

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2005**

VENTURA UNIFIED SCHOOL DISTRICT



VENTURA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

June 30, 2005

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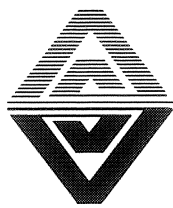
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary funds of the Ventura Unified School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary funds of the Ventura Unified School District as of June 30, 2005, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Education
Ventura Unified School District

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2005 on our consideration of the Ventura Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ventura Unified School District basic financial statements. The management's discussion and analysis, combining and individual major and non-major fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Ventura Unified School District. The combining and individual major and non-major fund financial statements and supplementary section, including the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The management's discussion and analysis and budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


VICENTI, LLOYD & STUTZMAN LLP

September 22, 2005

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

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, 2005. Readers should also review the notes to the basic financial statements and the fund financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Net assets increased \$6.6 million or 5 percent over the course of the year.
- Total Revenues were \$150.2 million. General revenue accounted for \$104 million or 69 percent of total revenues.
- The School District had \$143.7 million in expenses; \$45.3, million of these expenses were offset by program specific charges for services and, grants and/or contributions.
- Outlays for capital improvements were \$21.1 million mostly because of the facilities modernization program. Governmental funds report capital outlay as expenditures. However in the statement of activities the cost of these assets is allocated over their useful lives as depreciation expense.
- Among major funds, the General Fund had \$120,681,753 in revenues and \$122,214,764 in expenditures. Increases to Revenue Limit sources and State and Federal revenues were the primarily cause of the revenue increase from the prior year. The primary causes for the expenditure increases were inflation, a 1.5% salary increase and a .5% one-time bonus for all employees. Although the difference in revenues and expenditures for the general fund was \$1.5 million, the General Fund balance decrease was only \$502,000 because of the transfer of funds from the Retiree Benefit fund to pay current year costs of retiree health and welfare benefits. Deficit spending decreased from \$3.7 million last year to \$502,000 this year. The General Fund ending balance is \$7.4 million.
- The District's financial status continues to remain solid. The District is able to meet all of the current needs and maintain a adequate reserve

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, Management's Discussion and Analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include 2 kinds of statements that present different views of the District:

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

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

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets—the difference between the District's assets and liabilities—are one way to measure the District's financial health or *position*.

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets from governmental activities were larger on June 30, 2005 than they were the year before, increasing more than 5.0% to \$138.4 million. Table 1 provides a summary of the District's combined net assets for 2005.

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

Summary of Statement of Net Assets	2004	2005	Total Change	Total % Change
Non-capital Assets	\$ 49.7	\$ 43.0	\$ (6.7)	-13.5%
Capital Assets	168.2	183.8	15.6	9.3%
Total Assets	217.9	226.8	8.9	4.1%
Current Liabilities	13.7	12.6	(1.1)	-8.0%
Long-Term Liabilities	72.4	75.8	3.4	4.7%
Total Liabilities	86.1	88.4	2.3	2.7%
Invested in Capital Assets, Net of Related Debt	102.0	96.5	(5.5)	-5.4%
Net Assets Legally Restricted	6.5	11.0	4.5	69.2%
Net Assets Unrestricted	23.3	30.9	7.6	32.6%
Total Net Assets	\$ 131.8	\$ 138.4	\$ 6.6	5.0%

*The 2004 summary has been revised to reflect the restatement of \$1.9 million of interest expense from refunding of general obligation bonds to long-term liabilities as deferred charges as described in Note 17.

Total combined assets were \$226.8 million, capital assets were 81 percent (\$183.8 million) of total assets and non-capital assets were 19 percent (\$43 million) of total assets. Total Liabilities were \$88.4 million; 14 percent (\$12.6 million) current and 86 percent (\$75.8 million) long term. Of the District's *Governmental Activities* net assets, 70 percent (\$96.5 million) were capital assets net of related debt, 8 percent (\$11.0 million) were net assets legally restricted and 22 percent (\$30.9 million) were unrestricted net assets.

Significant changes include:

- Non-capital assets decreased and capital assets increased as a result of spending bond proceeds and State funding on capital outlay projects.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

- Long-term liabilities increased due to the net effect of the issue of general obligation bonds series H in July 2004, the partial refunding of series B and C, and current year on going debt service payments. Note 10 to the financial statements describes this activity in greater detail.
- Invested in capital assets net of related debt decreased and net assets legally restricted increased due to the issue of additional debt noted above for capital outlay projects. Unrestricted net assets increased as a result of total revenues over expenses described on the statement of activities on page 2.

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

Summary of Statement of Activities	2004	2005
Program Revenues	\$ 40.5	\$ 45.3
General Revenues	100.9	104.0
Gain on sale of land	4.3	0.9
Total Revenues	<u>145.7</u>	<u>150.2</u>
Expenses for Instruction and Related Services	88.1	90.6
Pupil Services	15.1	15.2
General Administration	8.0	8.1
Plant Services	12.1	12.6
Ancillary, Community and Enterprise Activities	6.2	6.2
Debt Service	4.1	3.7
Other Outgo	2.0	1.9
Depreciation	5.0	5.3
Total Expenses	<u>140.6</u>	<u>143.6</u>
Change in Net Assets	5.1	6.6
Net Assets, Beginning as Restated	126.7	131.8
Net Assets, Ending	<u>\$ 131.8</u>	<u>\$ 138.4</u>

*The 2004 summary has been revised to reflect the restatement of \$1.9 million in interest expense from refunding of general obligation bonds to long-term liabilities as deferred charges as described in Note 17.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

Total cost of all governmental activity programs and services were \$143.6 million. Instruction and pupil services made up 73.6 percent of total program cost. Plant services were 8.8 percent and general administration was 5.6 percent.

Significant changes include:

Revenues:

- Program revenues increased primarily in the operating grants and contributions area for use in instruction and instruction related services. The District received new funding with participation in the Medi-Cal Administrative Activities (MAA) Program. Additional funding was also received for the District's various State funded programs.
- General revenues increased primarily from Revenue Limit funding. The District received approximately \$136.76, net of deficit factors, more per Average Daily Attendance (ADA) during the 2004-05 year.
- The District has sold various properties during the 2003-04 and 2004-05 years.

Expenses:

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

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

Governmental Activities

By the end of the fiscal year the revenues for the District's governmental activities totaled \$150.2 million. 69 percent was general revenues (mostly property taxes, state and federal aid), and 30 percent was program revenues. State Apportionment and Property Tax produce approximately 59 percent of the revenues received to provide for the District's basic services.

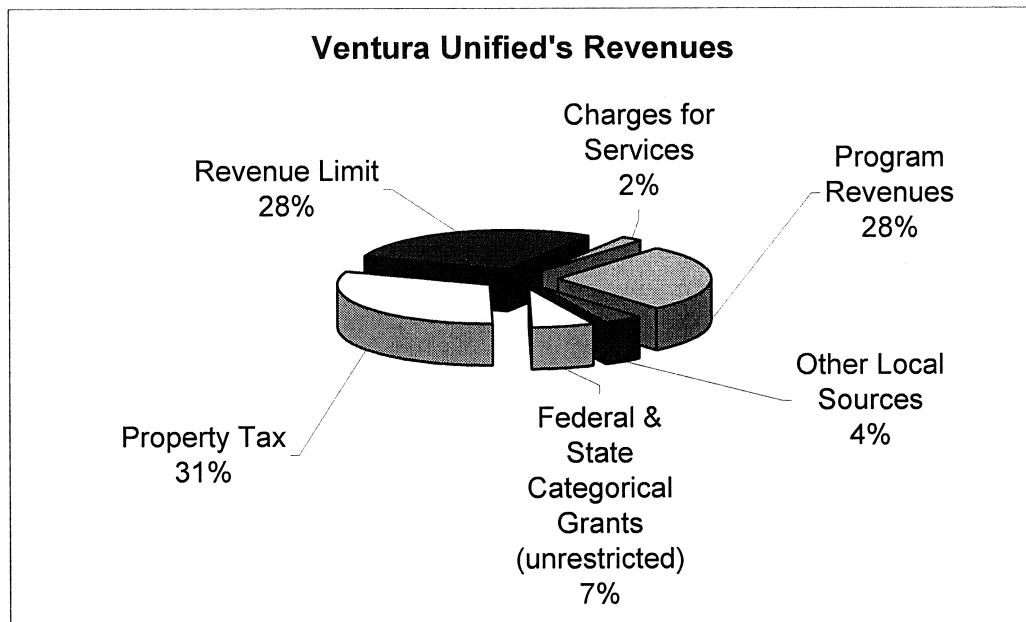


Figure 1

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$143.6 million. Users of the District programs paid (\$3.5 million) of the cost. The federal and state governments subsidized certain programs with no capital grants and contributions (\$128.9 million). Most of the District's expenses (\$87million) were paid for by District taxpayers and the taxpayers of our state.

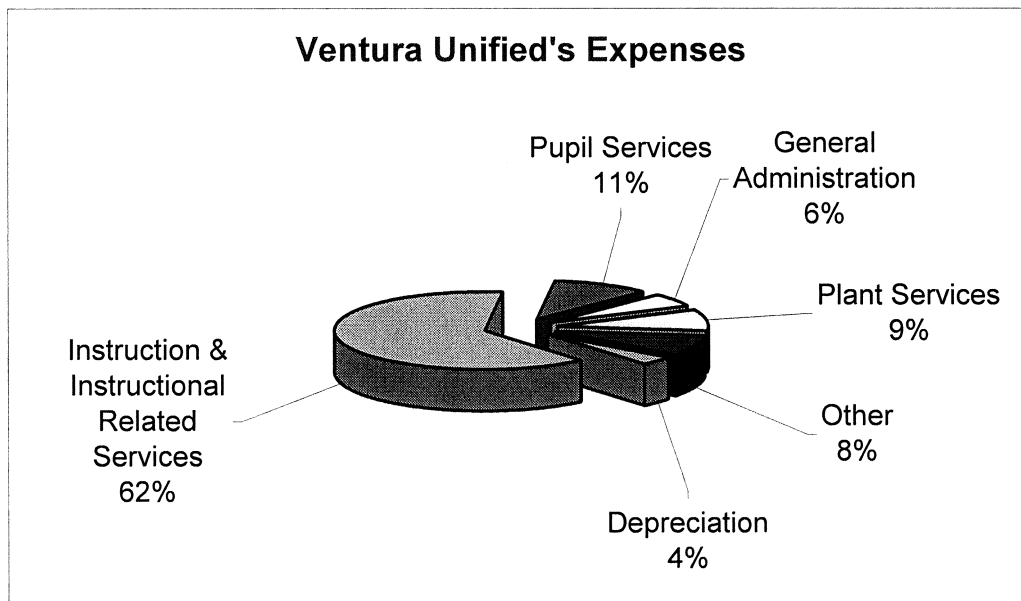


Figure 2

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

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

Actual revenues were \$2.9 million less than the final budgeted amount. This is mostly because of deferred revenues in state and federal categorical programs. Deferred revenue is revenue received in a given period but unearned. Most categorical programs require the grant recipient to spend the funds in the year received. Because we were unable to spend all of the funds during the school year the unspent revenues were considered unearned. They were deferred and re-appropriated in next year's budget.

Actual expenditures were \$5.4 million below final budget mainly due to the non-expenditure of categorical program funds. The school District appropriates categorical programs up to their full allocations. The large variance at year-end is a result of these programs not being expended in total. The unspent funds are deferred or restricted to the subsequent year.

