

VENTURA UNIFIED SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2014**



VENTURA UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
June 30, 2014**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS	i-x
FINANCIAL SECTION	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	6
Statement of Fiduciary Net Position.....	7
Statement of Changes in Fiduciary Net Position.....	8
Notes to Financial Statements.....	9-43
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Budgetary Comparison for the General Fund	44
Schedule of Deferred Compensation Plan Funding Progress	45
Schedule of Postemployment Healthcare Benefits Funding Progress	46
Notes to Required Supplementary Information	47
SUPPLEMENTARY INFORMATION	
History and Organization	48
Schedule of Average Daily Attendance (ADA).....	49
Schedule of Instructional Time	50
Schedule of Expenditures of Federal Awards.....	51-52
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	53
Schedule of Financial Trends and Analysis.....	54
Schedule of Charter Schools	55
Notes to Supplementary Information	56-57

VENTURA UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
June 30, 2014**

CONTENTS

	<u>Page</u>
OPTIONAL SUPPLEMENTARY INFORMATION	
Combining Statements:	
Major Building Sub-Funds	
Combining Balance Sheet.....	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	59
Non-Major Governmental Funds	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	61
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds	62
Combining Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds	63
Combining Statement of Fiduciary Net Position - Associated Student Body Funds	64-65
Combining Statement of Changes in Fiduciary Net Position - Associated Student Body Funds.....	66-67
Notes to Optional Supplementary Information.....	68
OTHER INDEPENDENT AUDITOR’S REPORTS	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
Independent Auditor’s Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133.....	71-73
Independent Auditor’s Report on State Compliance	74-76
FINDINGS AND QUESTIONED COSTS	
Schedule of Findings and Questioned Costs - Summary of Auditor Results	77
Schedule of Findings and Questioned Costs - Related to Financial Statements.....	78
Schedule of Findings and Questioned Costs - Related to Federal Awards.....	79
Schedule of Findings and Questioned Costs - Related to State Awards.....	80
Status of Prior Year Findings and Questioned Costs.....	81

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ventura Unified School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

2210 E. Route 66, Ste. 100, Glendora, CA 91740

Tel 626.857.7300 ♦ Fax 626.857.7302 ♦ Email INFO@VLSLLP.COM ♦ Web WWW.VLSLLP.COM

Opinions

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

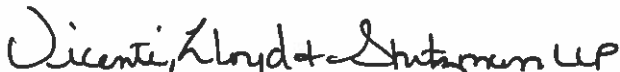
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the District.

The supplementary section, including the schedule of expenditures of federal awards, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Education
Ventura Unified School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 5, 2014

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

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, 2014. Readers should also review the notes to the basic financial statements and the fund financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- Net position decreased \$3.5 million, or <2.1%> over the course of the year.
- Total revenues were \$164.5 million. General Fund revenue accounted for \$145.6 million or 88% of total revenues.
- The District had \$168.0 million in expenses; \$36.7 million of these expenses were offset by program specific charges for services and grants and/or contributions.
- Outlays for capital improvements were \$3.9 million, primarily for facility modernization and for the purchase and installation of modular buildings and landscape around these buildings. Other major projects include roofing, installation of new asphalt, shade shelters and flooring.
- Governmental funds report capital outlay as expenditures. However in the statement of activities the cost of these assets is allocated over their useful lives as depreciation expense.
- Among major funds, the General Fund had \$145,568,206 in revenues and \$144,890,238 in expenditures. After four consecutive years of deficit spending the General Fund had an excess of revenues, \$677,986, including interfund transfers. District revenues are dependent on the state and to a lesser extent federal budget allocations. At this time state revenues are stabilizing with the passage of Proposition 30 in the November 2012 election.
- In 2013-14 the State of California implemented a comprehensive reform of how funding is allocated for K-12 schools. The Local Control Funding Formula (LCFF) was adopted to replace the Revenue Limit and the majority of state categorical programs, a structure that had been in place for 40 years. This funding model requires local determination of priorities for the expenditure of funds. Districts developed a Local Control Accountability Plan (LCAP) to explain programs and priorities to the community. Input from the community is required as part of the development of the plan, and it is intended to assist in promoting transparency for the districts.
- The LCFF consists of base, supplemental and concentration funding. Base funding provides consistent per student funding rates for all students state-wide using grade level groupings. Additional funding is provided for students identified as higher need: low socio-economic, English learners and foster youth. Supplemental funding provides an additional 20% of the base funds for the unduplicated count of students who are identified in these higher need categories. Concentration funding is provided to districts exceeding 55% of their population identified in the unduplicated pupil count. Concentration grant funding provides an additional 50% of the base funds for the percentage of students that exceed 55%.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

- The LCFF “target” funding rates adopted by the state will be implemented over an eight year period. During this transition the state is funding a percentage of the “gap” or the difference between prior year earnings and the calculated “target” funding at full implementation. For the 2013-14 school year, the “gap” funding was 12.00%.
- In the November 2012 election the District was successful in passing a parcel tax. The community approved a \$59 per parcel per year tax, generating \$2.1 million for the District. The first receipts for this tax were for the 2013-14 school year and will continue through the 2016-17 school-year.
- Subsequent to transfer into the General Fund from the Capital Facilities Fund for processing developer fees, the net change in fund balance for the General Fund was an increase of \$0.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, management’s discussion and analysis (this section), the basic financial statements, and the supplementary information, comprised of required and other supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District’s assets, deferred outflow of resources, 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 position* and how they have changed. Net position—the difference between the District’s assets plus deferred outflow of resources less liabilities—is one way to measure the District’s financial health or *position*.

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

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position from governmental activities was smaller on June 30, 2014 than the year before, decreasing by <2.1%> to \$163.8 million. Table 1 provides a summary of the District's combined net position for 2014.

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

Summary of Statement of Net Position	2013	2014	Total Change	Total % Change
Non-capital Assets	\$ 57.7	\$ 55.7	\$ (2.0)	-3.5%
Capital Assets	184.3	181.5	(2.8)	-1.5%
Total Assets	<u>242.0</u>	<u>237.2</u>	<u>(4.8)</u>	-2.0%
Deferred Charge on Refunding	3.0	2.8	(0.2)	-6.7%
Total Deferred Outflow of Resources	<u>3.0</u>	<u>2.8</u>	<u>(0.2)</u>	-6.7%
Current Liabilities	11.1	11.7	0.6	5.4%
Long-Term Liabilities	66.6	64.5	(2.1)	-3.2%
Total Liabilities	<u>77.7</u>	<u>76.2</u>	<u>(1.5)</u>	-1.9%
Invested in Capital Assets, Net of Related Debt	118.8	118.5	(0.3)	-0.3%
Net Position Legally Restricted	32.2	32.5	0.3	0.9%
Net Position Unrestricted	16.3	12.8	(3.5)	-21.5%
Total Net Position	<u>\$ 167.3</u>	<u>\$ 163.8</u>	<u>\$ (3.5)</u>	-2.1%

Total combined assets were \$237.2 million, capital assets were 77% (\$181.5 million) of total assets and non-capital assets were 23% (\$55.7 million) of total assets. Total liabilities were \$76.2 million; 15% (\$11.7 million) current and 85% (\$64.5 million) long term. Of the District's *Governmental Activities* net position, 72% (\$118.5 million) were invested in capital assets net of related debt, 20% (\$32.5 million) were net position legally restricted and 8% (\$12.8 million) were unrestricted net position.

