans

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

As of June 30, 2016, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans as follows:

	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS (STRP)	\$ 105,025,440	\$ 21,722,287	\$ 10,316,280	\$ 10,424,249
CalPERS (Schools Pool Plan)	35,228,836	5,416,311	3,619,169	3,160,111
Total	\$ 140,254,276	\$ 27,138,598	\$ 13,935,449	\$ 13,584,360

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 13: EMPLOYEE RETIREMENT PLANS

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 13: EMPLOYEE RETIREMENT PLANS

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.39%	7.39%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2016 are presented above and the total District contributions were \$7,989,196.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

	Balance
<u>Proportionate Share of Net Pension Liability</u>	<u>June 30, 2016</u>
District proportionate share of net pension liability	\$ 105,025,440
State's proportionate share of the net pension liability associated with the District	55,546,731
Total	<u>\$ 160,572,171</u>

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.1560%.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 13: EMPLOYEE RETIREMENT PLANS

For the year ended June 30, 2016, the District recognized pension expense of \$10,424,249. In addition, the District recognized revenue and corresponding expense of \$4,302,718 for support provided by the state. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,989,196	\$ -
Difference between expected and actual experience	-	1,755,000
Difference in proportion	13,733,091	-
Net differences between projected and actual earnings on plan investments	-	8,561,280
Total	\$ 21,722,287	\$ 10,316,280

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2017	\$ (143,971)
2018	(143,971)
2019	(143,971)
2020	(143,971)
2021	1,996,348
2022	1,996,347
Total	\$ 3,416,811

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.60%
Investment Rate of Return	7.60%

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 13: EMPLOYEE RETIREMENT PLANS

Consumer Price Inflation	3.00%
Wage Growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop an expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 13: EMPLOYEE RETIREMENT PLANS

using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.60%)	\$ 158,580,240
Current discount rate (7.60%)	105,025,440
1% increase (8.60%)	60,517,080

Plan Fiduciary Net Position

Detailed information about the STRP’s plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan 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.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 13: EMPLOYEE RETIREMENT PLANS

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

Provisions and Benefits	School Employer Pool (CalPERS)	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016 are as presented above and the total District contributions were \$3,312,194.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$35,228,836. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.2390%.

For the year ended June 30, 2016, the District recognized pension expense of \$3,160,111. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 13: EMPLOYEE RETIREMENT PLANS

<u>Pension Deferred Outflows and Inflows of Resources</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,312,194	\$ -
Differences between expected and actual experience	2,013,380	-
Changes of assumptions	-	2,164,558
Difference in proportion	90,737	248,346
Net differences between projected and actual earnings on plan investments	-	1,206,265
Total	<u>\$ 5,416,311</u>	<u>\$ 3,619,169</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2017	\$ (1,035,801)
2018	(1,022,731)
2019	(903,012)
2020	1,446,492
Total	<u>\$ (1,515,052)</u>

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014 used the following methods and assumptions, applied to all prior periods included in the measurement:

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.65%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 13: EMPLOYEE RETIREMENT PLANS

Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	51%	5.71%
Global debt securities	19%	2.43%
Private equity	10%	6.95%
Real estate	12%	5.13%
Inflation assets	6%	3.36%
Liquidity	2%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 13: EMPLOYEE RETIREMENT PLANS

Discount rate	Net Pension Liability
1% decrease (6.65%)	\$ 57,337,865
Current discount rate (7.65%)	35,228,836
1% increase (8.65%)	16,843,701

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Deferred Compensation Plan

Plan Description

The District's Deferred Compensation Plan is a single-employer defined benefit pension plan, administered by the 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:

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 13: EMPLOYEE RETIREMENT PLANS

Annual Pension Cost and Net Pension Asset	Balance June 30, 2016
Annual required contribution (ARC)	\$ 374,671
Interest on net pension asset	(20,274)
Adjustment to ARC	84,446
Annual pension cost	438,843
Contributions made	(362,712)
Change in net pension asset	76,131
Net pension asset - beginning of year	(506,850)
Net pension asset - end of year	\$ (430,719)

The District's annual pension cost, the percentage of ARC contributed, and the net pension asset was as follows:

Year Ending June 30,	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Asset
2014	\$ 481,666	97.7%	\$ (514,600)
2015	462,447	100.7%	(503,753)
2016	438,843	82.7%	(430,719)

Funding Status and Funding Progress

As of July 1, 2015, 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 \$2,031,060.

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, 2015, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 4.0% 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, 2016 was seven years.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 14: JOINT POWERS AGREEMENTS

The 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.

The relationships between the District and the JPAs are such that none of the JPAs is a component unit of the District for financial reporting purposes.

Condensed financial information for the year ended June 30, 2016 is as follows:

	The Authority (Audited) June 30, 2015	The Trust (Audited) June 30, 2015
<u>JPA Condensed Financial Information</u>		
Total assets	\$ 103,326,423	\$ 12,898,088
Deferred inflows of resources	84,393	-
Total liabilities	54,243,925	7,132,890
Deferred outflows of resources	181,807	-
Fund balance / net position	<u>\$ 48,985,084</u>	<u>\$ 5,765,198</u>
Total revenues	\$ 26,019,737	\$ 53,930,958
Total expenditures / expenses	<u>14,487,913</u>	<u>52,668,614</u>
Change in fund balance / net position	<u>\$ 11,531,824</u>	<u>\$ 1,262,344</u>

NOTE 15: COMMITMENTS AND CONTINGENCIES

Litigation

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

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 14: JOINT POWERS AGREEMENTS

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which 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.

County School Facilities Funds

The District has completed 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.