Capital Assets

By the end of the school year the District had invested \$21 million in a broad range of capital assets, including school facilities, technology equipment and infrastructure, classroom and office furniture, and vehicles. Overall capital assets increased 9 percent from \$168 million as of July 1, 2004 to \$184 million as of June 30, 2005. 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 13.

Debt Administration

By year-end the District had \$77.8 million in long-term debt a 2 percent (\$1.8 million) increase over last year. Additional information on the changes in long-term debt can be found at Note 12. The District issued an additional \$5 million in General Obligation bonds on September 7, 2005 to continue the school modernization program. The District's bonds currently are rated "AAA".

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

Average Daily Attendance

Average daily attendance reported on the annual attendance report for the regular education program and excluding adult education decreased by 68 to 16,793. The District expects enrollment to decrease by less than 2% over the next 2 years.

Factors bearing on the District's future

Although the District is financially stable its financial condition is highly dependent upon the economic condition of the State of California. The 2005 special election is now history and the California fiscal outlook has improved considerably. The State, however, still faces major operating deficits over the next several years. Recent reports from the California Legislative Analyst's office indicate that for this current year the state will end with a reserve of approximately \$5.2 billion. The reserve will be more than sufficient to keep the State's budget in balance for the 2006-07 budget year without any new revenues or program reductions. While the improved outlook is very good the State still faces major challenges in achieving an ongoing balance between its revenues and its expenditures. The Legislative Analyst's report shows a steady increase in funding for K-12 education in 2006-07. The January budget proposal by the Governor will be the first indicator for the 2006-07 fiscal year budget.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact Joseph Richards, Assistant Superintendent of Business at Ventura Unified School District, 255 West Stanley Ave, Ventura California 93001.

FINANCIAL SECTION

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 31,166,786
Cash on hand and in banks	122,683
Cash in revolving fund	50,000
Cash with fiscal agent	1,434,993
Investments with fiscal agent	454,087
Accounts receivable:	
Federal and State governments	6,349,422
Miscellaneous	3,020,523
Due from fiduciary funds	512
Inventories	402,039
Land	12,781,416
Depreciable assets, net	171,057,619
Total Assets	<u>226,840,080</u>
<u>Liabilities</u>	
Accounts payable and other current liabilities	8,823,445
Due to fiduciary funds	386
Deferred revenue	1,808,720
Current portion of long-term liabilities:	
General obligation bonds	1,805,000
Certificates of participation	210,000
Loan payable	12,167
Non-current portion of long-term liabilities:	
Compensated absences	558,124
General obligation bonds	73,676,119
Less deferred charges on refunding bonds	(2,873,912)
Less issuance costs	(670,909)
Certificates of participation	4,995,000
Loan payable	71,868
Total Liabilities	<u>88,416,008</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	96,494,641
Restricted for:	
Debt service	4,807,173
Capital Outlay	4,166,069
Educational programs	1,982,316
Unrestricted	30,973,873
Total Net Assets	<u>\$ 138,424,072</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Assets
					Total
					Governmental
					Activities
Governmental Activities					
Instruction	\$ 77,129,487	\$ 1,242,258	\$ 18,931,723	\$ 6,561,344	\$ (50,394,162)
Instruction - related services	13,499,375	11,645	5,040,051		(8,447,679)
Pupil services	15,189,928	2,216,488	7,172,532		(5,800,908)
Ancillary services	146,839				(146,839)
Community services	783,967		108,474		(675,493)
Enterprise activities	5,290,563				(5,290,563)
General administration	8,048,475	6,936	1,430,794		(6,610,745)
Plant services	12,629,946		1,991,829		(10,638,117)
Other outgo	1,942,523	6,963	580,755		(1,354,805)
Debt service - interest	3,646,283				(3,646,283)
Depreciation (unallocated)	5,320,077				(5,320,077)
Total Governmental Activities	\$ 143,627,463	\$ 3,484,290	\$ 35,256,158	\$ 6,561,344	(98,325,671)
General Revenues					
Property taxes levied for:					
General purposes					41,095,674
Debt service					4,857,987
Federal and State aid not restricted to specific purposes					52,573,975
Interest and investment earnings					1,121,072
Miscellaneous					4,354,334
Special item - gain on sale of land and equipment					924,042
Total General Revenues and Special Items					104,927,084
Changes in net assets					6,601,413
Net Assets at Beginning of Year, Before Restatement					129,852,659
Adjustment for Restatement (See Note 17)					1,970,000
Net Assets at Beginning of Year, As Restated					131,822,659
Net Assets at End of Year					\$ 138,424,072

See the accompanying notes to the financial statements

VENTURA UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2005

	General Fund	Special Reserve for Post-Employment Benefits Fund	Building Fund	County School Facilities Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash in county treasury	\$ 816,327	\$ 3,343,065	\$ 6,318,539	\$ 6,469,170	\$ 6,743,518	\$ 7,476,167	\$ 31,166,786
Cash on hand and in banks						122,683	122,683
Cash in revolving fund	50,000						50,000
Cash with fiscal agent			1,434,993				1,434,993
Investments with fiscal agent			454,087				454,087
Accounts receivable:							
Federal and State governments	5,538,105					811,317	6,349,422
Miscellaneous	2,382,101	22,775	99,488	62,458	47,815	405,886	3,020,523
Due from other funds	2,825,294		789,276	1,578,270		83,556	5,276,396
Inventories	321,224					80,815	402,039
Total Assets	\$ 11,933,051	\$ 3,365,840	\$ 9,096,383	\$ 8,109,898	\$ 6,791,333	\$ 8,980,424	\$ 48,276,929
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,755,081	\$	\$ 1,064,802	\$ 3,223,193	\$ 53,138	\$ 466,046	\$ 7,562,260
Due to other funds	83,942	1,690,563	1,608,550	720,636	75,343	1,097,235	5,276,269
Deferred revenue	1,711,465					97,255	1,808,720
Total Liabilities	4,550,488	1,690,563	2,673,352	3,943,829	128,481	1,660,536	14,647,249
Fund Balances							
Restricted for debt service						4,807,173	4,807,173
Restricted for special purposes	1,824,532					157,784	1,982,316
Reserved for special purposes	371,224					80,815	452,039
Designated for special purposes	5,186,807	1,675,277	6,423,031	4,166,069	6,662,852	1,818,028	25,932,064
Undesignated						456,088	456,088
Total Fund Balances	7,382,563	1,675,277	6,423,031	4,166,069	6,662,852	7,319,888	33,629,680
Total Liabilities and Fund Balances	\$ 11,933,051	\$ 3,365,840	\$ 9,096,383	\$ 8,109,898	\$ 6,791,333	\$ 8,980,424	\$ 48,276,929

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2005

Total fund balances-governmental funds \$ 33,629,680

Amounts reported for governmental activities in the statement of net assets
are different because:

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

Land	12,781,416	
Depreciable assets, net	<u>171,057,619</u>	
Total capital assets		183,839,035

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

Certificates of participation	(5,205,000)	
Loan Payable	(84,035)	
General obligation bonds payable and related premium	(75,481,119)	
Less deferred charges on refunding bonds	2,873,912	
Compensated absences	<u>(558,124)</u>	
		(78,454,366)

General obligation bond issuance costs to be amortized over the life of the bond	670,909
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Interest expense related to certificates of participation and general obligation bonds payable was incurred but not accrued through June 30, 2005	<u>(1,261,186)</u>
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Total net assets – governmental activities \$138,424,072

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005

	General Fund	Special Reserve for Post-Employment Benefits Fund	Building Fund	County School Facilities Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Revenue limit sources:	\$ 42,697,945	\$	\$	\$	\$	\$ 4,918,002	\$ 47,615,947
State apportionments	41,078,631						41,078,631
Local sources	83,776,576	-	-	-	-	4,918,002	88,694,578
Total revenue limit sources	11,260,517					3,361,053	14,621,570
Federal sources	16,903,603			6,561,344		2,106,348	25,571,295
Other State sources	8,741,057	72,746	735,845	192,050	2,632,534	8,049,715	20,423,947
Other local sources	120,681,753	72,746	735,845	6,753,394	2,632,534	18,435,118	149,311,390
Total Revenues							
Expenditures							
Instruction	73,816,350					3,344,420	77,160,770
Instruction - related services	12,202,005					1,318,640	13,520,645
Pupil services	9,029,090					6,189,550	15,218,640
Ancillary services	146,839					146,839	146,839
Community services	784,003					784,003	784,003
Enterprise	5,426,858					5,426,858	5,426,858
General administration	7,111,094					1,054,910	8,166,004
Plant services	11,743,835		4,342,680	16,742,239	85,038	956,280	33,870,072
Other outgo	1,942,523					1,942,523	1,942,523
Debt service	12,167		448,070			4,699,025	5,159,262
Total Expenditures	122,214,764	-	4,790,750	16,742,239	85,038	17,562,825	161,395,616
Excess (deficiency) of revenues over expenditures	(1,533,011)	72,746	(4,054,905)	(9,988,845)	2,547,496	872,293	(12,084,226)
Other Financing Sources (Uses)							
Interfund transfers in	1,765,906		2,968,653	8,128,259		738,239	13,601,057
Proceeds from sale of land			995,338				995,338
Proceeds from sale of general obligation bonds			4,950,000				4,950,000
Proceeds from refunding bonds and related premium			18,452,924				18,452,924
Payment to refunded bond escrow agent	(734,671)	(1,690,563)	(18,152,712)	(2,490,278)	(75,343)	(448,095)	(18,152,712)
Interfund transfers out	1,031,235	(1,690,563)	(8,162,107)	5,637,981	(75,343)	290,144	(13,601,057)
Total Other Financing Sources (Uses)			1,052,096				6,245,550
Net changes in fund balances	(501,776)	(1,617,817)	(3,002,809)	(4,350,864)	2,472,153	1,162,437	(5,838,676)
Fund Balances at Beginning of Year	7,884,339	3,293,094	9,425,840	8,516,933	4,190,699	6,157,451	39,468,356
Fund Balances at End of Year	\$ 7,382,563	\$ 1,675,277	\$ 6,423,031	\$ 4,166,069	\$ 6,662,852	\$ 7,319,888	\$ 33,629,680

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Net change in fund balances – Total government funds \$ (5,838,676)

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlay as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their useful lives as depreciation expense.