Significant changes include:

- Accounts receivable from federal and state governments decreased by \$2.5 million or <12 %> primarily due to the decrease in state deferrals. The District continues to reduce its capital investment, resulting in depreciation expense exceeding asset additions, resulting in a decrease of 2.8 million or 1.5%. The non-current liability for GO bonds decreased \$2.5 million or <4%>. Post-employment healthcare benefits increased \$0.6 million or 45%. The net position legally restricted for capital outlay decreased \$2.5 million or <9%>. The net position restricted for educational programs increased \$3.4 million or 303% due to the unexpended one-time funding for common core state standards implementation, \$2.3 million, and the first year allocation of California Clean Energy Job Act (Proposition 39) funds, \$0.8 million, unexpended.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

Summary of Statement of Activities	<u>2013</u>	<u>2014</u>
Program Revenues	\$ 34.4	\$ 36.6
General Revenues	<u>116.6</u>	<u>127.9</u>
Total Revenues	<u>151.0</u>	<u>164.5</u>
Expenses for:		
Instruction and Instruction Related Services	100.6	107.4
Pupil Services	18.2	18.5
General Administration	7.0	8.1
Plant Services	15.7	16.3
Ancillary, Community and Enterprise Activities	4.6	4.1
Debt Service	3.3	3.2
Other Outgo	2.9	3.7
Depreciation	<u>6.6</u>	<u>6.7</u>
Total Expenses	<u>158.9</u>	<u>168.0</u>
Change in Net Position	(7.9)	(3.5)
Net Position, Beginning of Year	<u>175.2</u>	<u>167.3</u>
Net Position, End of Year	<u>\$ 167.3</u>	<u>\$ 163.8</u>

Total cost of all governmental activity programs and services was \$168.0 million. Instruction and pupil services made up 75% of total program cost, plant services were 10% and general administration was 5%.

The District continued working to maintain programs and jobs since the state budget cuts began in 2008-09. While revenues increased, it is expected to take eight years for schools to get back to the prior funding levels. The Board had approved a \$10 million transfer from the Building Fund from the gains on the sale of excess property to help offset the impact of the state funding reduction. This transfer was implemented over a four year period, \$2.5 million per year, and ended in 2012-13. The parcel tax, \$2.1 million, that was collected for the first year in 2013-14 helped to offset the impact of the end of these transfers, however the parcel tax funding is restricted to expenditures specified in the ballot language.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

Significant changes include:

Revenues:

- Property taxes levied for other specific purposes increased \$2.1 million for the parcel tax revenues.
- Local Control Funding Formula increased \$4.6 million, or 4.2% based on the “gap” funding increase for 2013-14. The LCFF per student funding increased from \$6,424 for 2012-13 based on the comparable funding provided in Revenue Limit and the categorical programs that were eliminated as part of the LCFF, to \$6,688 for 2013-14. Ventura Unified had an unduplicated pupil count percentage of 48.8% qualifying for supplemental funding. The District does not qualify for concentration grant funding.
- Federal revenues increased as the District was awarded a three year \$10.3 million Magnet Schools Assistance Program grant for six elementary schools. \$1.9 million of this grant was recognized as revenue through June 30, 2014. The District also accrued \$1.0 million for Medi-Cal Administrative Activities (MAA). This program was not accrued in 2012-13 as payments had been suspended. The District received payments in August 2014 for prior years’ billing and so the program was accrued in 2013-14 as the state is in negotiations to develop a payment plan for prior year outstanding invoices.

Expenses:

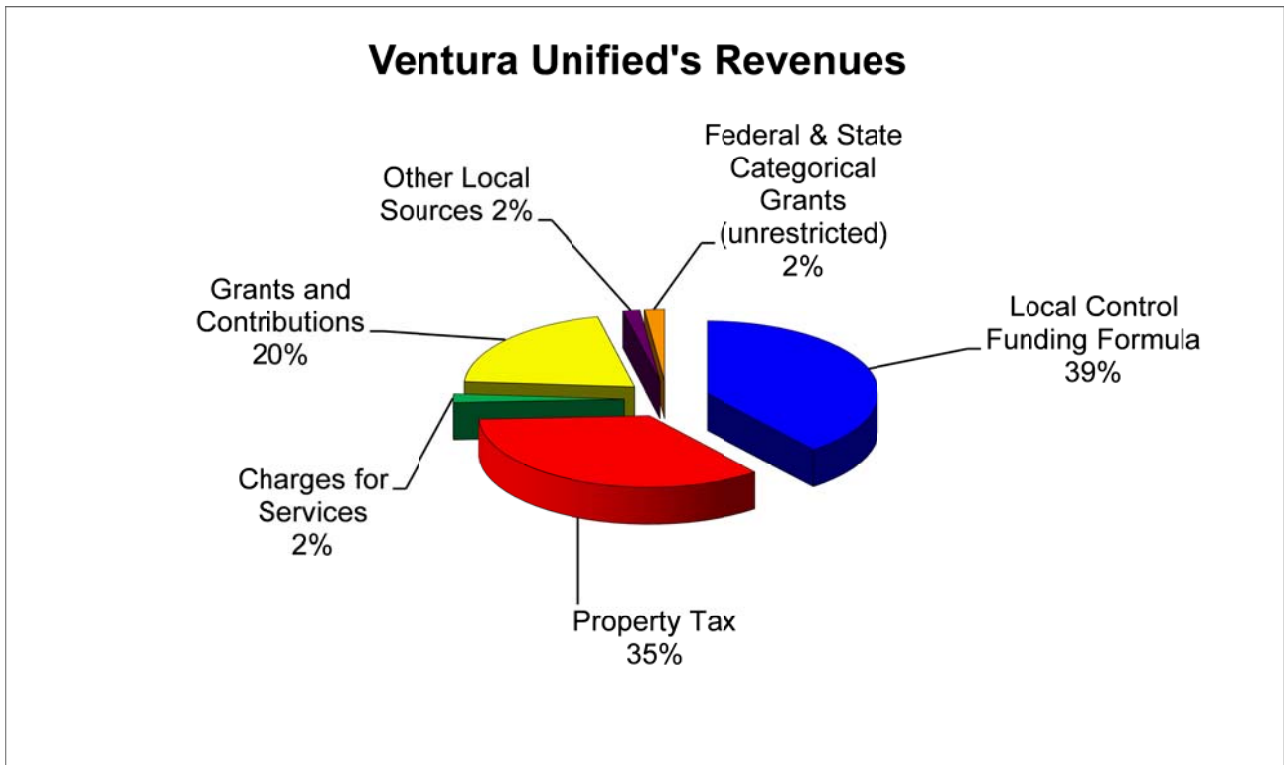
- The District was able to restore the seven furlough days that were implemented in 2012-13. The District was also able to increase employee salary schedules by 2% and fully fund the increased cost of the employee benefit package, from \$13,002 to \$13,464 per full time employee. While the District was able to fund the increased benefit costs since the state began budget cuts in 2007-08, this was the first salary schedule increase that was implemented in six years.
- The receipts from the parcel tax allowed the District to reduce class size in grades 4 through 12. Ten teaching positions, \$0.7 million, were added to allow the following:
 - grades four and five to be staffed at a ratio of 30:1 decreased from 32:1
 - grades six to twelve to be staffed at a ratio of 34:1 decreased from 35:1The funds were also used to support art & music programs, purchase instructional materials and technology, \$0.6 million.