Purchase Commitments

As of June 30, 2016, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$3.5 million. Projects will be funded through Bond Proceeds, funds committed for deferred maintenance, Capital Facilities Funds and General Funds.

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 EVENTS

Tax Revenue Anticipation Notes

The District issued \$18,270,000 of Tax Revenue Anticipation Notes dated July 14, 2016 through the California School Boards Association Finance Corporation's Cash Reserve Program 2016-17 (Series C). The notes were sold by the District to supplement its cash flow.

The notes mature on June 30, 2017 and are issued at an amortized rate of 2.00%. Repayment

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 16: SUBSEQUENT EVENTS

requirements are that \$9,135,000 principal and approximately \$9,486,190 principal and interest be deposited with the administrator, U.S. Bank National Association, by January 31, 2017 and April 30, 2017, respectively.

Property Purchase Agreement

On November 7, 2016 the District entered into a purchase agreement for an industrial building and real property in the amount of \$1,775,000. The property includes fuel pumps and related equipment.

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

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2016, that have effective dates that will impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

This statement was issued in June 2015 and extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. The object is to provide information about financial support provided by certain non-employer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement No. 68 and to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. The statement is effective for the fiscal year 2015-16 except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the fiscal year 2016-17.

Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This statement was issued in June 2015 and establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. The statement also establishes requirements for reporting information about financial support provided by certain

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 16: SUBSEQUENT EVENTS

non-employer entities for OPEB that is provided to the employees of other entities. The statement is effective for the fiscal year 2017-18.

Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73

This statement was issued in March 2016 and establishes guidance in order to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirement of this Statement are effective for the fiscal year 2016-17.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2016**

	Budgetary Amounts -		Actual Amounts General Fund	(a) Fund Basis to GAAP	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Local control funding formula sources:					
State apportionments	\$ 87,436,671	\$ 80,507,300	\$ 79,074,105	\$ -	\$ 79,074,105
Local sources	<u>45,273,201</u>	<u>56,239,825</u>	<u>57,468,116</u>	-	<u>57,468,116</u>
Total local control funding formula sources:	132,709,872	136,747,125	136,542,221	-	136,542,221
Federal sources	12,053,454	12,506,192	11,440,589	-	11,440,589
Other state sources	15,539,049	23,204,705	22,535,826	-	22,535,826
Other local sources	<u>12,204,054</u>	<u>14,017,187</u>	<u>14,688,361</u>	458	<u>14,688,819</u>
Total Revenues	<u>172,506,429</u>	<u>186,475,209</u>	<u>185,206,997</u>	<u>458</u>	<u>185,207,455</u>
Expenditures					
Certificated salaries	71,488,414	75,078,738	74,620,780	-	74,620,780
Classified salaries	24,386,087	26,467,543	27,354,004	-	27,354,004
Employee benefits	36,755,288	44,084,805	43,736,620	-	43,736,620
Books and supplies	10,010,324	13,999,656	6,972,605	2,364	6,974,969
Services and other operating expenditures	12,125,187	14,066,486	15,431,084	62,213	15,493,297
Capital outlay	6,790,009	1,787,157	3,039,940	408,453	3,448,393
Tuition	3,820,536	3,700,536	4,758,736	-	4,758,736
Direct support - indirect cost	(653,996)	(657,234)	(558,008)	-	(558,008)
Debt service	-	<u>227,509</u>	<u>227,509</u>	-	<u>227,509</u>
Total Expenditures	<u>164,721,849</u>	<u>178,755,196</u>	<u>175,583,270</u>	<u>473,030</u>	<u>176,056,300</u>
Excess (deficiency) of revenues over expenditures	<u>7,784,580</u>	<u>7,720,013</u>	<u>9,623,727</u>	<u>(472,572)</u>	<u>9,151,155</u>
Other Financing Sources (Uses)					
Interfund transfers in	9,150	-	51,543	(3,421)	48,122
Interfund transfers out	<u>(814,325)</u>	<u>(2,112,758)</u>	<u>(2,003,863)</u>	-	<u>(2,003,863)</u>
Total Other Financing Sources (Uses)	<u>(805,175)</u>	<u>(2,112,758)</u>	<u>(1,952,320)</u>	<u>(3,421)</u>	<u>(1,955,741)</u>
Net changes in fund balance	<u>\$ 6,979,405</u>	<u>\$ 5,607,255</u>	7,671,407	(475,993)	7,195,414
Fund Balance - Beginning of Year			<u>12,613,296</u>	<u>475,993</u>	<u>13,089,289</u>
Fund Balance - End of Year			<u>\$ 20,284,703</u>	<u>\$ -</u>	<u>\$ 20,284,703</u>

(a) amounts presented are the result of the District including activity of the Deferred Maintenance Fund, the Retiree Benefits Fund and the Alternative Retiree Benefits Fund.

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, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Credit Cost Method)		Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll (1)	UAAL as a Percentage of Covered Payroll (1)
		(AAL)					
7/1/2011	\$ -	\$ 29,025,374		\$ 29,025,374	0%		
7/1/2013	-	23,476,014		23,476,014	0%		
7/1/2015	-	17,318,365		17,318,365	0%		

(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
SCHEDULE OF DEFERRED COMPENSATION PLAN
FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Credit Cost Method)		Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll (1)	UAAL as a Percentage of Covered Payroll (1)
		(AAL)					
7/1/2011	\$ -	\$	3,137,779	\$ 3,137,779	0%		
7/1/2013	-		2,740,410	2,740,410	0%		
7/1/2015	-		2,031,060	2,031,060	0%		

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

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2016

<u>State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 6,278,689	\$ 7,989,196
Contributions in relation to the contractually required contribution	<u>6,278,689</u>	<u>7,989,196</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 70,710,000	 \$ 74,460,000
 Contributions as a percentage of covered-employee payroll	 8.88%	 10.73%
 <u>California Public Employees' Retirement Plan - Schools Pool Plan</u>	 <u>2015</u>	 <u>2016</u>
Contractually required contribution	\$ 3,113,265	\$ 3,312,194
Contributions in relation to the contractually required contribution	<u>3,113,265</u>	<u>3,312,194</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 26,450,000	 \$ 27,950,000
 Contributions as a percentage of covered-employee payroll	 11.77%	 11.85%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund

A budgetary comparison is presented for the general fund. 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).