Capital outlay	21,069,509	
Depreciation expense	<u>(5,320,077)</u>	
Excess of capital outlay over depreciation expense		15,749,432

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

Cost of land sold	16,060	
Retirement of equipment (net of accumulated depreciation)	<u>55,236</u>	
		(71,296)

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

General obligation bonds issued, net of advance deposit	(22,700,000)
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Repayment of long-term debt is reported as an expenditure
in governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

Certificates of participation principal payments	205,000	
Loan payable principal payments	12,167	
General obligation bond principal payments	1,455,000	
Payment to refunding bond escrow agent	<u>18,152,712</u>	
		19,824,879

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

Net decrease in accrued interest	18,285	
Net decrease in compensated absences	81,401	
Accrual of premium on general obligation bonds, net of current year amortization	(669,196)	
Accrual of costs on general obligation bonds, net of current year amortization	285,384	
Amortization of deferred charges on refunding bonds	<u>(78,800)</u>	
		<u>(362,926)</u>

Change in net assets of governmental activities	\$ <u>6,601,413</u>
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See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - FIDUCIARY FUNDS

June 30, 2005

	Foundation Private-Purpose Trust	Associated Student Body Funds
<u>Assets</u>		
Cash in county	\$ 171,363	\$
Cash on hand and in banks		1,273,213
Accounts receivable:		
Miscellaneous	6,816	645
Due from governmental funds	386	
Inventories		37,753
Total Assets	<u>178,565</u>	<u>1,311,611</u>
<u>Liabilities</u>		
Accounts payable	4,637	33,413
Due to governmental funds	513	
Funds held in trust		879,248
Total Liabilities	<u>5,150</u>	<u>912,661</u>
<u>Net Assets</u>		
Restricted for special purposes	173,415	
Unrestricted		398,950
Total Net Assets	<u>\$ 173,415</u>	<u>\$ 398,950</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FUND NET ASSETS - FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2005

	Foundation Private- Purpose Trust	Associated Student Body Funds
	<u> </u>	<u> </u>
Additions		
Other local sources	\$ 197,652	\$ 1,665,659
Total Additions	<u> 197,652</u>	<u> 1,665,659</u>
 Deductions		
Scholarships	1,500	
Other expenses	<u> 187,424</u>	<u> 1,616,511</u>
Total Deductions	<u> 188,924</u>	<u> 1,616,511</u>
 Changes in net assets	8,728	49,148
 Net Assets at Beginning of Year	<u> 164,687</u>	<u> 349,802</u>
 Net Assets at End of Year	<u><u> \$ 173,415</u></u>	<u><u> \$ 398,950</u></u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

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

A. BASIS OF PRESENTATION:

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by the GASB, including Statement No. 34, Basic Financial Statements and Management Discussion and Analysis – for State and Local Governments and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. The financial statement presentation required by GASB No. 34 provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the Fiduciary Fund Statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Assets, a Statement of Activities, and Fund Financial Statements.

1. Government-wide Financial Statements:

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

A. BASIS OF PRESENTATION: (continued)

1. Government-wide Financial Statements: (continued)

The Statement of Net Assets presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

A. BASIS OF PRESENTATION: (continued)

2. Fund Financial Statements: (continued)

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction – includes the activities directly dealing with the interaction between teachers and students.

Instruction-related services – includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil services – includes health, counseling, home to school transportation, food services and other pupil services.

Ancillary services – includes activities that are generally designed to provide students with experiences outside the regular school day.

Community services – includes activities that provide services to community participants other than students.

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

General administration – includes data processing services and all other general administration services.

Plant services – includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other outgo – includes transfers to other agencies.

Fiduciary fund expenditures are presented by natural classification.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

B. FUND ACCOUNTING:

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

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

GOVERNMENTAL FUNDS - MAJOR

General Fund - the general operating fund of the District is used to account for all financial resources except those required to be accounted for in another fund.

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – MAJOR (continued)

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

1. Building Fund (Fund #210) – used to account for the construction and/or acquisition of major capital facilities. Income is from rental of unused sites.
2. Building Fund Series A (Fund #211) – used to account for the proceeds of Certificates of Participation and for acquisition, retro-fitting and operation of real property.
3. Building Fund Series B (Fund #212) – used to account for the proceeds of Certificates of Participation and the acquisition and operation of real property.
4. Bond Building Fund (Fund #213) – used to account for the proceeds of General Obligation Bonds and for construction and repairs of facilities.

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS – NON-MAJOR

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

Bond Interest and Redemption Fund (Fund #510) - used to collect taxes and pay for debt service associated with General Obligation Bonds.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four non-major special revenue funds:

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

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

State School Building Lease-Purchase Fund (Fund #304) – used to account for joint use construction for the Buena High School library.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

B. FUND ACCOUNTING: (continued)

FIDUCIARY FUNDS

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

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

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

C. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

C. BASIS OF ACCOUNTING: (continued)

1. Cash and Cash Equivalents

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

2. Receivables

Receivables are generally recorded when the amount is earned and can be estimated. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year. The District has recognized receivables in accordance with this standard, the most notable being for the final P-2 apportionment.

3. Inventories

Inventories are presented at average cost. Inventories consist of expendable supplies held for consumption. At June 30, 2005, total supply inventory is \$321,224 and food inventory is \$80,815.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

C. BASIS OF ACCOUNTING: (continued)

4. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

5. Deferred Revenue

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

C. BASIS OF ACCOUNTING: (continued)

6. Compensated Absences

In accordance with GASB Statement No. 16, accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities, if material, is recognized in the applicable fund at year-end. The entire compensated absences liability is reported on the government-wide financial statements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave.

Accumulated employee sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Long Term Obligations

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

8. Fund Balance Reservations and Designations

Reservations of the ending fund balance indicate the portions of the fund balance not appropriable for expenditure. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

C. BASIS OF ACCOUNTING: (continued)

9. Net Assets

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

10. State Apportionments

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

11. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for revenue limit purposes. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the Government-wide financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

C. BASIS OF ACCOUNTING: (continued)

12. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement System on behalf of all school districts in California. However, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments. The amount of on-behalf payments made for the District is estimated at \$1,160,000 for STRS.

13. Estimates

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

Due to the uncertainty of funding, the District has elected not to accrue a receivable for the State match of deferred maintenance funds. The State match will be recorded as revenue in the year received. The maximum allowance is estimated at approximately \$720,000.

14. Contributed Services

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

D. REPORTING ENTITY:

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

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

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

D. REPORTING ENTITY: (continued)

3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

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

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

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

The Ventura Unified School District Education Foundation - The Foundation is a separate not-for-profit corporation. The Foundation is not included as a Component Unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District. Separate financial statements for the Foundation may be obtained through the District.

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - BUDGETS:

By State law, the District's Governing Board must adopt a final budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted in a basis consistent with GAAP.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3 – DEPOSITS AND INVESTMENTS:

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits including those of fiduciary funds, may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Education Code 41002.5. As of June 30, 2005, \$2,835,380 of the District's bank balances of \$3,253,027 were exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$1,370,917
Uninsured and uncollateralized	<u>1,464,463</u>
Total	<u>\$2,835,380</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS: (continued)

A. Deposits: (continued)

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury (the County). The County pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2005, as provided by the pool sponsor, was \$31,124,394.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

B. Investments

Government Code Section 16430 and 53601 allows governmental entities to invest surplus moneys in certain eligible securities. In addition, the District's investment policy limits its investment choices to those allowed by Government Code. The District places no limit on the amount that may be invested in any one issuer. The District did not violate any provisions of the Government Code during the 2004-05 fiscal year, nor were they involved in any reverse repurchase agreements during 2004-05.

Investments with Fiscal Agent at June 30, 2005, held on behalf of the Ventura County Schools Public Financing Corporation, are presented below:

Uncategorized Investments:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 4 - INTERFUND TRANSACTIONS:

Interfund activity has been eliminated in the Government-wide statements as required by GASB No. 34. The following balances and transactions are reported in the fund financial statements.

A. Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2005 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$2,825,294	\$ 83,942
Special Revenue Funds:		
Adult Education Fund		283,910
Cafeteria Fund	83,556	715,056
Child Development Fund		94,910
Retiree Benefits Fund		1,511,744
Alternative Retiree Benefits Fund		178,819
Capital Projects Funds:		
Building Sub-Fund	65,280	
Building Fund (Series B)		30,280
Bond Building Fund	723,996	1,578,270
Capital Facilities Fund (Residential)		70,381
Capital Facilities Fund (Commercial)		4,962
County School Facilities Fund	1,578,270	720,636
State School Building Lease-Purchase Fund		3,359
Fiduciary Fund:		
Foundation Fund	<u>386</u>	<u>513</u>
Totals	<u>\$5,276,782</u>	<u>\$5,276,782</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

B. Interfund Transfers

Interfund transfers for the 2004-05 fiscal year are as follows:

Transfer from General Fund to Deferred Maintenance Fund for State matching funds	\$ 734,671
Transfer from Adult Education Fund to the Building Fund (Series A) to pay for Certificates of Participation debt service	448,095
Transfer from Building Fund (Series B) to Building Fund to correct fund deficit	30,280
Transfer from County School Facilities Fund to the Bond Building Fund for reimbursement of capital project expenditures	2,490,278
Transfer from Bond Building Fund to State School Building Fund for capital project expenditures	3,568
Transfer from Bond Building Fund to County School Facilities Fund for required District match	8,128,259
Transfer from Retiree Benefits Fund and the Alternative Retiree Benefits Fund to the General Fund for expenditures	1,690,563
Transfer from Capital Facilities Fund (Residential and Commercial) to General Fund to pay for developers' fees administration	<u>75,343</u>
Total	<u><u>\$13,601,057</u></u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 6 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED:

The following amounts were reserved by the Board of Education for the special purposes below:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Revolving cash	\$ 50,000	\$
Stores inventory	<u>321,224</u>	<u>80,815</u>
Total	<u>\$371,224</u>	<u>\$ 80,815</u>

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

Major Funds:

General Fund:

Medi-Cal Billing Option	\$ 216,452
School Facilities Needs Assessment Grant – Williams Case	30,450
Cal-Safe Child Care and Development Services	15,666
English Language Acquisition Program	61,546
California Public School Library Act of 1998	28,734
Lottery – Instructional Materials	152,917
School Safety and Violence Prevention – Grades 8-12	64,140
Special Education Early Education – Individuals with Exceptional Needs	116,906
Economic Impact Aid: Limited English Proficiency	402,485
Gifted and Talented Education	44,322
Instructional Materials Fund Realignment Program (IMFRP)	564,546
Instructional Materials – Williams Case	45,230
Staff Development - Math and Reading	24
Peer Assistance Review	7,836
Staff Development Principals Training	2,850
10 th Grade Counseling	27,971
Instructional Materials – Grades 9-12	509
Educational Technology – Staff Development	34,482
Digital High School –Staff Development	576
AB 1115 – Instructional Materials/Staff Buyout	
One Time Per Pupil Block Grant	2,694
Migrant First Five	<u>4,196</u>
Total	<u>\$1,824,532</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 6 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED: (continued)

Non-Major Funds:

Child Development Fund:

Child Care Reserve Fund \$ 157,784

Fiduciary Funds:

David Graham Scholarship Fund

Scholarships \$ 56,472

Foundation Fund

Ventura Education Partnership 116,943

Total Fiduciary \$ 173,415

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

Major Funds:

General Fund:

Economic Uncertainties \$3,688,483

Future Board Action 307,281

Medi-Cal Administrative Activities (MAA) 1,191,043

\$5,186,807

Special Reserve for Post-Employment Benefits Funds:

Retiree Benefits \$1,168,851

Alternative Retiree Benefits 506,426

Total \$ 1,675,277

Building Funds:

Future Capital Projects:

Building Fund (Series A) \$2,225,837

Building Fund (Series B) 703,151

Bond Building Fund 3,494,043

Total \$ 6,423,031

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 6 - FUND BALANCES - RESERVED/RESTRICTED/DESIGNATED: (continued)

Major Funds: (continued)	
County School Facilities Fund:	
Modernization Projects	<u>\$4,166,069</u>
Capital Facilities Funds:	
Capital Facilities (Residential):	
Future Capital Improvement Projects	\$6,285,319
Capital Facilities (Commercial):	
Future Capital Improvement Projects	<u>377,533</u>
Total	<u>\$6,662,852</u>
Non-Major Funds:	
Special Revenue Funds:	
Adult Education Fund:	
Economic Uncertainties	\$ 295,235
Cafeteria Fund:	
Economic Uncertainties	140,000
Improvement to kitchen	84,000
Deferred Maintenance Fund:	
Five Year Plan	<u>1,298,793</u>
Total	<u>\$1,818,028</u>

NOTE 7 - TAX REVENUE ANTICIPATION NOTES:

The District issued \$5,945,000 of Tax Revenue Anticipation Notes dated July 6, 2004. The notes included interest at a rate of 3.00% and matured on July 6, 2005. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that the amount be deposited with U.S. Bank, N.A., (the "Trustee") as follows: \$2,378,000 plus interest in February 2005; \$594,500 plus interest in both March 2005 and April 2005; and \$2,378,000 plus interest in May 2005. The total amount of interest paid was \$100,833. All deposits were made with the Trustee on a timely basis and, therefore, the liability is in-substance defeased and not shown on the financial statements at June 30, 2005.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 8 – OPERATING LEASES:

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

<u>Fiscal Year</u>	<u>Lease Payment</u>
2005-06	\$ 364,260
2006-07	364,260
2007-08	364,260
2008-09	<u>30,355</u>
Total	<u><u>\$1,123,135</u></u>

Current year expenditures for operating leases is approximately \$449,026. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 9 – LOAN PAYABLE:

On June 20, 2000 the District entered into a loan agreement in the amount of \$121,673 with the State of California under the Child Care Facilities Revolving Fund Program. The proceeds of which were used for the purchase and installation of a new relocatable building for the preschool program. The outstanding debt and annual repayment requirements at June 30, 2005 are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2006	\$ 12,167
2007	12,167
2008	12,167
2009	12,167
2010	12,167
2011-2012	<u>23,200</u>
Total	84,035
Less Amount Representing Interest	<u>0</u>
Net Loan Payable	<u>\$ 84,035</u>

NOTE 10 - BONDED DEBT - GENERAL OBLIGATION BONDS:

In June 1997, the voters approved the issuance of bonds, not to exceed \$81 million, for the purpose of raising money to finance the acquisition, construction and modernization of school facilities and paying related costs.

During March 2004, Series A and D general obligation bonds were re-financed for a total of \$23,180,000. The proceeds associated with the refunding were deposited in an escrow account for future payment and as such are considered fully defeased. At June 30, 2005 the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$20,830,000.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 10 - BONDED DEBT - GENERAL OBLIGATION BONDS: (continued)

During April 2005, Series B and C general obligation bonds were re-financed for a total of \$17,750,000. The proceeds associated with the refunding were deposited in an escrow fund for future repayment. At June 30, 2005, the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$17,170,000. These bonds are considered fully defeased and are not recorded on the financial statements. The difference in cash flow requirements related to this refunding amounted to a savings of approximately \$844,300. The present value of the economic gain to the District amounts to approximately \$507,740. These savings result in a re-calculation of the collections and payments towards bond payoffs and are included in the consolidated schedule noted below.

The outstanding bonded debt of the Ventura Unified School District at June 30, 2005 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date (1)</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2004</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year (2)</u>	<u>Outstanding June 30, 2005</u>
6/23/1998 B	Various	8/1/2028	10,000,000	\$ 9,185,000	\$	\$ 8,765,000	\$ 420,000
6/29/1999 C	Various	2/1/2030	10,000,000	9,390,000		8,780,000	610,000
6/11/2001 E	Various	2/1/2032	12,500,000	12,170,000		205,000	11,965,000
7/11/2002 F	Various	8/1/2032	10,000,000	9,885,000		160,000	9,725,000
7/21/2003 G	Various	8/1/2033	6,000,000	6,000,000		85,000	5,915,000
3/3/2004	Various	8/1/2030	23,180,000	23,180,000		630,000	22,550,000
7/1/2004 H	Various	8/1/2034	5,000,000		5,000,000		5,000,000
4/28/2005	Various	8/1/2029	<u>17,750,000</u>		<u>17,750,000</u>		<u>17,750,000</u>
			<u>\$94,430,000</u>	<u>\$69,810,000</u>	<u>\$22,750,000</u>	<u>\$18,625,000</u>	<u>\$73,935,000</u>

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

Series B 2/1/2007

Series C 2/1/2008

⁽²⁾Redeemed current year to refunded bond escrow agents:

Series B \$8,575,000

Series C \$8,595,000

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 10 - BONDED DEBT - GENERAL OBLIGATION BONDS: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2005, are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,805,000	\$ 3,110,748	\$ 4,915,748
2007	1,680,000	3,277,418	4,957,418
2008	1,745,000	3,195,855	4,940,855
2009	1,805,000	3,121,235	4,926,235
2010	1,870,000	3,048,891	4,918,891
2011-2015	10,500,000	14,094,888	24,594,888
2016-2020	12,890,000	11,688,396	24,578,396
2021-2025	16,185,000	8,315,759	24,500,759
2026-2030	18,620,000	3,856,806	22,476,806
2031-2035	<u>6,835,000</u>	<u>539,631</u>	<u>7,374,631</u>
Totals	73,935,000	<u>\$54,249,627</u>	<u>\$128,184,627</u>
Unamortized bond premium*	<u>1,546,119</u>		
Total	<u>\$75,481,119</u>		

* Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The refunding bonds issued in 2004 and 2005 included a total premium of \$1,579,847. This amount is amortized using the straight-line method. Amortization of \$33,728 was recognized during the 2004-05 year.

In addition, associated issuance costs are recorded as deferred charges on the statement of net assets and are amortized to interest expense over the life of the liability. Issuance costs of \$685,737 are amortized using the straight-line method. Amortization of \$14,828 was recognized during the 2004-05 year.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 11 - CERTIFICATES OF PARTICIPATION:

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

The Ventura County Schools Public Facilities Financing Corporation acts as a purchaser and lessor of the property and U.S. Bank acts as trustee and disbursing agent. At June 30, 2005, the District had \$454,126 available with the Trustee for repayment. The principal amount due at June 30, 2005 is \$5,205,000.

Lease Payments - Lease payments are required to be made by the District under the lease each April 1 for use and possession of the property for the period commencing April 1, 2003 and terminating April 1, 2022. Lease payments will be funded in part from the proceeds of the certificates.

Principal and interest payments (twice per year) are to be made according to the following schedule:

<u>Year Ending</u> <u>April 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 210,000	\$ 237,354	\$ 447,354
2007	215,000	230,740	445,740
2008	220,000	223,322	443,322
2009	230,000	215,182	445,182
2010	240,000	206,326	446,326
2011-2015	1,365,000	872,672	2,237,672
2016-2020	1,720,000	525,392	2,245,392
2021-2022	<u>1,005,000</u>	<u>82,816</u>	<u>1,087,816</u>
	<u>\$5,205,000</u>	<u>\$2,593,804</u>	<u>\$7,798,804</u>

The interest ranges from 2.00% to 5.18%.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 12 – LONG-TERM DEBT – SCHEDULE OF CHANGES:

A schedule of changes in long-term debt for the year ended June 30, 2005 is shown below.

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
General obligation bonds	\$ 69,810,000	\$ 22,750,000	\$ 18,625,000	\$ 73,935,000	\$ 1,805,000
General obligation bonds - premium	876,923	702,924	33,728	1,546,119	63,017
Certificates of participation	5,410,000		205,000	5,205,000	210,000
Loan payable	96,202		12,167	84,035	12,167
Accrued vacation	<u>639,525</u>		<u>81,401</u>	<u>558,124</u>	
Totals	<u>\$ 76,832,650</u>	<u>\$ 23,452,924</u>	<u>\$ 18,957,296</u>	<u>\$ 81,328,278</u>	<u>\$ 2,090,184</u>

NOTE 13 – CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES:

Capital asset activity for the year ended June 30, 2005 is shown below.

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2005</u>
Land	\$ 12,797,476	\$	\$ 16,060	\$ 12,781,416
Building and improvements	192,574,309	20,854,275	76,377	213,352,207
Machinery, equipment and vehicles	<u>4,440,939</u>	<u>215,234</u>	<u>113,442</u>	<u>4,542,731</u>
Totals at historical cost	<u>209,812,724</u>	<u>21,069,509</u>	<u>205,879</u>	<u>230,676,354</u>
Less accumulated depreciation for:				
Building and improvements	38,829,746	4,954,034	76,377	43,707,403
Machinery, equipment and vehicles	<u>2,822,079</u>	<u>366,043</u>	<u>58,206</u>	<u>3,129,916</u>
Total accumulated depreciation	<u>41,651,825</u>	<u>5,320,077</u>	<u>134,583</u>	<u>46,837,319</u>
Governmental activities capital assets, net	<u>\$168,160,899</u>	<u>\$15,749,432</u>	<u>\$ 71,296</u>	<u>\$183,839,035</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 14 - EMPLOYEE RETIREMENT PLANS:

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

State Teachers' Retirement System (STRS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2004-05 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 14 - EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2004-05 was 9.952% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

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

Year Ended <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2003	\$4,664,684	100%	\$ 557,374	100%
2004	4,663,235	100%	2,088,400	100%
2005	4,742,881	100%	1,954,367	100%

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 15 - RETIREE BENEFITS:

Retirement Plan Prior to June 30, 1993:

Ventura Unified School District Certificated and Classified employees, retired from the District as of June 30, 1993, are entitled to Health and Welfare benefits based on status at the time of retirement. As of June 30, 2005, the District had 505 retired employees covered under the plan at a cost of \$4,311,744 for the fiscal year 2004-05, which is included in the Retiree Benefits Fund expenditures. The cost for 2005-06 is expected to be approximately \$4,100,000. An actuarial study was conducted to estimate the liability of the revised retirement plan. The estimated present value as of July 1, 2002 was \$57,921,459.

Deferred Compensation Plan:

A deferred compensation plan was established effective July 1, 1993. Eligible employees, employed as of April 28, 1993, may receive \$1,500 per year of service (plus one year) as of June 30, 1993 to a maximum of 30 years. The employee must retire under PERS or STRS with Ventura Unified School District to be eligible. This amount is payable in five equal annual installments. New employees are not eligible for the program. At June 30, 2005 the District had 149 retired employees covered under the plan. The cost attributable to this program in 2004-05 was \$978,819, and \$920,000 is expected to be the cost in 2005-06. An actuarial study was conducted to estimate the liability of the deferred compensation plan. The estimated present value as of July 1, 2002 was \$7,659,112 for all eligible employees of this plan. The total estimated liability for known eligible employees at June 30, 2005, for the next four years is expected to be \$1,346,125.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 16 - JOINT POWERS AGREEMENTS:

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

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

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

Condensed financial information for the most current year ended is as follows:

	The Authority (Unaudited) <u>June 30, 2005</u>	The Trust (Audited) <u>June 30, 2005</u>
Total Assets	\$ 39,593,278	\$ 18,025,530
Total Liabilities	<u>44,588,482</u>	<u>4,405,400</u>
Total Fund Balance	\$ <u>(4,995,204)</u>	\$ <u>13,620,130</u>
Total Revenues	\$ <u>29,172,444</u>	\$ <u>43,973,231</u>
Total Expenditures	\$ <u>9,917,819</u>	\$ <u>35,981,463</u>

(See Note 18 G for additional information.)

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 17 – ADJUSTMENT FOR RESTATEMENT:

The beginning net assets on the Statement of Activities has been restated for \$1,970,000. This amount represents the difference between the payment made to the refunded bond escrow agent and the proceeds from the refunded general obligation bonds issued in the 2003-04 year. This amount was previously reported as an extraordinary loss and is now reported in the Statement of Net Assets as a deferred charge on refunding bonds. The deferred change will be amortized to interest expense over the life of the refunding bonds.

NOTE 18 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Awards, and Grants

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

B. State School Building Lease-Purchase Fund and County School Facilities Fund

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

C. Construction Commitments

As of June 30, 2005, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$4 million. Projects will be funded through bond proceeds, capital facilities funding, County School Facilities Grants and Deferred Maintenance allocations.