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

Governmental Activities

By the end of the fiscal year the revenue for the District's governmental activities totaled \$164.6 million. Local control funding formula and property taxes generated 74% of the revenues, 22% was from federal and state grants and contributions and 4% from local sources and charges for services. General revenues, local control funding formula and the related property taxes were received to provide for the District's basic services.

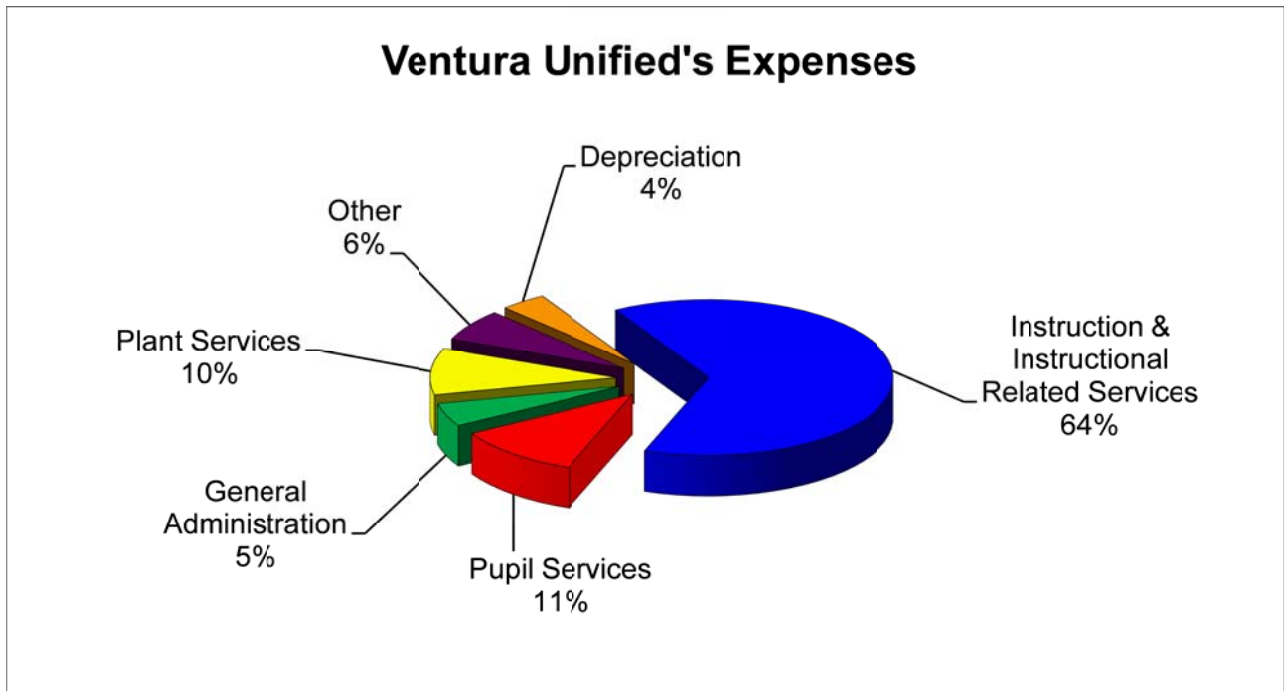
Figure 1



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

The cost of all the District's major activities: Instruction, guidance, counseling, evaluation, school leadership, student transportation, administration and, maintenance and operations was \$168.0 million. Instruction and instructional related services were \$107.4 million, 64%, pupil services were \$18.5 million, 11%, general administration 8.1 million, 5%, plant services \$16.3 million, 10%, depreciation 6.7 million, 4% and other expenditures were \$11.0 million, 6%. Users of the District programs paid \$3.2 million of the cost. The federal and state governments subsidized approximately \$33.5 million in certain program costs with grants and contributions. Most of the District's expenses (\$125.1 million) were paid for by District taxpayers and the taxpayers of our state.

Figure 2



VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

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

Actual revenues were \$2.4 million more than the final budget amount. Local control funding formula was \$1.3 million more than budgeted as the state increased the 2013-14 gap funding percentage from 11.78% to 12.00% at the 2014-15 budget adoption. Federal revenues were \$0.3 million less than budgeted as program budgets were not fully expended. Other state revenues were \$0.8 million more than budgeted due to the first year receipt of California Clean Energy Jobs Act (Proposition 39) funds that were not budgeted. Local revenues were larger than budgeted due to an increase in allocation of special education revenues from the county Special Education Local Plan Area (SELPA), \$0.8 million.

Actual expenditures were \$3.4 million less than the final budgeted amount.

Capital Assets

The District had invested \$3.9 million in capital assets during the 2013-14 school year. Overall capital assets decreased from \$184.3 million as of July 1, 2013 to \$181.5 million as of June 30, 2014. 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 6.

Debt Administration

On June 30, 2014 the District had \$59.9 million in general obligation bond long-term debt, a 3.6% (\$2.3 million) decrease over last year. Additional information on the changes in long-term debt can be found at Note 10. The District's bonds currently are rated "Aa2".

VENTURA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

Average Daily Attendance

Average daily attendance reported on the second period attendance report for the regular education K-12 program increased by 146 to 16,812 while the enrollment count decreased by 105 students, to 17,297, as measured by the California Basic Education System (CBEDS). School sites have been working diligently to reduce absences with twenty of twenty-seven schools achieving 97% attendance. The District expects to remain flat over the next two years, with fluctuations of less than 1%.

Factors bearing on the District's future

Although the District is financially stable, its financial condition is highly dependent upon the economic condition of the State of California. The opportunity for the State of California to address public education funding and other public policy issues in a positive manner is afforded because of two major factors: an improving California economy and the passage of California's Proposition 30. Economic growth in California is projected to continue. The California Legislative Analyst's Office projects that state General Fund revenues will grow faster than expenditures through 2017-18. The impact of the future year decreases in funding followed by the end of Proposition 30 in 2018-19 is being monitored by the education community. This potential decrease in funding compounded with required increases in employer pension contributions for both State Teachers Retirement System (STRS) and Public Employees Retirement System (PERS) will impact the District's planning for future years. The District continues to maintain a cautious approach, focusing on the maintenance and enhancement of programs for the current year and adjusting plans for the future in light of uncertainty.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact Joseph Richards, 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 POSITION