Schedule of Postemployment Healthcare Benefits Funding Progress

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of Deferred Compensation Plan Funding Progress

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for its deferred compensation pension plan.

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, in the General Fund occurred as follows:

<u>Major Object (Account)</u>	<u>Amount</u>
Classified salaries (2000)	\$ 886,461
Services and other operating expenditures (5000)	1,364,598
Capital outlay (6000)	1,252,783
Other outgo (7000)	1,048,531

SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION For the Fiscal Year Ended June 30, 2016

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, Mount, 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 operate 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, 2016 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Barbara Fitzgerald	President	December 2016
Mrs. Velma Lomax	Vice President	December 2018
Mrs. Mary Haffner	Member	December 2018
Mr. John B. Walker	Member	December 2018
Mrs. Debbie Golden	Member	December 2016

DISTRICT ADMINISTRATORS

Dr. Michael Babb	Superintendent
Mr. Joseph Richards, Jr.	Deputy Superintendent, Business Services
Dr. Jennifer Robles	Assistant Superintendent, Educational Services
Mrs. Kristin Mayville	Assistant Superintendent, Certificated Human Resources

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2016**

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, 2016 are as follows:

	Revised Second Period	Annual
Grades transitional kindergarten through third:		
Regular ADA	4,793	4,792
Extended year special education	7	7
Total grades transitional kindergarten through third ADA	4,800	4,799
Grades four through six:		
Regular ADA	3,834	3,832
Extended year special education	5	5
Special education - nonpublic, nonsectarian schools	3	3
Total grades four through six ADA	3,842	3,840
Grades seven and eight:		
Regular ADA	2,541	2,541
Extended year special education	4	4
Special education - nonpublic, nonsectarian schools	2	2
Total grades seven and eight ADA	2,547	2,547
Grades nine through twelve:		
Regular ADA	5,257	5,209
Extended year special education	5	5
Special education - nonpublic, nonsectarian schools	10	11
Extended year special education - nonpublic, nonsectarian schools	1	1
Total grades nine through twelve ADA	5,273	5,226
Total ADA	16,462	16,412

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2016**

Grade Level	Minute Requirement	Actual Minutes	Number of Days		Status
			Traditional	Calendar	
Kindergarten	36,000	37,350	180	In Compliance	
Grade 1	50,400	50,400	180	In Compliance	
Grade 2	50,400	50,400	180	In Compliance	
Grade 3	50,400	50,400	180	In Compliance	
Grade 4	54,000	54,000	180	In Compliance	
Grade 5	54,000	54,000	180	In Compliance	
Grade 6	54,000	54,000	180	In Compliance	
Grade 7	54,000	54,000	180	In Compliance	
Grade 8	54,000	54,000	180	In Compliance	
Grade 9	64,800	65,115	180	In Compliance	
Grade 10	64,800	65,115	180	In Compliance	
Grade 11	64,800	65,115	180	In Compliance	
Grade 12	64,800	65,115	180	In Compliance	

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016**

Program Name	Federal Catalog Number	Pass-Through	
		Entity Identifying Number	Total Program Expenditures
United States Department of Agriculture			
Pass-Through Programs From California Department of Education:			
Child Nutrition Cluster:			
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	\$ 1,205,226
Child Nutrition Program-Lunch	10.555	13396	3,328,430
Child Nutrition Program-Commodities	10.555	13396	384,901
Child Nutrition Program-Meal Supplements	10.555	13396	111,350
Summer Food Service Program	10.559	13004	193,073
Subtotal: Child Nutrition Cluster			<u>5,222,980</u>
Other Programs:			
Specialty Crop	10.170	(1)	152,574
Nutrition Network	10.561	(1)	<u>116,252</u>
Total: United States Department of Agriculture			<u>5,491,806</u>
United States Department of Interior			
Direct Program:			
Conservation Activities by Youth Organizations	15.931	(1)	<u>16,301</u>
Total: United States Department of Interior			<u>16,301</u>
United States Department of Labor			
Pass-Through Program From the County of Ventura:			
Youth Activities	17.259	(1)	<u>285,923</u>
Total: United States Department of Labor			<u>285,923</u>
United States Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	(1)	128,582
Federal Pell Grant	84.063	(1)	<u>465,409</u>
Subtotal: Student Financial Aid Cluster			<u>593,991</u>
Other Programs:			
Indian Education Grants	84.060	(1)	234,407
Magnet Schools Assistance	84.165A	(1)	<u>3,144,708</u>
Subtotal: Direct Programs			<u>3,379,115</u>
Pass-Through Programs From California Department of Education:			
Special Education Cluster:			
Grants to States (IDEA, Part B)	84.027	13379	2,794,372
Federal Preschool Grant	84.173	13430	65,409
Preschool Local Entitlement	84.027A	13682	<u>139,955</u>
Subtotal: Special Education Cluster			<u>2,999,736</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, 2016**