D. Sale of Property – Hails Property

In December 2002, the District entered into an escrow agreement to sell the Hails Property for a total of \$33,500,000. The funds will be deposited in the Building Fund and are to be used for capital improvement/acquisition projects. The transaction was completed in July, 2005 and the proceeds were deposited in the District's building fund.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 18 - COMMITMENTS AND CONTINGENCIES: (continued)

E. Sale of Property – Santa Clara

As of June 30, 2005, the District was committed under a sale agreement to sell the Santa Clara site for \$10.5 million. The funds will be deposited in the Building Fund and are to be used for capital improvement/acquisition projects. The estimated closing of this escrow agreement is anticipated to occur in Spring, 2006.

F. 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 \$3,000,000 in proceeds from the disposition of the Hails site for construction of a City/District community swimming pool and amenities. In addition, the City and Agency agree to share with the District the tax increment generated from the future redevelopment of the Santa Clara site. The City, Agency and District has jointly marketed the sale of the property. The City will be reimbursed up to \$100,000 for actual cost of staffing a project development team for the Santa Clara site.

G. Contingent Liability – VCSFA JPA

As described in Note 16, the District is one of twenty-two members in the Ventura County Schools Self-Funding Authority. This JPA provides self insurance for workers' compensation, property and liability coverage. As noted in Note 16, the JPA has a negative fund balance amounting to \$4,995,204. This deficit improved significantly from the prior year. Although the JPA has been able to meet the current cash flow obligations of the entity, the overall financial situation reports a significant deficit. Due to the fact that upon dissolution, the Ventura Unified School District could receive a pro-rata share of any liability, there may be a future liability associated with this deficit. In addition, it is possible that future rates will significantly increase in an attempt to reduce or eliminate this deficit. The amount of any related liability or increased expense has not been estimated.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 19 - SUBSEQUENT EVENTS:

A. General Obligation Bonds

The District sold \$5,000,000 General Obligation Bonds, 1997 Election, Series I on September 7, 2005. The bonds were sold with an interest rate ranging from 3% to 5% and mature in 2034. The bonds were sold to finance the construction of schools, to replace old portable buildings, for technology infrastructure and for modernization and renovation.

B. GASB Statement No. 45

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

SUPPLEMENTARY INFORMATION SECTION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2005

The Ventura Unified School District was formed effective July 1, 1966 as the result of a unification election held March 16, 1966 and action of the Ventura County Board of Supervisors at the meeting held March 30, 1966. The unified district encompasses the former Ventura Union High School District and its former component elementary districts, namely the Avenue, Mill Union, Mound, Buena Ventura School Districts and the Arnaz portion of the Nordhoff Union School District. The District includes an area of approximately 165 square miles, including the City of Ventura and surrounding area, in the western most portion of Ventura County.

The District operates eight pre-schools, seventeen elementary schools, four middle schools, three comprehensive high schools, three continuation high schools, one independent study school, one opportunity school and one adult education school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2005 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Debbie Golden	President	December 31, 2007
Mrs. Barbara Fitzgerald	Vice President	December 31, 2007
Mr. Cliff Rodrigues	Member	December 31, 2005
Mr. John Walker	Member	December 31, 2005
Mrs. Velma Lomax	Member	December 31, 2005

DISTRICT ADMINISTRATORS

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

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2005

	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
<u>Assets</u>			
Cash in county treasury	\$ 2,662,457	\$ 680,608	\$ 3,343,065
Accounts receivable:			
Miscellaneous	18,138	4,637	22,775
Total Assets	<u>\$ 2,680,595</u>	<u>\$ 685,245</u>	<u>\$ 3,365,840</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other funds	\$ 1,511,744	\$ 178,819	\$ 1,690,563
Total Liabilities	<u>1,511,744</u>	<u>178,819</u>	<u>1,690,563</u>
Fund Balances			
Designated for special purposes	1,168,851	506,426	1,675,277
Total Fund Balances	<u>1,168,851</u>	<u>506,426</u>	<u>1,675,277</u>
Total Liabilities and Fund Balances	<u>\$ 2,680,595</u>	<u>\$ 685,245</u>	<u>\$ 3,365,840</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**MAJOR SPECIAL RESERVE FOR POST-EMPLOYMENT BENEFITS SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

For the Fiscal Year Ended June 30, 2005

	Retiree Benefits Fund	Alternative Retiree Benefits Fund	Total (Memorandum Only)
Revenues			
Other local sources	\$ 57,855	\$ 14,891	\$ 72,746
Total Revenues	<u>57,855</u>	<u>14,891</u>	<u>72,746</u>
Other Financing Sources (Uses)			
Interfund transfers out	(1,511,744)	(178,819)	(1,690,563)
Total Other Financing Sources (Uses)	<u>(1,511,744)</u>	<u>(178,819)</u>	<u>(1,690,563)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1,453,889)	(163,928)	(1,617,817)
Fund Balances at Beginning of Year	<u>2,622,740</u>	<u>670,354</u>	<u>3,293,094</u>
Fund Balances at End of Year	<u><u>\$ 1,168,851</u></u>	<u><u>\$ 506,426</u></u>	<u><u>\$ 1,675,277</u></u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2005

	Building Fund	Building Fund (Series A)	Building Fund (Series B)	Bond Building Fund	Total (Memorandum Only)
<u>Assets</u>					
Cash in county treasury	\$ 7,212	\$ 346,152	\$ 672,132	\$ 5,293,043	\$ 6,318,539
Cash with fiscal agent		1,434,993			1,434,993
Investment with fiscal agent		454,087			454,087
Accounts receivable:					
Miscellaneous	1,644	2,446	64,569	30,829	99,488
Due from other funds	65,280	.		723,996	789,276
Total Assets	<u>\$ 74,136</u>	<u>\$ 2,237,678</u>	<u>\$ 736,701</u>	<u>\$ 6,047,868</u>	<u>\$ 9,096,383</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 74,136	\$ 11,841	\$ 3,270	\$ 975,555	\$ 1,064,802
Due to other funds			30,280	1,578,270	1,608,550
Total Liabilities	<u>74,136</u>	<u>11,841</u>	<u>33,550</u>	<u>2,553,825</u>	<u>2,673,352</u>
Fund Balances					
Designated for special purposes	-	2,225,837	703,151	3,494,043	6,423,031
Total Fund Balances	<u>-</u>	<u>2,225,837</u>	<u>703,151</u>	<u>3,494,043</u>	<u>6,423,031</u>
Total Liabilities and Fund Balances	<u>\$ 74,136</u>	<u>\$ 2,237,678</u>	<u>\$ 736,701</u>	<u>\$ 6,047,868</u>	<u>\$ 9,096,383</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
MAJOR BUILDING SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005

	Building Fund	Building Fund (Series A)	Building Fund (Series B)	Bond Building Fund	Total (Memorandum Only)
Revenues					
Other local sources	\$ 147,131	\$ 51,536	\$ 385,863	\$ 151,315	\$ 735,845
Total Revenues	<u>147,131</u>	<u>51,536</u>	<u>385,863</u>	<u>151,315</u>	<u>735,845</u>
Expenditures					
Plant services	1,978,166	91,359	253,369	2,019,786	4,342,680
Debt service		448,070			448,070
Total Expenditures	<u>1,978,166</u>	<u>539,429</u>	<u>253,369</u>	<u>2,019,786</u>	<u>4,790,750</u>
Excess (deficiency) of revenues over expenditures	<u>(1,831,035)</u>	<u>(487,893)</u>	<u>132,494</u>	<u>(1,868,471)</u>	<u>(4,054,905)</u>
Other Financing Sources (Uses)					
Interfund transfers in	30,280	448,095		2,490,278	2,968,653
Proceeds from sale of land	995,338				995,338
Proceeds from sale of general obligation bonds				4,950,000	4,950,000
Proceeds from refunding bonds and related premium				18,452,924	18,452,924
Payment to refunded bond escrow agent				(18,152,712)	(18,152,712)
Interfund transfers out			(30,280)	(8,131,827)	(8,162,107)
Total Other Financing Sources (Uses)	<u>1,025,618</u>	<u>448,095</u>	<u>(30,280)</u>	<u>(391,337)</u>	<u>1,052,096</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(805,417)</u>	<u>(39,798)</u>	<u>102,214</u>	<u>(2,259,808)</u>	<u>(3,002,809)</u>
Fund Balances at Beginning of Year	<u>805,417</u>	<u>2,265,635</u>	<u>600,937</u>	<u>5,753,851</u>	<u>9,425,840</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 2,225,837</u>	<u>\$ 703,151</u>	<u>\$ 3,494,043</u>	<u>\$ 6,423,031</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**MAJOR CAPITAL FACILITIES FUNDS
COMBINING BALANCE SHEET**

June 30, 2005

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	Total (Memorandum Only)
<u>Assets</u>			
Cash in county treasury	\$ 6,363,594	\$ 379,924	\$ 6,743,518
Accounts receivable:			
Miscellaneous	45,244	2,571	47,815
Total Assets	<u><u>\$ 6,408,838</u></u>	<u><u>\$ 382,495</u></u>	<u><u>\$ 6,791,333</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 53,138	\$	\$ 53,138
Due to other funds	70,381	4,962	75,343
Total Liabilities	<u>123,519</u>	<u>4,962</u>	<u>128,481</u>
Fund Balances			
Designated for special purposes	6,285,319	377,533	6,662,852
Total Fund Balances	<u>6,285,319</u>	<u>377,533</u>	<u>6,662,852</u>
Total Liabilities and Fund Balances	<u><u>\$ 6,408,838</u></u>	<u><u>\$ 382,495</u></u>	<u><u>\$ 6,791,333</u></u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**MAJOR CAPITAL FACILITIES FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005**

	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	Total (Memorandum Only)
Revenues			
Other local sources	\$ 2,459,847	\$ 172,687	\$ 2,632,534
Total Revenues	<u>2,459,847</u>	<u>172,687</u>	<u>2,632,534</u>
Expenditures			
Plant services	85,038	<u> </u>	85,038
Total Expenditures	<u>85,038</u>	<u> </u>	<u>85,038</u>
Excess (deficiency) of revenues over expenditures	<u>2,374,809</u>	<u>172,687</u>	<u>2,547,496</u>
Other Financing Sources (Uses)			
Interfund transfers out	<u>(70,381)</u>	<u>(4,962)</u>	<u>(75,343)</u>
Total Other Financing Sources (Uses)	<u>(70,381)</u>	<u>(4,962)</u>	<u>(75,343)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	2,304,428	167,725	2,472,153
Fund Balances at Beginning of Year	<u>3,980,891</u>	<u>209,808</u>	<u>4,190,699</u>
Fund Balances at End of Year	<u>\$ 6,285,319</u>	<u>\$ 377,533</u>	<u>\$ 6,662,852</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR DEBT SERVICE FUND

BALANCE SHEET

June 30, 2005

	Bond Interest and Redemption Fund
<u>Assets</u>	
Cash in county treasury	\$ 4,778,493
Accounts receivable:	
Miscellaneous	28,680
Total Assets	<u>\$ 4,807,173</u>
<u>Liabilities and Fund Balance</u>	
Fund Balance	
Restricted for debt service	\$ 4,807,173
Total Fund Balance	<u>4,807,173</u>
Total Liabilities and Fund Balance	<u>\$ 4,807,173</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**NON-MAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