June 30, 2014

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 33,754,793
Cash on hand and in banks	50,499
Cash with fiscal agent	490,544
Investments with fiscal agent	568,658
Accounts receivable:	
Federal and state governments	18,925,394
Miscellaneous	1,494,584
Due from fiduciary funds	1,085
Inventories	355,196
Land	12,426,759
Depreciable assets, net	<u>169,102,987</u>
Total Assets	<u>237,170,499</u>
 <u>Deferred Outflow of Resources</u>	
Deferred charge on refunding	<u>2,824,751</u>
Total Deferred Outflow of Resources	<u>2,824,751</u>
 <u>Liabilities</u>	
Accounts payable	6,160,487
Accrued interest payable	1,180,671
Unearned revenue	791,833
Current portion of long-term liabilities:	
General obligation bonds	2,330,000
Certificates of participation	300,000
Compensated absences	898,626
Non-current portion of long-term liabilities:	
General obligation bonds	60,490,833
Certificates of participation	2,725,000
Retiree benefits:	
Postemployment healthcare benefits	1,839,212
Net pension (asset)	<u>(503,753)</u>
Total Liabilities	<u>76,212,909</u>
 <u>Net Position</u>	
Invested in capital assets, net of related debt	118,508,664
Restricted for:	
Debt service	3,651,730
Capital outlay	24,095,938
Educational programs	4,493,306
Other programs	288,194
Unrestricted	<u>12,744,509</u>
Total Net Position	<u>\$ 163,782,341</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Instruction	\$ 87,937,172	\$ 678,340	\$ 18,536,985	\$	\$ (68,721,847)
Instruction - related services	19,540,381	35,047	4,720,102		(14,785,232)
Pupil services	18,462,351	1,168,809	6,858,496		(10,435,046)
Ancillary services	889,932	2,669	2,186		(885,077)
Community services	271,796		149,865		(121,931)
Enterprise activities	2,937,512				(2,937,512)
General administration	8,096,958	103,572	1,435,128		(6,558,258)
Plant services	16,254,968	504,671	830,000	4,124	(14,916,173)
Other outgo	3,742,964	702,231	956,053		(2,084,680)
Debt service - interest	3,188,030				(3,188,030)
Depreciation (unallocated)	6,691,963				(6,691,963)
Total Governmental Activities	\$ 168,014,027	\$ 3,195,339	\$ 33,488,815	\$ 4,124	(131,325,749)
General Revenues					
Property taxes levied for:					
General purposes					50,081,432
Debt service					5,058,435
Other specific purposes					2,253,233
Federal and state aid not restricted to specific purposes					67,753,155
Interest and investment earnings					330,648
Miscellaneous					2,399,876
Total General Revenues					127,876,779
					Change in net position (3,448,970)
Net Position at Beginning of Year					167,231,311
Net Position at End of Year					\$ 163,782,341

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash in county treasury	\$ 4,364,690	\$ 18,188,058	\$ 11,202,045	\$ 33,754,793
Cash on hand and in banks			50,499	50,499
Cash with fiscal agent		490,544		490,544
Investments with fiscal agent		568,658		568,658
Accounts receivable:				
Federal and state governments	17,632,540		1,292,854	18,925,394
Miscellaneous	1,136,709	29,984	327,891	1,494,584
Due from other funds	834,813	768,557	650,133	2,253,503
Inventories	326,055		29,141	355,196
Total Assets	\$ 24,294,807	\$ 20,045,801	\$ 13,552,563	\$ 57,893,171
 <u>Liabilities and Fund Balance</u>				
Liabilities				
Accounts payable	\$ 5,163,027	\$ 284,216	\$ 713,244	\$ 6,160,487
Due to other funds	650,133	94,452	1,507,833	2,252,418
Unearned revenue	712,544	30,790	48,499	791,833
Total Liabilities	6,525,704	409,458	2,269,576	9,204,738
 Fund Balance				
Nonspendable	326,055		29,141	355,196
Restricted	4,462,799	19,636,343	9,581,556	33,680,698
Committed			1,672,290	1,672,290
Assigned	1,133,764			1,133,764
Unassigned	11,846,485			11,846,485
Total Fund Balance	17,769,103	19,636,343	11,282,987	48,688,433
Total Liabilities and Fund Balance	\$ 24,294,807	\$ 20,045,801	\$ 13,552,563	\$ 57,893,171

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2014

Total fund balance - governmental funds \$ 48,688,433

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

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

Land	\$ 12,426,759	
Depreciable assets, net	<u>169,102,987</u>	
Total capital assets		181,529,746

Deferred outflows of resources are recognized over future periods, therefore, unamortized amounts are accrued in the statement of net position

Deferred charge on refunding		2,824,751
------------------------------	--	-----------

Interest expense related to certificates of participations and general obligation bonds payable was incurred but not accrued through June 30, 2014		(1,180,671)
--	--	-------------

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

Compensated absences	(898,626)	
General obligation bonds payable and related premium	(62,820,833)	
Certificates of participation	(3,025,000)	
Postemployment health care benefits	(1,839,212)	
Net pension asset	<u>503,753</u>	<u>(68,079,918)</u>

Total net position - governmental activities		<u>\$ 163,782,341</u>
--	--	-----------------------

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, 2014

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local control funding formula sources:				
State apportionments	\$ 61,663,788	\$	\$ 3,017,288	\$ 64,681,076
Local sources	49,017,453			49,017,453
Total local control funding formula sources	110,681,241	-	3,017,288	113,698,529
Federal sources	10,064,109		5,974,542	16,038,651
Other state sources	10,016,184		1,502,581	11,518,765
Other local sources	14,806,672	1,113,175	7,389,265	23,309,112
Total Revenues	<u>145,568,206</u>	<u>1,113,175</u>	<u>17,883,676</u>	<u>164,565,057</u>
Expenditures				
Instruction	83,951,027		3,751,438	87,702,465
Instruction - related services	18,202,728		1,289,788	19,492,516
Pupil services	11,810,687		6,592,215	18,402,902
Ancillary services	886,238			886,238
Community services	272,418			272,418
Enterprise activities	2,937,512			2,937,512
General administration	7,515,617		615,314	8,130,931
Plant services	15,305,509	3,585,231	994,982	19,885,722
Other outgo	3,742,964			3,742,964
Debt service	265,538	448,558	5,050,280	5,764,376
Total Expenditures	<u>144,890,238</u>	<u>4,033,789</u>	<u>18,294,017</u>	<u>167,218,044</u>
Excess (deficiency) of revenues over expenditures	677,968	(2,920,614)	(410,341)	(2,652,987)
Other Financing Sources (Uses)				
Interfund transfers in	20,287	448,558		468,845
Interfund transfers out			(468,845)	(468,845)
Total Other Financing Sources (Uses)	<u>20,287</u>	<u>448,558</u>	<u>(468,845)</u>	<u>-</u>
Net change in fund balance	698,255	(2,472,056)	(879,186)	(2,652,987)
Fund Balance - Beginning of Year	<u>17,070,848</u>	<u>22,108,399</u>	<u>12,162,173</u>	<u>51,341,420</u>
Fund Balance - End of Year	<u>\$ 17,769,103</u>	<u>\$ 19,636,343</u>	<u>\$ 11,282,987</u>	<u>\$ 48,688,433</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014**

Net change in fund balance - total governmental funds \$ (2,652,987)

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

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

Capital outlay, net	\$ 3,919,982	
Depreciation expense	<u>(6,691,963)</u>	
Deficiency of capital outlay over depreciation expense		(2,771,981)

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

General obligation bond principal payments	2,260,000	
Certificates of participation principal payments	<u>285,000</u>	
		2,545,000

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:

Decrease in accrued interest payable	36,180	
Increase in compensated absences	(16,788)	
Decrease in premium on general obligation bonds	165,806	
Decrease in deferred charges on refunding bonds	(170,640)	
Increase in postemployment health care benefits	(572,713)	
Decrease in net pension asset	<u>(10,847)</u>	<u>(569,002)</u>

Change in net position of governmental activities \$ (3,448,970)

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

	Private-Purpose Trust Funds	Associated Student Body Funds
<u>Assets</u>		
Cash in county treasury	\$ 593,612	\$
Cash on hand and in banks		1,417,050
Accounts receivable:		
Miscellaneous	3,618	
Inventories		15,244
Total Assets	597,230	1,432,294
<u>Liabilities</u>		
Accounts payable	41,940	
Due to governmental funds	1,085	
Funds held in trust		954,968
Total Liabilities	43,025	954,968
<u>Net Position</u>		
Restricted	554,205	
Unrestricted		477,326
Total Net Position	\$ 554,205	\$ 477,326

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2014

	<u>Private-Purpose Trust Funds</u>	<u>Associated Student Body Funds</u>
Additions		
Revenue from local sources	\$ 163,031	\$ 1,167,108
Total Additions	<u>163,031</u>	<u>1,167,108</u>
Deductions		
Scholarships	1,250	
Other expenses	<u>133,568</u>	<u>1,331,452</u>
Total Deductions	<u>134,818</u>	<u>1,331,452</u>
Change in net position	28,213	(164,344)
Net Position at Beginning of Year	<u>525,992</u>	<u>641,670</u>
Net Position at End of Year	<u>\$ 554,205</u>	<u>\$ 477,326</u>

See the accompanying notes to the financial statements.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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).