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Education (continued)			
Pass-Through Programs From California Department of Education (continued)			
Adult Education:			
Adult Education - Adult Basic Education and ESL	84.002A	14508	64,023
Adult Education - Adult Secondary Education	84.002	13978	201,476
Adult Education - English Literacy and Civics	84.002	14109	<u>23,669</u>
Total Adult Education			<u>289,168</u>
Title I, Part C, Migrant Ed:			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14838	99,556
Title I - Migrant Ed Summer Program	84.011	10005	25,883
Title I, Part C, Even Start Migrant Education (MEES)	84.011	14768	<u>21,079</u>
Total Title I, Part C, Migrant Ed			<u>146,518</u>
Other Programs:			
Title I, Part A - Low Income and Neglected	84.010	14329	1,921,361
Title I, Part G - Advanced Placement Test Fee Reimbursement Program	84.330B	14831	15,826
Title II, Part A - Improving Teacher Quality	84.367	14341	547,444
Title III - Limited English Proficiency	84.365	14346	271,182
Title IV, Part B - 21st Century Community Learning Centers	84.287	13439	579,662
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	104,814
Workability II, Transition Partnership	84.158	10006	<u>348,243</u>
Subtotal: Pass-Through Programs			<u>7,223,954</u>
Total: United States Department of Education			<u>11,197,060</u>
United States Department of Health and Human Services			
Pass-Through Program From California Department of Education:			
Medi-Cal Billing Option	93.778	10013	<u>475,966</u>
Total: United States Department of Health and Human Services			<u>475,966</u>
Total Federal Programs			<u>\$ 17,467,056</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 17,467,056
Revenues in excess of expenditures related to Federal Entitlements:			
Medi-Cal Administrative Activities (MAA)			666,512
Medi-Cal Billing Option			<u>(148,343)</u>
Total Federal Program Revenue			<u>\$ 17,985,225</u>

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

The District is the recipient of a federal program that does not result in cash receipts or disbursements. The District was granted \$384,901 of commodities under the National School Lunch Program (CFDA 10.555).

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,**

	2017 (Budgeted)	2016	2015	2014 *
Revenue				
Local control funding formula sources	\$ 141,408,765	\$ 136,542,221	\$ 120,252,620	\$ 110,129,799
Federal sources	8,979,670	11,440,589	12,686,082	10,064,109
Other state sources	16,344,520	22,535,826	10,652,540	10,016,184
Other local sources	13,193,487	14,688,361	16,333,214	14,806,493
Interfund transfers in	-	51,543	10,812	20,287
Total revenue	<u>179,926,442</u>	<u>185,258,540</u>	<u>159,935,268</u>	<u>145,036,872</u>
Expenditures				
Certificated salaries	74,330,254	74,620,780	70,434,500	66,604,225
Classified salaries	27,030,969	27,354,004	25,123,818	23,401,469
Employee benefits	46,871,253	43,736,620	38,860,687	32,830,631
Books and supplies	11,651,798	6,972,605	9,354,827	6,223,185
Services and other operating expenditures	14,488,485	15,431,084	13,947,920	12,047,374
Capital outlay	4,440,309	3,039,940	1,786,752	333,362
Other outgo	3,604,536	4,758,736	4,746,134	4,008,502
Direct support - indirect cost	(710,649)	(558,008)	(485,240)	(615,314)
Interfund transfers out	931,542	2,003,863	759,000	-
Debt Service	-	227,509	-	-
Total expenditures	<u>182,638,497</u>	<u>177,587,133</u>	<u>164,528,398</u>	<u>144,833,434</u>
Net changes in fund balance	<u>\$ (2,712,055)</u>	<u>\$ 7,671,407</u>	<u>\$ (4,593,130)</u>	<u>\$ 203,438</u>
Ending fund balance	<u>\$ 17,572,648</u>	<u>\$ 20,284,703</u>	<u>\$ 12,613,296</u>	<u>\$ 17,206,426</u>
Available reserve	<u>\$ 15,172,005</u>	<u>\$ 12,884,963</u>	<u>\$ 9,822,508</u>	<u>\$ 11,846,485</u>
Available reserve %	8.3%	7.3%	6.0%	8.2%
ADA	<u>16,255</u>	<u>16,462</u>	<u>16,737</u>	<u>16,812</u>
Total long term debt	<u>\$ 200,522,994</u>	<u>\$ 203,629,299</u>	<u>\$ 171,948,288</u>	<u>\$ 68,079,918</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2016, the District has met this requirement.

The 2017 budget is the original budget adopted on June 21, 2016.

* In 2015, the District adopted GASB Statement No. 68 and No. 71 which resulted in the recognition of the net pension liability. In addition, state on-behalf payments were recorded to revenues and expenses. Previous years have not been restated to reflect these changes.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2016**

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

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

There were no differences between the fund balances reported on the June 30, 2016 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO THE SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2016

NOTE 1: PURPOSE OF SCHEDULES

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.

Schedule of Instructional Time

The District has not met or exceeded its target funding and 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.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

The *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule 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 faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Charter Schools

The *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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.

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.