For the Fiscal Year Ended June 30, 2005

	Bond Interest and Redemption Fund
Revenues	
Other State sources	\$ 60,102
Other local sources	<u>4,873,696</u>
Total Revenues	<u>4,933,798</u>
 Expenditures	
Debt service	<u>4,699,025</u>
Total Expenditures	<u>4,699,025</u>
 Excess of revenues over expenditures	 234,773
 Fund Balance at Beginning of Year	 <u>4,572,400</u>
 Fund Balance at End of Year	 <u><u>\$ 4,807,173</u></u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2005**

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Total (Memorandum Only)
<u>Assets</u>					
Cash in county treasury	\$ 124,116	\$ 670,073	\$ 310,695	\$ 1,589,698	\$ 2,694,582
Cash on hand and in banks		122,683			122,683
Accounts receivable:					
Federal and State governments	247,232	562,820	1,265		811,317
Miscellaneous	351,259	11,798	2,584	11,298	376,939
Due from other funds		83,556			83,556
Inventories		80,815			80,815
Total Assets	<u>\$ 722,607</u>	<u>\$ 1,531,745</u>	<u>\$ 314,544</u>	<u>\$ 1,600,996</u>	<u>\$ 4,169,892</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 65,755	\$ 91,043	\$ 7,045	\$ 302,203	\$ 466,046
Due to other funds	283,910	715,056	94,910		1,093,876
Deferred revenue	77,707	19,548			97,255
Total Liabilities	<u>427,372</u>	<u>825,647</u>	<u>101,955</u>	<u>302,203</u>	<u>1,657,177</u>
Fund Balances					
Restricted for special purposes			157,784		157,784
Reserved for special purposes		80,815			80,815
Designated for special purposes	295,235	224,000		1,298,793	1,818,028
Undesignated		401,283	54,805		456,088
Total Fund Balances	<u>295,235</u>	<u>706,098</u>	<u>212,589</u>	<u>1,298,793</u>	<u>2,512,715</u>
Total Liabilities and Fund Balances	<u>\$ 722,607</u>	<u>\$ 1,531,745</u>	<u>\$ 314,544</u>	<u>\$ 1,600,996</u>	<u>\$ 4,169,892</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005

	Adult Education Fund	Cafeteria Fund	Child Development Fund	Deferred Maintenance Fund	Total (Memorandum Only)
Revenues					
Revenue from revenue limit sources:					
State apportionment	\$ 3,601,417	\$ 1,316,585	\$	\$	\$ 4,918,002
Federal sources	322,847	3,023,309	14,897		3,361,053
Other State sources	58,674	212,419	1,055,396	719,757	2,046,246
Other local sources	780,099	2,363,377	8,275	21,509	3,173,260
Total Revenues	<u>4,763,037</u>	<u>6,915,690</u>	<u>1,078,568</u>	<u>741,266</u>	<u>13,498,561</u>
Expenditures					
Instruction	2,494,798		849,622		3,344,420
Instruction-related services	1,198,890		119,750		1,318,640
Pupil services	92,586	6,096,964			6,189,550
General administration	223,894	717,506	113,510		1,054,910
Plant services	289,706	111,520		548,726	949,952
Total Expenditures	<u>4,299,874</u>	<u>6,925,990</u>	<u>1,082,882</u>	<u>548,726</u>	<u>12,857,472</u>
Excess (deficiency) of revenues over expenditures	<u>463,163</u>	<u>(10,300)</u>	<u>(4,314)</u>	<u>192,540</u>	<u>641,089</u>
Other Financing Sources (Uses)					
Interfund transfers in				734,671	734,671
Interfund transfers out	(448,095)				(448,095)
Total Other Financing Sources (Uses)	<u>(448,095)</u>	<u>-</u>	<u>-</u>	<u>734,671</u>	<u>286,576</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	15,068	(10,300)	(4,314)	927,211	927,665
Fund Balances at Beginning of Year	<u>280,167</u>	<u>716,398</u>	<u>216,903</u>	<u>371,582</u>	<u>1,585,050</u>
Fund Balances at End of Year	<u>\$ 295,235</u>	<u>\$ 706,098</u>	<u>\$ 212,589</u>	<u>\$ 1,298,793</u>	<u>\$ 2,512,715</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR CAPITAL PROJECTS FUND
BALANCE SHEET

June 30, 2005

	<u>State School Building Lease- Purchase Fund</u>
<u>Assets</u>	
Cash in county treasury	\$ 3,092
Accounts receivable:	
Miscellaneous	267
Total Assets	<u>\$ 3,359</u>
<u>Liabilities</u>	
Due to other funds	\$ 3,359
Total Liabilities	<u>3,359</u>
Total Liabilities	<u>\$ 3,359</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2005

	State School Building Lease- Purchase Fund
Revenues	
Other local sources	\$ 2,759
Total Revenues	<u>2,759</u>
Expenditures	
Plant services	<u>6,328</u>
Total Expenditures	<u>6,328</u>
Excess (deficiency) of revenues over expenditures	<u>(3,569)</u>
Other Financing Sources (Uses)	
Interfund transfers in	3,568
Total Other Financing Sources (Uses)	<u>3,568</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1)
Fund Balance at Beginning of Year	<u>1</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
June 30, 2005

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
<u>Assets</u>			
Cash in county	\$ 56,084	\$ 115,279	\$ 171,363
Accounts receivable:			
Miscellaneous	388	6,428	6,816
Due from governmental funds	<u> </u>	<u>386</u>	<u>386</u>
Total Assets	<u>56,472</u>	<u>122,093</u>	<u>178,565</u>
<u>Liabilities</u>			
Accounts payable		4,637	4,637
Due to governmental funds		<u>513</u>	<u>513</u>
Total Liabilities	<u>-</u>	<u>5,150</u>	<u>5,150</u>
<u>Net Assets</u>			
Restricted for special purposes	<u>56,472</u>	<u>116,943</u>	<u>173,415</u>
Total Net Asstes	<u><u>\$ 56,472</u></u>	<u><u>\$ 116,943</u></u>	<u><u>\$ 173,415</u></u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUND
NET ASSETS - PRIVATE PURPOSE TRUST FUNDS**

For the Fiscal Year Ended June 30, 2005

	David Graham Scholarship Fund	Foundation Fund	Total (Memorandum Only)
Additions			
Revenue from local sources	\$ 24,891	\$ 172,761	\$ 197,652
Total Additions	<u>24,891</u>	<u>172,761</u>	<u>197,652</u>
Deductions			
Scholarships awarded	1,500		1,500
Other expenses		187,424	187,424
Total Deductions	<u>1,500</u>	<u>187,424</u>	<u>188,924</u>
Changes in net assets	23,391	(14,663)	8,728
Net Assets at Beginning of Year	<u>33,081</u>	<u>131,606</u>	<u>164,687</u>
Net Assets at End of Year	<u>\$ 56,472</u>	<u>\$ 116,943</u>	<u>\$ 173,415</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS

COMBINING BALANCE SHEET

June 30, 2005

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
<u>Assets</u>						
Cash on hand and in banks	\$ 396,040	\$ 583,859	\$ 93,572	\$ 35,431	\$ 18,170	\$ 74,345
Accounts receivable:						
Miscellaneous		645				
Inventory	16,511	13,285	579			336
Total Assets	\$ 412,551	\$ 597,789	\$ 94,151	\$ 35,431	\$ 18,170	\$ 74,681
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 15,556	\$ 17,857	\$	\$	\$	\$
Funds held in trust	303,642	456,580	51,309	3,485	11,160	28,842
Total Liabilities	319,198	474,437	51,309	3,485	11,160	28,842
Fund Balances						
Reserved for special purposes	16,511	13,285	579			336
Undesignated	76,842	110,067	42,263	31,946	7,010	45,503
Total Fund Balances	93,353	123,352	42,842	31,946	7,010	45,839
Total Liabilities and Fund Balances	\$ 412,551	\$ 597,789	\$ 94,151	\$ 35,431	\$ 18,170	\$ 74,681

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
COMBINING BALANCE SHEET
June 30, 2005

	Cabrillo Middle School	Elmhurst Elementary School	Adult Education	Pacific Continuation High School	El Camino Continuation High School	Total (Memorandum Only)
<u>Assets</u>						
Cash on hand and in banks	\$ 44,912	\$ 6,222	\$ 13,241	\$ 2,290	\$ 5,131	\$ 1,273,213
Accounts receivable:						
Miscellaneous						645
Inventories	7,042					37,753
Total Assets	\$ 51,954	\$ 6,222	\$ 13,241	\$ 2,290	\$ 5,131	\$ 1,311,611
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$	\$	\$	\$	\$	\$ 33,413
Funds held in trust	12,528		11,702			879,248
Total Liabilities	12,528	-	11,702	-	-	912,661
Fund Balances						
Reserved for special purposes	7,042					37,753
Undesignated	32,384	6,222	1,539	2,290	5,131	361,197
Total Fund Balances	39,426	6,222	1,539	2,290	5,131	398,950
Total Liabilities and Fund Balances	\$ 51,954	\$ 6,222	\$ 13,241	\$ 2,290	\$ 5,131	\$ 1,311,611

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
Revenues						
Revenue from Local Sources						
Athletics	\$ 268,926	\$ 188,077	\$	\$	\$	\$
Student body cards	13,895	26,700				
Student store / P.E. clothes	37,450	53,953	10,077			
Yearbook	81,496	96,425	49,887	19,310	8,259	
Fundraising			45,193	19,568		149,599
Vending machines		16,097				
Social activities				3,640		
Interest		3,759	15	42	17	1,473
Other revenues	82,648	32,711	93,274	25,796	27,193	80,956
Total Revenues	<u>484,415</u>	<u>417,722</u>	<u>198,446</u>	<u>68,356</u>	<u>35,469</u>	<u>232,028</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics	258,400	167,701				
Fundraising			38,988	3,206		129,676
Student body cards	13,895					
Student store / P.E. clothes	29,991	35,879	10,166			
Yearbook	81,326	93,410	25,271	20,219	9,256	
Social activities				3,294		
Vending machines		57				
Other expenditures	80,722	126,606	102,428	39,224	26,965	115,072
Total Expenditures	<u>464,334</u>	<u>423,653</u>	<u>176,853</u>	<u>65,943</u>	<u>36,221</u>	<u>244,748</u>
Excess (deficiency) of revenues over expenditures	20,081	(5,931)	21,593	2,413	(752)	(12,720)
Fund Balances at Beginning of Year	<u>73,272</u>	<u>129,283</u>	<u>21,249</u>	<u>29,533</u>	<u>7,762</u>	<u>58,559</u>
Fund Balances at End of Year	<u>\$ 93,353</u>	<u>\$ 123,352</u>	<u>\$ 42,842</u>	<u>\$ 31,946</u>	<u>\$ 7,010</u>	<u>\$ 45,839</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND TYPES - ASSOCIATED STUDENT BODY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005