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 GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements.

1. Government-wide Financial Statements:

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

A. BASIS OF PRESENTATION: (continued)

1. Government-wide Financial Statements: (continued)

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

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, 2014

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

A. BASIS OF PRESENTATION: (continued)

2. Fund Financial Statements: (continued)

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

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

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

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

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

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

Enterprise activities - includes activities related to the recording of retiree health benefits and deferred compensation plan expenditures.

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

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

Other outgo - includes transfers to other agencies.

Debt service - includes principal and interest payments for long-term debt.

Fiduciary fund expenditures are presented by natural classification.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

B. FUND ACCOUNTING:

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

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

GOVERNMENTAL FUNDS - MAJOR

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS - NON-MAJOR

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

1. Adult Education Fund (Fund #110) - used to account for resources restricted or committed to adult education programs maintained by the District.
2. Child Development Fund (Fund #120) - used to account for resources restricted to child development programs.
3. Cafeteria Fund (Fund #130) - used to account for revenues received and expenditures made to operate the District's cafeterias.

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

1. Capital Facilities Fund (Residential) (Fund #250) - used to account for resources received from residential developer impact fees.
2. Capital Facilities Fund (Commercial) (Fund #251) - used to account for resources received from commercial developer impact fees.
3. County School Facilities Fund (Fund #355 and #356) - used to account for the School Facility Program grants awarded for modernization of high school and elementary sites. The County School Facilities Fund is a consolidation of two sub-funds.

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

B. FUND ACCOUNTING: (continued)

FIDUCIARY FUNDS

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

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

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

C. BASIS OF ACCOUNTING:

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

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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

2. Receivables

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

3. Inventories

Inventories are presented at average cost. Inventories consist of expendable supplies held for consumption. At June 30, 2014, total supply inventory is \$326,055, food inventory is \$29,141 and inventories maintained by student body organizations totaled \$15,244.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

4. Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

5. Deferred Outflow of Resources

Deferred outflow of resources represent a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources until then. The District has a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

6. Unearned Revenue

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

7. Compensated Absences

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

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

8. Long-Term Obligations

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

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

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

9. Net Position

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

10. Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

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

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

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

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

11. Spending Order Policy

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

12. Minimum Fund Balance Policy

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

13. State Apportionments

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

14. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. 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 local control funding formula purposes. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the government-wide financial statements.

15. On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. 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 \$3.6 million for STRS.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

C. BASIS OF ACCOUNTING: (continued)

16. Contributed Services

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

17. Estimates

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

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

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

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, 2014

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. 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:

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

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 2 - BUDGETS:

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

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

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

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, 2014, \$1,551,293 of the District's bank balances of \$2,368,881 was exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$ 1,310,749
Uninsured and uncollateralized (1)	<u>240,544</u>
Total	<u>\$ 1,551,293</u>

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 amortized cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2014, as provided by the pool sponsor, was \$34,330,739 as is based upon the District's pro-rata share of the fair value for the entire portfolio (in relation to the amortized cost of the portfolio).

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. The County investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

B. Investments

Policies

Government Code Section 16430 and 53601 allows governmental entities to invest surplus moneys in certain eligible securities. In addition, the District's investment policy limits its investment choices to those allowed by Government Code. The District places no limit on the amount that may be invested in any one issuer. The District did not violate any provisions of the Government Code nor were they involved in any reverse repurchase agreements during the 2013-14 fiscal year,

Investments with Fiscal Agent at June 30, 2014, held on behalf of the Ventura County Schools Public Financing Corporation, are presented below:

Uncategorized Investments:

Guaranteed Investment Contracts (GIC)	\$ <u>568,658</u>
---------------------------------------	-------------------

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS:

Interfund activity has been eliminated in the Government-wide statements. 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, 2014 are temporary loans and are detailed as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 834,813	\$ 650,133
Building Fund	768,557	94,452
Non-major Governmental Funds:		
Adult Education Fund	632,451	684,107
Child Development Fund	17,242	251,130
Cafeteria Fund	440	552,309
Capital Facilities Fund (Residential)		20,273
Capital Facilities Fund (Commercial)		14
Fiduciary Funds:		
Foundation Fund		1,085
	<u>\$ 2,253,503</u>	<u>\$ 2,253,503</u>

B. Interfund Transfers

Interfund transfers for the 2013-14 fiscal year are as follows:

Transfer from the Adult Education Fund to the Building Fund for debt service.	\$ 448,558
Transfer from the Capital Facilities Fund (Residential and Commercial) to the General Fund to pay for developer fee administration	<u>20,287</u>
Total	<u>\$ 468,845</u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 5 - FUND BALANCES:

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable				
Inventories	\$ 326,055	\$ -	\$ 29,141	\$ 355,196
Total nonspendable	<u>326,055</u>	<u>-</u>	<u>29,141</u>	<u>355,196</u>
Restricted				
Legally restricted programs	4,462,799		289,560	4,752,359
Capital projects		19,636,343	4,459,595	24,095,938
Debt service			4,832,401	4,832,401
Total restricted	<u>4,462,799</u>	<u>19,636,343</u>	<u>9,581,556</u>	<u>33,680,698</u>
Committed				
Adult education program			1,672,290	1,672,290
Total committed	<u>-</u>	<u>-</u>	<u>1,672,290</u>	<u>1,672,290</u>
Assigned				
Site based allocations	571,087			571,087
Deferred maintenance program	551,890			551,890
Retiree benefits	5,222			5,222
Deferred compensation	5,565			5,565
Total assigned	<u>1,133,764</u>	<u>-</u>	<u>-</u>	<u>1,133,764</u>
Unassigned				
Economic uncertainties	4,345,004			4,345,004
Unassigned	7,501,481			7,501,481
Total unassigned	<u>11,846,485</u>	<u>-</u>	<u>-</u>	<u>11,846,485</u>
Total fund balance	<u>\$ 17,769,103</u>	<u>\$ 19,636,343</u>	<u>\$ 11,282,987</u>	<u>\$ 48,688,433</u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION - SCHEDULE OF CHANGES:

Capital asset activity for the year ended June 30, 2014 is shown below.

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not being depreciated:				
Land (1)	\$ 12,426,759	\$ _____	\$ _____	\$ 12,426,759
Total capital assets not being depreciated	<u>12,426,759</u>	<u> -</u>	<u> -</u>	<u>12,426,759</u>
Capital assets being depreciated:				
Buildings and improvements	257,839,432	3,523,298		261,362,730
Machinery, equipment and vehicles	<u>9,238,685</u>	<u>396,684</u>	<u>35,570</u>	<u>9,599,799</u>
Total capital assets being depreciated	<u>267,078,117</u>	<u>3,919,982</u>	<u>35,570</u>	<u>270,962,529</u>
Less accumulated depreciation for:				
Buildings and improvements	88,448,008	6,135,822		94,583,830
Machinery, equipment and vehicles	<u>6,755,141</u>	<u>556,141</u>	<u>35,570</u>	<u>7,275,712</u>
Total accumulated depreciation	<u>95,203,149</u>	<u>6,691,963</u>	<u>35,570</u>	<u>101,859,542</u>
Depreciable assets, net	<u>171,874,968</u>	<u>(2,771,981)</u>	<u> -</u>	<u>169,102,987</u>
 Governmental activities capital assets, net	 <u>\$ 184,301,727</u>	 <u>\$ (2,771,981)</u>	 <u>\$ -</u>	 <u>\$ 181,529,746</u>

(1) The total Land balance reported above includes \$678,019 of land considered to be idle property as of June 30, 2014.