OPTIONAL SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2016

	<u>Building Fund</u>	<u>Building Fund (Series A)</u>	<u>Bond Building Fund</u>	<u>Eliminating Intrafund Activity</u>	<u>Total Building Fund</u>
<u>Assets</u>					
Cash in county treasury	\$ 15,570,598	\$ 476,291	\$ 441,675	\$ -	\$ 16,488,564
Accounts receivable	38,337	1,873	2,569	-	42,779
Due from other sub-funds	906,908	-	-	(906,908)	-
Prepaid expenditures	295,059	-	-	-	295,059
Total Assets	<u>\$ 16,810,902</u>	<u>\$ 478,164</u>	<u>\$ 444,244</u>	<u>\$ (906,908)</u>	<u>\$ 16,826,402</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 111,824	\$ -	\$ 244,194	\$ -	\$ 356,018
Due to other funds	237,294	-	-	-	237,294
Due to other sub-funds	-	906,908	-	(906,908)	-
Unearned revenue	30,790	-	-	-	30,790
Total Liabilities	<u>379,908</u>	<u>906,908</u>	<u>244,194</u>	<u>(906,908)</u>	<u>624,102</u>
Fund Balances					
Nonspendable	295,059	-	-	-	295,059
Restricted	16,135,935	(428,744)	200,050	-	15,907,241
Total Fund Balances	<u>16,430,994</u>	<u>(428,744)</u>	<u>200,050</u>	<u>-</u>	<u>16,202,300</u>
Total Liabilities and Fund Balances	<u>\$ 16,810,902</u>	<u>\$ 478,164</u>	<u>\$ 444,244</u>	<u>\$ (906,908)</u>	<u>\$ 16,826,402</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
MAJOR BUILDING SUB-FUNDS
For the Fiscal Year Ended June 30, 2016**

	Building Fund	Building Fund (Series A)	Bond Building Fund	Total Building Fund
Revenues				
Local sources	\$ 922,762	\$ 29,524	\$ 12,734	\$ 965,020
Total Revenues	922,762	29,524	12,734	965,020
Expenditures				
Plant services	1,729,767	28,412	948,287	2,706,466
Debt service	-	151,610	-	151,610
Total Expenditures	1,729,767	180,022	948,287	2,858,076
Deficiency of revenues over expenditures	(807,005)	(150,498)	(935,553)	(1,893,056)
Other Financing Sources (Uses)				
Proceeds from COPS refunding	-	1,903,000	-	1,903,000
Payment to refunded escrow agent	-	(2,793,391)	-	(2,793,391)
Interfund transfers in	-	422,652	-	422,652
Total Other Financing Sources (Uses)	-	(467,739)	-	(467,739)
Net changes in fund balance	(807,005)	(618,237)	(935,553)	(2,360,795)
Fund Balances at Beginning of Year	17,237,999	189,493	1,135,603	18,563,095
Fund Balances at End of Year	\$ 16,430,994	\$ (428,744)	\$ 200,050	\$ 16,202,300

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2016

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	County Schools Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<u>Assets</u>								
Cash in county treasury	\$ 688,019	\$ 124,642	\$ 67,410	\$ 3,733,138	\$ 948,675	\$ 130,882	\$ 4,869,670	\$ 10,562,436
Cash on hand and in banks	-	-	57,313	-	-	-	-	57,313
Accounts receivable	976,922	1,788	903,327	12,142	2,292	318	9,473	1,906,262
Due from other funds	1,305,123	7,089	998	-	-	-	-	1,313,210
Inventories	-	-	23,935	-	-	-	-	23,935
Total Assets	\$ 2,970,064	\$ 133,519	\$ 1,052,983	\$ 3,745,280	\$ 950,967	\$ 131,200	\$ 4,879,143	\$ 13,863,156
<u>Liabilities and Fund Balances</u>								
<u>Liabilities</u>								
Accounts payable	\$ 109,077	\$ 21,270	\$ 103,663	\$ 594,883	\$ -	\$ -	\$ -	\$ 828,893
Due to other funds	268,008	81,508	713,113	3,109	45,013	-	-	1,110,751
Unearned revenue	-	-	51,547	-	-	-	-	51,547
Total Liabilities	377,085	102,778	868,323	597,992	45,013	-	-	1,991,191
<u>Fund Balances</u>								
Nonspendable	-	-	23,935	-	-	-	-	23,935
Restricted	9,000	30,741	160,725	3,147,288	905,954	131,200	4,879,143	9,264,051
Committed	2,583,979	-	-	-	-	-	-	2,583,979
Total Fund Balances	2,592,979	30,741	184,660	3,147,288	905,954	131,200	4,879,143	11,871,965
Total Liabilities and Fund Balances	\$ 2,970,064	\$ 133,519	\$ 1,052,983	\$ 3,745,280	\$ 950,967	\$ 131,200	\$ 4,879,143	\$ 13,863,156

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	County Schools Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues								
Federal sources	\$ 1,169,082	\$ -	\$ 5,375,554	\$ -	\$ -	\$ -	\$ -	\$ 6,544,636
State sources	4,166,774	1,419,607	336,464	-	-	-	39,293	5,962,138
Local sources	471,551	14,910	1,318,967	395,524	19,496	717	4,846,165	7,067,330
Total Revenues	<u>5,807,407</u>	<u>1,434,517</u>	<u>7,030,985</u>	<u>395,524</u>	<u>19,496</u>	<u>717</u>	<u>4,885,458</u>	<u>19,574,104</u>
Expenditures								
Instruction	3,327,874	1,179,284	-	-	-	-	-	4,507,158
Instruction - related services	1,206,488	125,112	-	-	-	-	-	1,331,600
Pupil services	-	51,776	7,535,718	-	-	-	-	7,587,494
General administration	267,739	79,487	210,780	-	-	-	-	558,006
Plant services	310,048	-	-	747,048	-	-	-	1,057,096
Debt service	-	-	-	-	-	-	5,038,454	5,038,454
Total Expenditures	<u>5,112,149</u>	<u>1,435,659</u>	<u>7,746,498</u>	<u>747,048</u>	<u>-</u>	<u>-</u>	<u>5,038,454</u>	<u>20,079,808</u>
Excess (deficiency) of revenues over expenditures	<u>695,258</u>	<u>(1,142)</u>	<u>(715,513)</u>	<u>(351,524)</u>	<u>19,496</u>	<u>717</u>	<u>(152,996)</u>	<u>(505,704)</u>
Other Financing Sources (Uses)								
Proceeds of refunding bonds	-	-	-	-	-	-	12,800,398	12,800,398
Payment to refunded bond escrow agent	-	-	-	-	-	-	(12,586,800)	(12,586,800)
Interfund transfers in	1,303,863	-	700,000	-	-	-	-	2,003,863
Interfund transfers out	(422,652)	-	-	(3,109)	(45,013)	-	-	(470,774)
Total Other Financing Sources (Uses)	<u>881,211</u>	<u>-</u>	<u>700,000</u>	<u>(3,109)</u>	<u>(45,013)</u>	<u>-</u>	<u>213,598</u>	<u>1,746,687</u>
Net changes in fund balance	1,576,469	(1,142)	(15,513)	(354,633)	(25,517)	717	60,602	1,240,983
Fund Balances at Beginning of Year	<u>1,016,510</u>	<u>31,883</u>	<u>200,173</u>	<u>3,501,921</u>	<u>931,471</u>	<u>130,483</u>	<u>4,818,541</u>	<u>10,630,982</u>
Fund Balances at End of Year	<u>\$ 2,592,979</u>	<u>\$ 30,741</u>	<u>\$ 184,660</u>	<u>\$ 3,147,288</u>	<u>\$ 905,954</u>	<u>\$ 131,200</u>	<u>\$ 4,879,143</u>	<u>\$ 11,871,965</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS**