	<u>Cabrillo Middle School</u>	<u>Elmhurst Elementary School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Total (Memorandum Only)</u>
Revenues						
Revenue from Local Sources						
Athletics	\$	\$	\$	\$	\$	\$ 457,003
Student body cards						40,595
Student store / P.E. clothes	29,624					131,104
Yearbook	20,884					276,261
Fundraising	108,105	6,753		497	828	330,543
Vending machines						16,097
Social activities		13,978			6,237	23,855
Interest	61		221	3		5,591
Other revenues	28,299	7,221	3,635	2,623	254	384,610
Total Revenues	<u>186,973</u>	<u>27,952</u>	<u>3,856</u>	<u>3,123</u>	<u>7,319</u>	<u>1,665,659</u>
Expenditures						
Services and Other Operating Expenditures						
Athletics						426,101
Fundraising	82,178	10,585		201		264,834
Student body cards						13,895
Student store / P.E. clothes	2,198					78,234
Yearbook	20,363					249,845
Social activities		17,877			3,064	24,235
Vendng machines						57
Other expenditures	54,181	5,111	4,240	2,637	2,124	559,310
Total Expenditures	<u>158,920</u>	<u>33,573</u>	<u>4,240</u>	<u>2,838</u>	<u>5,188</u>	<u>1,616,511</u>
Excess (deficiency) of revenues over expenditures	28,053	(5,621)	(384)	285	2,131	49,148
Fund Balances at Beginning of Year	<u>11,373</u>	<u>11,843</u>	<u>1,923</u>	<u>2,005</u>	<u>3,000</u>	<u>349,802</u>
Fund Balances at End of Year	<u>\$ 39,426</u>	<u>\$ 6,222</u>	<u>\$ 1,539</u>	<u>\$ 2,290</u>	<u>\$ 5,131</u>	<u>\$ 398,950</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Revenue limit sources:				
State apportionments	\$ 42,589,505	\$ 45,304,954	\$ 42,697,945	\$ (2,607,009)
Local sources	41,348,305	38,539,855	41,078,631	2,538,776
Total revenue limit sources	83,937,810	83,844,809	83,776,576	(68,233)
Federal sources	8,875,855	11,470,899	11,260,517	(210,382)
Other State sources	15,095,723	19,355,798	16,903,603	(2,452,195)
Other local sources	8,000,384	8,880,234	8,741,057	(139,177)
Total Revenues	<u>115,909,772</u>	<u>123,551,740</u>	<u>120,681,753</u>	<u>(2,869,987)</u>
Expenditures				
Certificated salaries	55,803,895	56,980,354	56,644,307	336,047
Classified salaries	17,996,820	18,735,420	18,193,710	541,710
Employee benefits	31,528,844	31,757,771	31,320,915	436,856
Books and supplies	5,143,152	9,004,541	5,000,393	4,004,148
Services and other operating expenses	7,966,153	9,750,057	9,732,193	17,864
Capital outlay	64,000	415,326	380,115	35,211
Tuition and other outgo	2,142,000	2,142,000	1,942,523	199,477
Debt service			12,167	(12,167)
Direct support - indirect cost	(1,160,691)	(1,158,052)	(1,011,559)	(146,493)
Total Expenditures	<u>119,484,173</u>	<u>127,627,417</u>	<u>122,214,764</u>	<u>5,412,653</u>
Excess (deficiency) of revenues over expenditures	<u>(3,574,401)</u>	<u>(4,075,677)</u>	<u>(1,533,011)</u>	<u>2,542,666</u>
Other Financing Sources (Uses)				
Interfund transfers in	1,994,500	2,008,950	1,765,906	(243,044)
Interfund transfers out	(751,000)	(734,671)	(734,671)	-
Total Other Financing Sources (Uses)	<u>1,243,500</u>	<u>1,274,279</u>	<u>1,031,235</u>	<u>(243,044)</u>
Net change in fund balance	<u>\$ (2,330,901)</u>	<u>\$ (2,801,398)</u>	<u>(501,776)</u>	<u>\$ 2,299,622</u>
Fund Balance at Beginning of Year			<u>7,884,339</u>	
Fund Balance at End of Year			<u>\$ 7,382,563</u>	

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE SPECIAL RESERVE FUND
FOR POST-EMPLOYMENT BENEFITS
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Other local sources	\$ 31,000	\$ 31,000	\$ 72,746	\$ 41,746
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>72,746</u>	<u>41,746</u>
Other Financing Sources (Uses)				
Interfund transfers out	(1,947,000)	(1,947,000)	(1,690,563)	256,437
Total Other Financing Sources (Uses)	<u>(1,947,000)</u>	<u>(1,947,000)</u>	<u>(1,690,563)</u>	<u>256,437</u>
Net change in fund balance	<u>\$ (1,916,000)</u>	<u>\$ (1,916,000)</u>	<u>(1,617,817)</u>	<u>\$ 298,183</u>
Fund Balance at Beginning of Year			<u>3,293,094</u>	
Fund Balance at End of Year			<u>\$ 1,675,277</u>	

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2005

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, 2005 are as follows:

	<u>Second Period</u>	<u>Annual</u>
Elementary:		
Kindergarten	1,120	1,121
First through third grade	3,638	3,635
Fourth through eighth grade	6,375	6,355
Home or hospital – temporary physical disabilities	1	2
Special education master plan	278	278
Special education – non-public, non-sectarian schools	6	8
Extended year special education – mandated	16	16
Extended year special education-non-public, non-sectarian	1	1
Opportunity schools and full-day opportunity classes	9	10
Total elementary ADA	<u>11,444</u>	<u>11,426</u>
Secondary:		
Regular classes	4,961	4,917
Continuation education	250	251
Home or hospital – temporary physical disabilities	2	3
Special education master plan	108	107
Special education – non-public, non-sectarian schools	10	10
Extended year special education – mandated	3	3
Extended year special education-non-public, non-sectarian	2	2
Opportunity schools and full-day opportunity classes	13	13
Total secondary ADA	<u>5,349</u>	<u>5,306</u>
Adult Education:		
Concurrently enrolled	47	53
Not concurrently enrolled	1,487	1,566
Total adult education ADA	<u>1,534</u>	<u>1,619</u>
Total ADA	<u>18,327</u>	<u>18,351</u>

<u>Hourly Programs</u>	<u>Hours of Attendance</u>
Elementary	145,045
Secondary	182,790

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME OFFERED
For the Fiscal Year Ended June 30, 2005

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2004-05 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	31,500	36,000	180	In Compliance
Grade 1 to 3	50,400	42,060	50,400	180	In Compliance
Grade 4 to 8	54,000	51,595	54,000	180	In Compliance
Grade 9 to 12	64,800	64,642	64,992	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, 2005

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
National School Lunch Program	10.555	03396	\$ 2,025,797
National School Breakfast Program	10.553	03988	49,135
Especially Needy Breakfast Program	10.553	03526	756,157
Summer Food Service Program for Children	10.559	03526	192,219
Nutrition Network	10.561	(1)	294,866
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
Disaster Assistance	83.544	(1)	34,617
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
No Child Left Behind Act			
Title I	84.010	03799	3,100,707
Title II - Part A, Principial Training	84.367	14344	2,318
Title II - Improving Teacher Quality	84.367	14341	838,114
Title II - Part D, Enhancing Education Through Technology	84.318	14334	851,073
Title III - Limited English Proficiency Student Program	84.365	10084	257,797
Title IV - Safe and Drug Free Schools	84.184	14347	69,279
Title V - Innovative Education Strategies	84.298A	14354	79,148
Title VI - Flexibility and Accountability	84.369	14363	14,990
Title VII - Emergency Immigrant Education Program	84.162	13159	159,362
Migrant Education	84.011	03239	235,472
Migrant Education - Even Start	84.214	10030	18,450
Special Education			
PL 94-142	84.027	03143	2,492,271
Infant Discretionary	84.027	03612	10,282
Low Incidence	84.027	03459	3,966
Preschool Local Entitlement	84.027	03682	261,131
IDEA Interpret	84.027(A)	14466	1,693
Workability II, Transistion Partnership	84.158	(1)	320,038
Carl D. Perkins Vocational and Technical Education	84.048	03570	152,586
Indian Education	84.060	N/A	307,113
Pell Grant	84.063	N/A	100,979
Federal Direct Loans	84.268	N/A	71,980
Adult Basic Education	84.002	13973	113,680
Foreign Language Inc	84.294A	(1)	340
Smaller Learning Community	84.215L	(1)	82,464
Carol M White Physical Education Grant	84.215F	(1)	109,209
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
CCDF Disc-Infant/Toddler Care	93.575	03942	5,194
Child Development Pre-K Quality Curriculum Materials	93.575	24486	9,703
Medi-Cal Administrative Activities	(2)	10600	1,191,043
Medi-Cal	93.773	10013	731,641
Total Federal Programs			<u>\$ 14,944,814</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 14,944,814
Expenditures in excess of revenues related to Federal entitlement program Medi-Cal			(302,991)
Expenditures in excess of revenues related to Federal entitlement program Federal Emergency Management Agency			<u>(20,253)</u>
Total Federal Program Revenue			<u>\$ 14,621,570</u>

(1) Pass-Through Entity Identifying Number not readily available.
(2) Federal Catalog Number not readily available.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

There were no differences between the fund balances reported on the June 30, 2005 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
SUMMARY OF THE OFFICE OF CRIMINAL JUSTICE PLANNING GRANT
For the Fiscal Year Ended June 30, 2005

Gang Violence Suppression Program
Multi-Component Model
Grant Number GV0107956
July 1, 2004
to
June 30, 2005

Revenues

State program	\$17,827
District match	<u>5,341</u>
Total Revenue	<u>\$23,168</u>

Expenditures

State Program:	
Personnel services	\$16,824
Operating expenditures	<u>1,003</u>
Total State Funded Expenditures	<u>17,827</u>

District Match:

Personnel services	<u>5,341</u>
Total District In-Kind Match	<u>5,341</u>
Total Expenditures	<u>\$23,168</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	<u>2006 (Budgeted) (2)</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>GENERAL FUND:</u>								
<u>Revenue</u>								
Revenue limit sources	\$ 87,126,249	72.1	\$ 83,776,576	68.1	\$ 80,390,136	65.8	\$ 81,894,565	70.9
Federal	8,718,471	7.2	11,260,517	9.2	8,543,160	7.0	7,887,973	6.8
State	16,044,955	13.3	16,903,603	13.7	15,447,493	12.7	15,508,916	13.4
County and local	7,977,495	6.6	8,741,057	7.1	8,283,715	6.8	9,575,761	8.3
Interfund transfers	574,750	0.5	1,765,906	1.4	5,664,736	4.6	32,826	0.0
Total Revenue	<u>120,441,920</u>	<u>99.7</u>	<u>122,447,659</u>	<u>99.5</u>	<u>118,329,240</u>	<u>96.9</u>	<u>114,900,041</u>	<u>99.4</u>
<u>Expenditures</u>								
Certificated salaries	\$ 56,104,652	46.3	56,644,307	46.0	55,567,547	45.6	56,345,353	48.9
Classified salaries	18,536,941	15.3	18,193,710	14.8	17,957,939	14.7	18,235,496	15.8
Employee benefits	30,957,916	25.6	31,320,915	25.5	30,069,911	24.6	22,379,351	19.4
Books and supplies	5,784,463	4.8	5,000,393	4.1	5,133,649	4.2	4,619,977	4.0
Contracted services	7,735,163	6.4	9,732,193	7.9	8,101,263	6.6	6,868,084	5.9
Capital outlay	64,000	0.1	380,115	0.3	256,096	0.2	1,649,705	1.4
Interfund transfers	735,000	0.6	734,671	0.6	4,200,000	3.4	4,630,000	4.0
Other uses	2,142,000	1.8	1,942,523	1.6	2,036,005	1.7	1,636,561	1.4
Debt service payments			12,167	0.0	12,167	0.0	12,167	0.0
Direct support/indirect costs	(1,136,220)	(0.9)	(1,011,559)	(0.8)	(1,230,697)	(1.0)	(937,058)	(0.8)
Total Expenditures	<u>120,923,915</u>	<u>100.0</u>	<u>122,949,435</u>	<u>100.0</u>	<u>122,103,880</u>	<u>100.0</u>	<u>115,439,636</u>	<u>100.0</u>
Change in Fund Balance	<u>\$ (481,995)</u>	<u>(0.4)</u>	<u>\$ (501,776)</u>	<u>(0.4)</u>	<u>\$ (3,774,640)</u>	<u>(3.1)</u>	<u>\$ (539,595)</u>	<u>(0.5)</u>
Ending Fund Balance	<u>\$ 6,900,568</u>	<u>5.7</u>	<u>\$ 7,382,563</u>	<u>6.0</u>	<u>\$ 7,884,339</u>	<u>6.5</u>	<u>\$ 11,658,979</u>	<u>10.1</u>
General Fund Available								
Reserve Balance (1)	<u>\$ 3,672,989</u>	<u>3.0</u>	<u>\$ 3,688,483</u>	<u>3.0</u>	<u>\$ 5,834,140</u>	<u>4.8</u>	<u>\$ 8,271,218</u>	<u>7.2</u>
Recommended Reserve Percentage		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>
Average Daily Attendance								
P-2, Excluding Adult Education	<u>16,650</u>		<u>16,793</u>		<u>16,861</u>		<u>16,838</u>	
Total Long-Term Debt (3)	<u>\$ 82,754,992</u>		<u>\$ 79,782,159</u>		<u>\$ 75,955,727</u>		<u>\$ 69,298,265</u>	

IMPORTANT NOTES:

All Percentages are of total expenditures.