NOTE 7 - TAX REVENUE ANTICIPATION NOTES:

The District issued \$13,005,000 of Tax Revenue Anticipation Notes dated July 15, 2013 through the California School Cash Reserve Program Authority (2013-14, Series I). The notes matured on June 2, 2014 and carried a 2.00% interest rate. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that principal of \$6,502,500 be repaid on January 31, 2014, and that \$6,502,500 plus \$229,033 of interest be repaid from the funds held with the administrator by April 30, 2014.

The payments were transferred to and set aside in a separate fund of the trustee, U.S. Bank National Association, in a timely manner. The monies were required to remain on deposit until the maturity date of the note, June 2, 2014 at which time they were applied to pay the principal and interest on the notes.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 8 - GENERAL OBLIGATION BONDS:

In June 1997, the voters approved the issuance of bonds, not to exceed \$81 million, for the purpose of raising money to finance the acquisition, construction and modernization of school facilities and paying related costs. Between 1997 and 2005, the District issued bonds, Series A through Series I, totaling \$81 million.

During March 2004, Series A and D general obligation bonds were re-financed for a total of \$23,180,000. The proceeds associated with the refunding were deposited in an escrow account and as such the bonds are considered in-substance defeased. The outstanding balance of the defeased debt has been fully paid by the escrow agent.

During April 2005, Series B and C general obligation bonds were re-financed for a total of \$17,750,000. The proceeds associated with the refunding were deposited in an escrow account and as such the bonds are considered in-substance defeased. The outstanding balance of the defeased debt has been fully paid by the escrow agent.

During October 2010, Series E and a portion of F general obligation bonds were re-financed for a total of \$14,510,000. The proceeds associated with the refunding were deposited in an escrow account and as such the applicable bonds are considered in-substance defeased. The outstanding balance of the defeased debt has been fully paid by the escrow agent.

During April 2012, the remaining portion of Series F, and portions of G, H & I general obligation bonds were re-financed for a total of \$13,760,000. The proceeds associated with the refunding were deposited in an escrow account and as such the applicable bonds are considered in-substance defeased. The outstanding balance of the defeased debt has been fully paid by the escrow agent.

The outstanding bonded debt of the District at June 30, 2014 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date (1)</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2013</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2014</u>
7/21/2003 G	3%-6%	8/1/2033	6,000,000	\$ 1,830,000	\$	\$	\$ 1,830,000
3/3/2004 *	2%-5%	8/1/2030	23,180,000	17,530,000		710,000	16,820,000
7/1/2004 H	4%-7%	8/1/2013	5,000,000	115,000		115,000	-
4/28/2005 *	3%-4.5%	8/1/2029	17,750,000	14,300,000		625,000	13,675,000
9/7/2005 I	3%-5%	8/1/2034	5,000,000	1,600,000		120,000	1,480,000
11/4/2010 *	2%-5%	8/1/2031	14,510,000	13,205,000		540,000	12,665,000
4/11/2012 *	3%-5%	8/1/2034	13,760,000	13,620,000		150,000	13,470,000
				<u>\$ 62,200,000</u>	<u>\$ -</u>	<u>\$ 2,260,000</u>	<u>\$ 59,940,000</u>

(*) Refunding bonds

(1) Refunded bonds original maturity date:

Series H 8/1/2034

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 8 - GENERAL OBLIGATION BONDS: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2014, are as follows:

Year Ended June 30,	Principal	Interest	Total
<u> </u>	<u> </u>	<u> </u>	<u> </u>
2015	\$ 2,330,000	\$ 2,700,340	\$ 5,030,340
2016	2,410,000	2,610,809	5,020,809
2017	2,520,000	2,510,262	5,030,262
2018	2,630,000	2,396,516	5,026,516
2019	2,750,000	2,273,916	5,023,916
2020-2024	15,890,000	9,283,748	25,173,748
2025-2029	20,000,000	4,907,855	24,907,855
2030-2034	10,815,000	1,026,919	11,841,919
2035	<u>595,000</u>	<u>12,638</u>	<u>607,638</u>
Totals	<u>\$ 59,940,000</u>	<u>\$ 27,723,003</u>	<u>\$ 87,663,003</u>

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The refunding bonds issued in 2005, 2006, 2010 and 2012 included total premiums of \$3,777,122. This amount is amortized using the straight-line method. Amortization of \$165,806 was recognized during the 2013-14 year.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,970,000 for the 2005 refunding, \$982,712 for the 2006 refunding, \$551,188 for the 2010 refunding and \$604,230 for the 2012 refunding. Amortization of \$170,640 was recognized during the 2013-14 year.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 9 - CERTIFICATES OF PARTICIPATION:

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

The Ventura County Schools Public Facilities Financing Corporation acts as a purchaser and lessor of the property and U.S. Bank acts as trustee and disbursing agent. At June 30, 2014, the District had \$1,059,202 available with the Trustee for repayment.

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

Principal and semiannual interest payments are to be made according to the following schedule:

Year Ended			
June 30,	Principal	Interest	Total
2015	\$ 300,000	\$ 150,733	\$ 450,733
2016	310,000	136,783	446,783
2017	325,000	122,058	447,058
2018	345,000	106,295	451,295
2019	360,000	89,218	449,218
2020-2022	<u>1,385,000</u>	<u>153,854</u>	<u>1,538,854</u>
Totals	<u>\$ 3,025,000</u>	<u>\$ 758,941</u>	<u>\$ 3,783,941</u>

COPs are long-term debt instruments which are tax exempt and therefore issued at interest rates below current market levels for taxable investments. The interest ranges from 2.00% to 5.18%.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

A schedule of changes in long-term debt for the year ended June 30, 2014 is shown below.

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
General obligation bonds	\$ 62,200,000	\$	\$ 2,260,000	\$ 59,940,000	\$ 2,330,000
Premium on general obligation bonds	3,046,639	-	165,806	2,880,833	-
Total general obligation bonds	65,246,639	-	2,425,806	62,820,833	2,330,000
Certificates of participation	3,310,000	-	285,000	3,025,000	300,000
Compensated absences	881,838	16,788	-	898,626	898,626
Postemployment healthcare benefits	1,266,499	572,713	-	1,839,212	-
Net pension obligation (asset)	(514,600)	-	(10,847)	(503,753)	-
Totals	<u>\$ 70,190,376</u>	<u>\$ 589,501</u>	<u>\$ 2,699,959</u>	<u>\$ 68,079,918</u>	<u>\$ 3,528,626</u>

The postemployment healthcare benefits and net pension obligation (asset) are liquidated by the General Fund. The certificates of participation are liquidated by adult education fees transferred to the Building Fund Series A. General obligation debt is liquidated by the Bond Interest and Redemption Fund. Compensated absences are liquidated by the fund with the related salary expense.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 11 - 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, California 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 2013-14 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, 2014

NOTE 11 - 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, California 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 2013-14 was 11.442% 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:

<u>Year Ended</u> <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2012	\$5,329,094	100%	\$2,697,745	100%
2013	5,099,964	100%	2,734,406	100%
2014	5,498,641	100%	2,862,544	100%

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 - EMPLOYEE RETIREMENT PLANS: (continued)

Deferred Compensation Plan

Plan Description

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

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution (ARC)	\$ 433,040
Interest on net pension asset	(20,584)
Adjustment to annual required contribution	<u>69,210</u>
Annual pension cost	481,666
Contributions made	<u>(470,819)</u>
Change in net pension asset	10,847
Net pension asset - Beginning of Year	<u>(514,600)</u>
Net pension asset - End of Year	<u><u>\$ (503,753)</u></u>

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 - EMPLOYEE RETIREMENT PLANS: (continued)

Annual Pension Cost and Net Pension Obligation (continued)

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/2012	\$ 483,136	117.4%	\$ (481,054)
6/30/2013	471,262	107.1%	(514,600)
6/30/2014	481,666	97.7%	(503,753)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$2,740,410. Although the plan has no segregated assets, the District does maintain the Alternative Retiree Fund to designate resources for pension costs. At June 30, 2014, the fund's balance was \$5,565.

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

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2013, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 4.0% investment rate of return, with no administrative expenses assumed, which is the level of return on the employer's investments. The UAAL is being amortized as a level dollar amount over twenty-five years on a closed basis. The remaining amortization period at June 30, 2014 was eight years.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 - POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description and Eligibility

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

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. Classified retirees who retired with fewer than 14 years of service must contribute a portion of the cost of their coverage and all classified retirees must contribute the cost of dental and vision coverage for their dependents. For fiscal year ended 2014, the District contributed \$2,464,971 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution (ARC)	\$3,157,359
Interest on net OPEB obligation	50,660
Adjustment to annual required contribution	<u>(170,335)</u>
Annual OPEB cost	3,037,684
Contributions made	<u>(2,464,971)</u>
Change in net OPEB obligation	572,713
Net OPEB obligation - Beginning of Year	<u>1,266,499</u>
Net OPEB obligation - End of Year	<u><u>\$1,839,212</u></u>

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 12 - POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 3,376,722	88.9%	\$ 742,605
6/30/2013	3,395,691	84.6%	1,266,499
6/30/2014	3,037,684	81.1%	1,839,212

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$23,476,014. Because the plan is limited to individuals who retired as of June 30, 1993, there are no active employees covered by the plan. Although the plan has no segregated assets, the District does maintain a retiree benefits fund to designate resources for retiree health care costs. At June 30, 2014, the fund's balance was \$5,222.

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 12 - POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.7 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after seven years. The UAAL is being amortized using a level dollar amortization method over a closed fifteen year period. The remaining amortization period at June 30, 2014, was eight years.

NOTE 13 - JOINT POWERS AGREEMENTS:

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

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

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 - JOINT POWERS AGREEMENTS: (continued)

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

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

	The Authority (Audited) <u>June 30, 2013</u>	The Trust (Audited) <u>June 30, 2013</u>
Total Assets	<u>\$ 91,775,904</u>	<u>\$ 15,528,323</u>
Total Liabilities	<u>\$ 53,062,419</u>	<u>\$ 4,748,048</u>
Fund Balance	<u>\$ 38,713,485</u>	<u>\$ 10,780,275</u>
Total Revenues	<u>\$ 23,059,192</u>	<u>\$ 48,738,669</u>
Total Expenditures	<u>\$ 18,064,121</u>	<u>\$ 47,627,124</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES:

A. Litigation

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

B. State and Federal Allowances, Awards, and Grants

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

C. County School Facilities Fund

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

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 14 - COMMITMENTS AND CONTINGENCIES: (continued)

D. Purchase Commitments

As of June 30, 2014, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$1.7 million. Projects will be funded through Bond Proceeds, State School Building Lease-Purchase Grants, funds committed for deferred maintenance, Capital Facilities Funds and General Funds.

E. Joint Use Project

In June 2002, the District entered into an agreement with the City of San Buenaventura (the City) and the Redevelopment Agency of the City of San Buenaventura (the Agency) on a joint use project. The terms of the agreement include the commitment of the District to appropriate up to \$3,600,000 in proceeds from the disposition of the Hails site for construction of a City/District community swimming pool and amenities. In addition, the City and Agency agree to share with the District the tax increment generated from the future redevelopment of the Santa Clara site. The City, Agency and District jointly marketed the sale of the property. The City will be reimbursed up to \$100,000 for actual cost of staffing a project development team for the Santa Clara site.

NOTE 15 - SUBSEQUENT EVENT:

A. Tax Revenue Anticipation Notes

The District issued \$16,725,000 of Tax and Revenue Anticipation Notes dated July 3, 2014 through the California School Cash Reserve Program Authority (2014-15, Series E). The notes mature on June 30, 2015 and carry a 2.00% interest rate. The notes were sold by the District to supplement its cash flow.

The funds will be held with the trustee, U.S. Bank National Association, unless and until the District needs to draw funds. Repayment requirements are that \$8,362,500 in principal and \$8,362,500 in principal and interest due, be set aside with the Trustee by January 31, 2015 and April 30, 2015, respectively.

VENTURA UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 15 - SUBSEQUENT EVENT: (continued)

B. Refunding General Obligation Bonds

The District sold \$17,570,000 Refunding General Obligation Bonds on July 29, 2014. The bonds were sold with interest rates of 2.0% to 5.0% and maturing through August 1, 2034. The bonds were sold to refund portions of the Series G, Series I and 2004 Refunding Bonds.

C. Bus Purchase Agreement

On September 22, 2014 the District entered into a master installment purchase agreement with Mercedes-Benz Financial Services USA LLC for the purchase of ten buses in the amount of \$1,297,194. The purchase agreement calls for an initial payment totaling \$427,708 with annual installment payments of \$227,708 in September of each of the next four years which includes interest accrued at a rate of 1.89%.

**NOTE 16 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE:**

Governmental Accounting Standards Board Statement No. 68 and No. 71

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

In November 2013, the GASB Issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 8*. This statement addresses an issue regarding application of the transition provision of Statement No. 68. This statement is effective simultaneously with Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts - General Fund		Actual Amounts	(a) Fund Basis to	Actual Amounts
	Original	Final	General Fund	GAAP	GAAP Basis
Revenues					
Local control funding formula sources:					
State apportionments	\$ 41,135,532	\$ 60,974,224	\$ 61,112,346	\$ 551,442	\$ 61,663,788
Local sources	47,529,504	48,385,624	49,017,453		49,017,453
Total local control funding formula sources	88,665,036	109,359,848	110,129,799	551,442	110,681,241
Federal sources	8,164,525	10,389,586	10,064,109		10,064,109
Other state sources	19,800,437	9,259,781	10,016,184		10,016,184
Other local sources	13,010,729	14,134,394	14,806,493	179	14,806,672
Total Revenues	129,640,727	143,143,609	145,016,585	551,621	145,568,206
Expenditures					
Certificated salaries	65,071,729	66,699,864	66,604,225		66,604,225
Classified salaries	22,757,697	23,402,450	23,401,469		23,401,469
Employee benefits	33,051,001	32,831,257	32,830,631		32,830,631
Books and supplies	4,658,479	6,385,322	6,223,185		6,223,185
Services and other operating expenditures	10,110,220	12,171,391	12,047,374	30,953	12,078,327
Capital outlay	65,525	474,141	333,362	25,851	359,213
Tuition and other outgo	2,359,560	6,635,536	3,742,964		3,742,964
Direct support - indirect costs	(574,549)	(595,423)	(615,314)		(615,314)
Debt service		266,000	265,538		265,538
Total Expenditures	137,499,662	148,270,538	144,833,434	56,804	144,890,238
Excess (deficiency) of revenues over expenditures	(7,858,935)	(5,126,929)	183,151	494,817	677,968
Other Financing Sources					
Interfund transfers in	17,400	20,900	20,287		20,287
Total Other Financing Sources	17,400	20,900	20,287	-	20,287
Net change in fund balance	\$ (7,841,535)	\$ (5,106,029)	203,438	494,817	698,255
Fund Balance - Beginning of Year			17,002,988	67,860	17,070,848
Fund Balance - End of Year			\$ 17,206,426	\$ 562,677	\$ 17,769,103