June 30, 2016

	David Graham Scholarship Fund	Foundation Fund	Total Private Purpose Trust Funds
<u>Assets</u>			
Cash in county treasury	\$ 55,371	\$ 681,088	\$ 736,459
Accounts receivable	139	1,808	1,947
Total Assets	55,510	682,896	738,406
 <u>Liabilities</u>			
Due to governmental funds	-	37,582	37,582
Total Liabilities	-	37,582	37,582
 <u>Net Position</u>			
Restricted	55,510	645,314	700,824
Total Net Position	\$ 55,510	\$ 645,314	\$ 700,824

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2016**

	David Graham Scholarship Fund	Foundation Fund	Total Private Purpose Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Revenue from local sources:	\$ 315	\$ 218,631	\$ 218,946
Total Additions	<u>315</u>	<u>218,631</u>	<u>218,946</u>
 Deductions			
Other expenses	<u>2,250</u>	<u>135,548</u>	<u>137,798</u>
Total Deductions	<u>2,250</u>	<u>135,548</u>	<u>137,798</u>
 Changes in net position	(1,935)	83,083	81,148
 Net Position - Beginning of Year	<u>57,445</u>	<u>562,231</u>	<u>619,676</u>
 Net Position - End of Year	<u>\$ 55,510</u>	<u>\$ 645,314</u>	<u>\$ 700,824</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ASSOCIATED STUDENT BODY FUNDS**

June 30, 2016

	Anacapa Middle School	Balboa Middle School	Cabrillo Middle School	DeAnza (DATA) Middle School	Buena High School	Ventura High School
<u>Assets</u>						
Cash and cash equivalents	\$ 32,706	\$ 119,516	\$ 101,662	\$ 63,098	\$ 460,640	\$ 401,507
Inventories	-	336	5,607	-	12,460	9,253
Total Assets	<u>32,706</u>	<u>119,852</u>	<u>107,269</u>	<u>63,098</u>	<u>473,100</u>	<u>410,760</u>
<u>Liabilities</u>						
Accounts payable	-	-	-	-	2,220	-
Funds held in trust	4,207	11,517	30,531	56,621	381,889	322,771
Total Liabilities	<u>4,207</u>	<u>11,517</u>	<u>30,531</u>	<u>56,621</u>	<u>384,109</u>	<u>322,771</u>
<u>Net Position</u>						
Unrestricted	28,499	108,335	76,738	6,477	88,991	87,989
Total Net Position	<u>\$ 28,499</u>	<u>\$ 108,335</u>	<u>\$ 76,738</u>	<u>\$ 6,477</u>	<u>\$ 88,991</u>	<u>\$ 87,989</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ASSOCIATED STUDENT BODY FUNDS**

June 30, 2016

	Foothill High High School	El Camino Continuation High School	Pacific Continuation High School	Adult Education	Total Associated Student Body Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 192,018	\$ 4,686	\$ 5,898	\$ 25,193	\$ 1,406,924
Inventories	2,500	-	-	-	30,156
Total Assets	<u>194,518</u>	<u>4,686</u>	<u>5,898</u>	<u>25,193</u>	<u>1,437,080</u>
<u>Liabilities</u>					
Accounts payable	-	-	-	-	2,220
Funds held in trust	108,549	-	-	21,856	937,941
Total Liabilities	<u>108,549</u>	<u>-</u>	<u>-</u>	<u>21,856</u>	<u>940,161</u>
<u>Net Position</u>					
Unrestricted	85,969	4,686	5,898	3,337	496,919
Total Net Position	<u>\$ 85,969</u>	<u>\$ 4,686</u>	<u>\$ 5,898</u>	<u>\$ 3,337</u>	<u>\$ 496,919</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2016**