(1) Available reserves are those amounts designated for economic uncertainty, and any other remaining undesignated fund balance from the General Fund.

(2) Original Budget adopted on June 28, 2005.

(3) Long-term debt is reported for the District as a whole and includes debt related to all funds. Long-term debt excludes unamortized premium on bonded debt.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2005**

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

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

NOTE 1 - PURPOSE OF SCHEDULES:

A. Individual Combining Financial Statements

Individual combining balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the major special reserve fund for post-employment benefits sub-funds, major building sub-funds, major capital facilities sub-funds, non-major funds and fiduciary funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to financial statements.

B. Schedules of Budgetary Comparison for the General Fund and Major Special Revenue Funds

GASB Statement No. 34 requires a budgetary comparison be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. These schedules present the funds budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end and the variance between the final budget and actual amounts. Schedules have been provided for the General Fund and the Special Reserve Fund for Post-Employment Benefits.

C. Schedule of Average Daily Attendance

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

D. Schedule of Instructional Time

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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

E. Schedule of Expenditures of Federal Awards

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

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

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Form to the audited financial statements.

G. Summary of the Office of Criminal Justice Planning Grants

The schedule was prepared in order to provide information required in the Grantee Handbook of the Office of Criminal Justice Planning for all grants received by the District.

H. Schedule of Financial Trends and Analysis

The State Controller's Office requires that this report be prepared showing financial trends of the General Fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District has potential fiscal problems and if they have met the recommended available reserve percentages.

I. Schedule of Charter Schools

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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

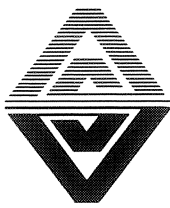
NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

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

Non-Major Funds:

Child Development Fund:
Books and Supplies

442



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

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

Chairman

ROYCE A. STUTZMAN

Partners

PETER F. GAUTREAU

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PHEBE M. MCCUTCHEON

SHARI PROSSER

COLLEEN K. TAYLOR

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary funds of Ventura Unified School District (the District) as of and for the year ended June 30, 2005 which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura Unified School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Ventura Unified School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
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A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

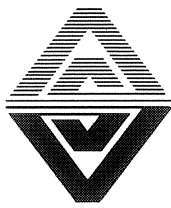
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 05-01 and 05-03.

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


VICENTI, LLOYD & STUTZMAN LLP

September 22, 2005



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

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Compliance

We have audited the compliance of Ventura Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Ventura Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ventura Unified School District's management. Our responsibility is to express an opinion on Ventura Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ventura Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ventura Unified School District's compliance with those requirements.

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

In our opinion, Ventura Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. The results of our auditing procedures disclosed no instances of noncompliance with these requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

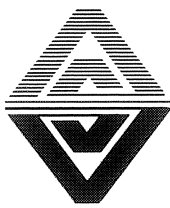
The management of Ventura Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Ventura Unified School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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


VICENTI, LLOYD & STUTZMAN LLP

September 22, 2005



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REPORT ON STATE COMPLIANCE

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

We have audited the basic financial statements of the Ventura Unified School District, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 22, 2005.

Our audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the U. S. General Accounting Office, and the State Controller's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	8	Yes
Kindergarten continuation	3	Yes
Independent study	22	Yes
Continuation education	10	Yes

REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting: (continued)		
Adult education	9	Yes
Regional occupational center/programs	6	Not applicable
Instructional time and staff development reform program	7	Yes
Instructional time:		
School Districts	4	Yes
County Offices of Education	3	Not applicable
Early retirement incentive program	4	Not applicable
Class size reduction program:		
General requirements	7	Yes
Option 1	3	Yes
Option 2	4	Not applicable
One school serving K-3	4	Not applicable
Instructional materials:		
General requirements	12	Yes
Grades K-8 only	1	Yes
Grades 9-12 only	1	Yes
Ratios of administrative employees to teachers	1	Yes
GANN limit calculation	1	Yes
Community day schools	9	Not applicable
School Construction Funds:		
School District Bonds	3	Yes
State School Facilities Funds	1	Yes
Alternative Pension Plans	2	Not applicable
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-Safe) Program	3	Yes
School Accountability Report Card	3	Yes (see below)
Office of Criminal Justice Planning	-	No (see below)

The District did not participate in the Early Retirement Incentive Program; therefore, the compliance procedures are not applicable. The District had two options under which to implement class size reduction; the District exercised Option One, therefore, audit procedures for Option Two were not performed. For the School Accountability Report Card, we did not perform tests on the quarterly complaint information or the interim evaluation instruments because this information was not required at the time the 2003-04 School Accountability Report Card was issued. As this information was not in the 2003-04 School Accountability Report Card, it could not be audited.

REPORT ON STATE COMPLIANCE

The District did not receive a grant directly from the Office of Criminal Justice Planning (OCJP) therefore, the District is not responsible for the grant audit. The audit will be performed by the pass-through agency auditors.

Based on our audit, we found that, for the items tested, the Ventura Unified School District complied with the laws and regulations of the state programs referred to above, except as described in the accompanying schedule of findings and questioned costs as items 05-01 and 05-03. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Ventura Unified School District had not complied with the laws and regulations of state programs and requirements.

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


VICENTI, LLOYD & STUTZMAN LLP

September 22, 2005

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2005

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reporting condition(s) identified not considered
to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Reporting condition(s) identified not considered
to be material weaknesses? Yes X None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553 and 10.559	Child Nutrition Cluster
84.318	Title II, Part D, Enhancing Education through Technology
Unavailable	Medi-Cal Administrative Activities
84.215F	Carol M. White Physical Education Grant

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 448,344

Auditee qualified as low-risk auditee? X Yes No

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2005

Per Assembly Bill 3627, all audit findings must be identified as one or more of the following six categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
50000	Federal Compliance
60000	Miscellaneous

FINDING 05-01 – ATTENDANCE

10000

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

Questioned Cost: Not Applicable

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

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2005

FINDING 05-01 – ATTENDANCE
(continued)

10000

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

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2005

FINDING 05-02 – ASSOCIATED STUDENT BODY FUNDS- **30000**
CASH RECEIPTS AND REVENUE POTENTIALS

Original Finding 04-2

Findings: Based on testing performed, we noted the following deficiencies: Two out of ten sample cash receipts do not show a clear audit trail from the collection to the deposit of the money collected. (Foothill Technology High School)

In addition, it was noted that the following schools are not preparing and/or completing revenue potentials for major fundraising events: (Balboa Middle). Utilization of this financial forecasting tool provides better control over the monies collected and deposited for fundraisers, and overall financial planning.

Questioned Costs: Not applicable

Recommendations: Cash collections should be supported with ticket sales reports, copies of checks, listing of students who paid, or other forms of documentation that provides evidence of money collected. In addition, school staff should be instructed to prepare revenue potentials. These analyses should be reviewed to determine the profitability of the revenue generating activities and to provide support to fundraising collections.

District Response: Foothill Technology High School has purchased software which will track all of the money received by the ASB and will provide a clear audit trail. This should resolve the cash collection documentation problem. This system will be reviewed by the District accountant during the periodic reviews of the ASB books. If any deficiencies in the tracking of cash receipts are found, they will be noted and recommendations will be made and followed up on during subsequent visits by the District accountant.

In addition, the District will work with the site to implement procedures for accurately completing revenue potentials.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2005

FINDING 05-03 – STATE COMPLIANCE - **40000**
INSTRUCTIONAL MATERIALS REALIGNMENT PROGRAM FUNDING

Findings: It was noted during our testing of the Instructional Materials Realignment Program that the District did not have a resolution for the sufficiency of health and foreign language textbooks for every pupil enrolled or for the availability of science laboratory equipment for pupils enrolled in grades 9-12 per Ed Code Section 60119(c).

Questioned Costs: Not applicable

Recommendations: The District should assess the sufficiency of health and foreign language textbooks for every pupil enrolled and the availability of science laboratory equipment for grades 9-12. The governing board should adopt a resolution stating their determination as to the sufficiency and availability of these materials.

District Response: The specific reference to sufficiency of health and foreign language textbooks for every pupil enrolled in health and foreign language classes and for the availability of science laboratory equipment for pupils enrolled in grades 9-12 was not included in the sufficiency resolution passed in 2004-05 in error. This oversight was corrected for the 2005-06 school year.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2005

There were no findings and questioned costs related to federal awards for fiscal year 2004-05.

VENTURA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2005

Original Finding No.	Finding	Code	Recommendation	Current Status
04-1	<u>ATTENDANCE</u>	10000	<p>Due to the significant number of errors noted, the District should conduct a full review of the hours calculated for Sheridan Way and Ventura High School programs and submit an amended annual attendance report to the State. The District should also review procedures for collecting and summarizing hourly program data to ensure the clerical accuracy of data reported.</p>	Improvement noted.
<p>We reviewed supporting documentation for various hourly programs. Programs showed differences between the hours reported on the annual attendance report and the hours calculated during the audit for various summer school programs at Sheridan Way and Ventura High School. For the programs and classes tested, we noted the following: K-12 Core Programs were over-reported by 58 hours, Low Star programs were underreported by 112 hours, 2-9 Pupil Promotion and Retention programs were over-reported by 11 hours and 2-7 Remedial Programs were underreported by 57 hours. We believe the differences are a result of clerical errors. Based on the significant amount of clerical errors noted, we did not expand our testing for these sites but recommended that the District perform a full review of these sites. No errors were noted for other sites tested.</p> <p>Questioned Costs – Net effect of funding for errors noted based on program caps and deficit applicable is \$42.23 over-reported.</p>				

VENTURA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2005

Original Finding No.	Finding	Code	Recommendation	Current Status
04-2	<u>ASSOCIATED STUDENT BODY FUNDS- CASH RECEIPTS</u>	30000		
	Based on testing performed, we noted the following deficiencies: Three out of ten sample cash receipts do not show a clear audit trail from the point of collection to the deposit of the money collected. (Foothill Technology High School)		Cash collections should be supported with ticket sales reports, copies of checks, listing of students who paid, or other forms of documentation that provides evidence of money collected.	Not implemented. See current year finding 05-02.