	Anacapa Middle School	Balboa Middle School	Cabrillo Middle School	DeAnza (DATA) Middle School	Buena High School	Ventura High School
Additions						
Revenue from local sources	\$ 47,055	\$ 113,574	\$ 71,983	\$ 47,509	\$ 302,068	\$ 258,174
Total Additions	<u>47,055</u>	<u>113,574</u>	<u>71,983</u>	<u>47,509</u>	<u>302,068</u>	<u>258,174</u>
Deductions						
Other expenses	37,545	131,887	80,961	46,724	233,543	265,205
Total Deductions	<u>37,545</u>	<u>131,887</u>	<u>80,961</u>	<u>46,724</u>	<u>233,543</u>	<u>265,205</u>
Changes in net position	9,510	(18,313)	(8,978)	785	68,525	(7,031)
Net Position - Beginning of Year	<u>18,989</u>	<u>126,648</u>	<u>85,716</u>	<u>5,692</u>	<u>20,466</u>	<u>95,020</u>
Net Position - End of Year	<u>\$ 28,499</u>	<u>\$ 108,335</u>	<u>\$ 76,738</u>	<u>\$ 6,477</u>	<u>\$ 88,991</u>	<u>\$ 87,989</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2016**

	Foothill High High School	El Camino Continuation High School	Pacific Continuation High School	Adult Education	Total Associated Student Body Funds
Additions					
Revenue from local sources	\$ 207,461	\$ 3,702	\$ 4,863	\$ 9,395	\$ 1,065,784
Total Additions	<u>207,461</u>	<u>3,702</u>	<u>4,863</u>	<u>9,395</u>	<u>1,065,784</u>
Deductions					
Other expenses	<u>182,537</u>	<u>6,107</u>	<u>1,957</u>	<u>9,155</u>	<u>995,621</u>
Total Deductions	<u>182,537</u>	<u>6,107</u>	<u>1,957</u>	<u>9,155</u>	<u>995,621</u>
Changes in net position	24,924	(2,405)	2,906	240	70,163
Net Position - Beginning of Year	<u>61,045</u>	<u>7,091</u>	<u>2,992</u>	<u>3,097</u>	<u>426,756</u>
Net Position - End of Year	<u>\$ 85,969</u>	<u>\$ 4,686</u>	<u>\$ 5,898</u>	<u>\$ 3,337</u>	<u>\$ 496,919</u>

See the accompanying notes to the optional supplementary information

VENTURA UNIFIED SCHOOL DISTRICT

**NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016**

NOTE 1: PURPOSE OF SCHEDULES

Combining Fund Financial Statements

The combining fund balance sheets and statements of revenues, expenditures and changes in fund balance for the building fund and the non-major governmental funds and the combining statements of fiduciary net position and changes in fiduciary net position have been presented for 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.

NOTE 2: DEFICIT FUND BALANCE

The Building Fund (Series A) sub-fund ended the year with a (\$428,744) deficit fund balance caused by the refunding of the outstanding Certificates of Participation. The deficit will be covered through contributions from other funds in subsequent fiscal years.

OTHER INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDITOR'S 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
Ventura, California

We have audited, 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, 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 9, 2016

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Education
Ventura Unified School District
Ventura, California

Report on Compliance for Each Major Federal Program

We have audited Ventura Unified School District’s (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2016. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance 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, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vicenti Lloyd + Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 9, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Ventura Unified School District
Ventura, California

We have audited the Ventura Unified School District's (the District) compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2016. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. 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 the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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:

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Educator Effectiveness	Yes
California Clean Energy Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Charter Schools:	
Attendance	No ¹
Mode of Instruction	No ¹
Nonclassroom Based Instruction/Independent Study	No ¹
Determination of Funding for Nonclassroom Based Instruction	No ¹
Annual Instructional Minutes – Classroom Based	No ¹
Charter School Facility Grant Program	No ¹

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

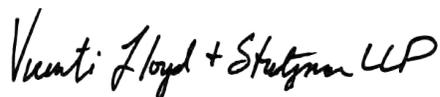
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2016.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 9, 2016

FINDINGS AND QUESTIONED COSTS

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	<i>Yes</i>	<u> X </u>	<i>No</i>
Significant deficiency(ies) identified?	_____	<i>Yes</i>	<u> X </u>	<i>None Reported</i>
Noncompliance material to financial statements noted?	_____	<i>Yes</i>	<u> X </u>	<i>No</i>

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified?	_____	<i>Yes</i>	<u> X </u>	<i>No</i>
Significant deficiency(ies) identified?	_____	<i>Yes</i>	<u> X </u>	<i>None Reported</i>

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? *Yes* X *No*

Identification of Major Federal Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2016

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements for the fiscal year ended June 30, 2016.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2016

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2016.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2016

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2016.

VENTURA UNIFIED SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016**

2015-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

Criteria: Education Code section 42238.02(b)(2) requires a school district or charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS reports should accurately report the number of students as identified above.

Condition: 307 students that qualified for free and reduced price meals in the previous year did not submit an application to re-establish their eligibility or were deemed ineligible. The data used to create the CalPADS report did not reflect these charges in eligibility and was from a date within the eligibility grace period; therefore the over reporting of the number of students as Eligible Free/Reduced Meal Counts occurred. The students' status in the food service system was properly updated for free and reduced price meals.

Effect: The District was not in compliance with Education Code section 42238.02(b)(2). The 1.17 and 1.18 reports contained errors as follows:

Summary of Sites Tested

	Unduplicated FRPM Eligible	English Learner (EL)	Unduplicated FRPM and EL	Enrollment Count as reported in the CalPADS System	Total Unduplicated Pupil Count
Academy of Technology & Leadership at Saticoy					
As reported	218	52	224	337	224
Audit adjustments	(2)				(2)
Adjusted	216	52	224	337	222
Anacapa Middle					
As reported	493	99	502	823	502
Audit adjustments	(13)				(13)
Adjusted	480	99	502	823	489
Balboa Middle					
As reported	530	103	546	1,218	546
Audit adjustments	(26)				(26)
Adjusted	504	103	546	1,218	520
Blanche Reynolds Elementary					
As reported	256	51	263	445	263
Audit adjustments	(3)				(3)
Adjusted	253	51	263	445	260

VENTURA UNIFIED SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016**

2015-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

Summary of Sites Tested (continued)

	Unduplicated FRPM Eligible	English Learner (EL)	Unduplicated FRPM and EL	Enrollment Count as reported in the CalPADS System	Total Unduplicated Pupil Count
Buena High					
As reported	918	152	936	1,977	936
Audit adjustments	(50)				(50)
Adjusted	868	152	936	1,977	886
Cabrillo Middle					
As reported	369	55	372	930	372
Audit adjustments	(14)				(14)
Adjusted	355	55	372	930	358
Citrus Glen Elementary					
As reported	276	105	292	575	292
Audit adjustments	(5)				(5)
Adjusted	271	105	292	575	287
De Anza Academy of Technology and the Arts					
As reported	490	255	576	884	576
Audit adjustments	(27)				(27)
Adjusted	463	255	576	884	549
E.P. Foster Elementary					
As reported	289	298	409	442	409
Audit adjustments	(5)				(5)
Adjusted	284	298	409	442	404
El Camino High					
As reported	51	2	53	271	53
Audit adjustments	(15)				(15)
Adjusted	36	2	53	271	38
Elmhurst Elementary					
As reported	322	101	339	558	339
Audit adjustments	(6)				(6)
Adjusted	316	101	339	558	333
Foothill Technology High					
As reported	292	19	297	1,038	297
Audit adjustments	(23)				(23)
Adjusted	269	19	297	1,038	274

VENTURA UNIFIED SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016**

2015-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

Summary of Sites Tested (continued)

	Unduplicated FRPM Eligible	English Learner (EL)	Unduplicated FRPM and EL	Enrollment Count as reported in the CalPADS System	Total Unduplicated Pupil Count
Homestead (Alternative)					
As reported	8	3	11	40	11
Audit adjustments					
Adjusted	<u>8</u>	<u>3</u>	<u>11</u>	<u>40</u>	<u>11</u>
Juanamaria Elementary					
As reported	201	81	226	459	226
Audit adjustments	<u>(7)</u>				<u>(7)</u>
Adjusted	194	81	226	459	219
Junipero Serra Elementary					
As reported	252	61	271	622	271
Audit adjustments	<u>(7)</u>				<u>(7)</u>
Adjusted	245	61	271	622	264
Lincoln Elementary					
As reported	177	47	185	284	185
Audit adjustments	<u>(2)</u>				<u>(2)</u>
Adjusted	175	47	185	284	183
Loma Vista Elementary					
As reported	105	28	111	386	111
Audit adjustments	<u>(1)</u>				<u>(1)</u>
Adjusted	104	28	111	386	110
Montalvo Elementary					
As reported	218	157	282	432	282
Audit adjustments	<u>(7)</u>				<u>(7)</u>
Adjusted	211	157	282	432	275
Mound Elementary					
As reported	52	15	66	576	66
Audit adjustments	<u>(2)</u>				<u>(2)</u>
Adjusted	50	15	66	576	64
NPS School Group for Ventura Unified					
As reported	6	1	6	11	6
Audit adjustments					
Adjusted	<u>6</u>	<u>1</u>	<u>6</u>	<u>11</u>	<u>6</u>

VENTURA UNIFIED SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016**

2015-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

Summary of Sites Tested (continued)

	Unduplicated FRPM Eligible	English Learner (EL)	Unduplicated FRPM and EL	Enrollment Count as reported in the CalPADS System	Total Unduplicated Pupil Count
Pacific High					
As reported	88	29	95	126	95
Audit adjustments	<u>(10)</u>				<u>(10)</u>
Adjusted	78	29	95	126	85
Pierpont Elementary					
As reported	56	5	58	268	58
Audit adjustments	<u>(6)</u>				<u>(6)</u>
Adjusted	50	5	58	268	52
Poinsettia Elementary					
As reported	150	29	168	490	168
Audit adjustments	<u>(10)</u>				<u>(10)</u>
Adjusted	140	29	168	490	158
Portola Elementary					
As reported	404	118	416	619	416
Audit adjustments	<u>(8)</u>				<u>(8)</u>
Adjusted	396	118	416	619	408
Sheridan Way Elementary					
As reported	373	411	502	519	502
Audit adjustments	<u>(5)</u>				<u>(5)</u>
Adjusted	368	411	502	519	497
Sunset Elementary					
As reported	200	77	208	339	208
Audit adjustments	<u>(2)</u>				<u>(2)</u>
Adjusted	198	77	208	339	206
Ventura High					
As reported	1,111	279	1,133	2,189	1,133
Audit adjustments	<u>(46)</u>				<u>(46)</u>
Adjusted	1,065	279	1,133	2,189	1,087
Will Rogers Elementary					
As reported	245	248	336	503	336
Audit adjustments	<u>(5)</u>				<u>(5)</u>
Adjusted	240	248	336	503	331

VENTURA UNIFIED SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016**

2015-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

Summary of Sites Tested (continued)

	Unduplicated FRPM Eligible	English Learner (EL)	Unduplicated FRPM and EL	Enrollment Count as reported in the CalPADS System	Total Unduplicated Pupil Count
Total					
As reported	8,150	2,881	8,883	17,361	8,883
Audit adjustments	<u>(307)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(307)</u>
Adjusted	7,843	2,881	8,883	17,361	8,576

Cause: A procedure was not in place to update CalPADS data for changes in student FRPM status within the grace period.

Questioned Costs: The impact on the local control funding formula calculated resulted in an estimated overstatement of revenue of \$72,000.

Recommendation: We recommend the District revise its CalPADS reporting accordingly and implement additional review procedures to ensure that errors are prevented on future CalPADS reporting.

Current Status: Implemented.