(a) Amounts presented are the result of the District including activity of the Deferred Maintenance Fund, the Retiree Benefits Fund, and the Alternative Retiree Benefits Fund. (See Note 1B)

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF DEFERRED COMPENSATION PLAN FUNDING PROGRESS

For the Fiscal Year Ended June 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Unit Credit Cost Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll (1)</u>	<u>UAAL as a Percentage of Covered Payroll (1)</u>
7/1/2009	\$	\$ 3,559,944	\$ 3,559,944	0%		
7/1/2011		3,137,779	3,137,779	0%		
7/1/2013		2,740,410	2,740,410	0%		

Note: Although the plan has no segregated assets, the District does maintain the Alternative Retiree Benefit Fund (Fund #201) to designate resources for future retiree pension costs. At June 30, 2014, the fund's balance was \$5,565.

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

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS

For the Fiscal Year Ended June 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Unit Credit Cost Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll (1)</u>	<u>UAAL as a Percentage of Covered Payroll (1)</u>
7/1/2009	\$	\$ 25,422,773	\$ 25,422,773	0.0%		
7/1/2011		29,025,374	29,025,374	0.0%		
7/1/2013		23,476,014	23,476,014	0.0%		

Note: Although the plan has no segregated assets, the District does maintain the Retiree Benefits Fund (Fund #200) to designate resources for future retiree health care costs. At June 30, 2014, the fund's balance was \$5,222.

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

See the accompanying notes to the required supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Budgetary Comparison for the General Fund

A budgetary comparison be presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

B. Schedule of Deferred Compensation Plan Funding Progress

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

C. Schedule of Postemployment Healthcare Benefits Funding Progress

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

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excess of expenditures over appropriations in the General Fund.

SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2014

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

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

The Board of Education and the District Administrators for the fiscal year ended June 30, 2014 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Mary Haffner	President	December 2017
Mrs. Debbie Golden	Vice President	December 2015
Mr. John Walker	Member	December 2017
Ms. Barbara Fitzgerald	Member	December 2015
Mrs. Velma Lomax	Member	December 2017

DISTRICT ADMINISTRATORS

Dr. Trudy Tuttle Arriaga	Superintendent
Mr. Joseph Richards, Jr.	Assistant Superintendent, Business Services
Ms. Kathy Asher	Assistant Superintendent, Educational Services
Mr. Paul Jablonowski	Assistant Superintendent, Certificated Human Resources

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2014

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, 2014 are as follows:

	Revised Second Period	Annual
Grades Transitional Kindergarten through third		
Regular ADA	5,038	5,031
Extended year special education	7	6
Total grades Transitional Kindergarten through third ADA	5,045	5,037
Grades four through six		
Regular ADA	3,774	3,772
Extended year special education	4	3
Special education - nonpublic, nonsectarian schools	2	2
Total grades four through six ADA	3,780	3,777
Grades seven through eight		
Regular ADA	2,683	2,683
Extended year special education	2	2
Total grades seven through eight ADA	2,685	2,685
Grades nine through twelve		
Regular ADA	5,291	5,251
Extended year special education	4	4
Special education - nonpublic, nonsectarian schools	6	6
Extended year special education - nonpublic, nonsectarian schools	1	1
Total grades nine through twelve ADA	5,302	5,262
Total ADA	16,812	16,761

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Fiscal Year Ended June 30, 2014

Grade Level	2013-14			Number of Days Traditional Calendar	Status
	Normal Requirement	Reduced Requirement	Actual Minutes		
Kindergarten	36,000	35,000	36,000	180	In Compliance
Grade 1	50,400	49,000	49,290	180	In Compliance
Grade 2	50,400	49,000	49,290	180	In Compliance
Grade 3	50,400	49,000	49,290	180	In Compliance
Grade 4	54,000	52,500	52,650	180	In Compliance
Grade 5	54,000	52,500	52,650	180	In Compliance
Grade 6	54,000	52,500	54,000	180	In Compliance
Grade 7	54,000	52,500	54,000	180	In Compliance
Grade 8	54,000	52,500	54,000	180	In Compliance
Grade 9	64,800	63,000	64,444	179	In Compliance
Grade 10	64,800	63,000	64,444	179	In Compliance
Grade 11	64,800	63,000	64,444	179	In Compliance
Grade 12	64,800	63,000	64,444	179	In Compliance

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

<u>PROGRAM NAME</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed-through the California Department of Education:			
Child Nutrition Cluster:			
Child Nutrition Program-Lunch	10.555	13396	\$ 2,929,961
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	1,268,549
Child Nutrition Program-Meal Supplements	10.555	13396	90,003
Child Nutrition Program-Commodities	10.555	13396	173,513
Summer Food Service Program	10.559	13004	<u>156,883</u>
Total Child Nutrition Cluster			4,618,909
Other Programs:			
Team Nutrition	10.574	(1)	12,645
Farm to School	10.575	(1)	65,167
Nutrition Network	10.561	(1)	<u>50,482</u>
Total U.S. Department of Agriculture			<u>4,747,203</u>
<u>U.S. DEPARTMENT OF LABOR:</u>			
Passed-through the County of Ventura:			
Adult Education Workforce Investment Act Cluster:			
Youth Activities	17.259	(1)	346,139
Adults and Dislocated Workers	17.258	(1)	<u>25,361</u>
Total U.S. Department of Labor			<u>371,500</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Programs			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	(1)	152,089
Federal Pell Grant	84.063	(1)	<u>520,091</u>
Total Student Financial Aid Cluster			<u>672,180</u>
Other Programs:			
Indian Education Grants	84.060	(1)	267,374
Magnet Schools Assistance	84.165A	(1)	1,862,286
Healthy Eating Active Living (HEAL)	84.215F	(1)	<u>221,404</u>
Subtotal Direct Programs			<u>3,023,244</u>
Passed-through the California Department of Education:			
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,698,744
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	148,469
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	<u>75,216</u>
Total Special Education Cluster			<u>2,922,429</u>
Adult Education:			
Adult Education - Adult Basic Education and ESL	84.002A	14508	33,280
Adult Education - Adult Secondary Education	84.002	13978	176,016
Adult Education - English Literacy and Civics	84.002	14109	<u>24,845</u>
Total Adult Education			<u>234,141</u>

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Passed-through the California Department of Education: (continued)			
Title I, Part C Migrant Ed:			
Title I, Part C - Migrant Ed (Regular and Summer Program)	84.011	14838	66,863
Title I - Migrant Ed Summer Program	84.011	10005	44,350
Title I, Part C - Even Start Migrant Education (MEES)	84.011	14768	14,022
Total Title I, Part C Migrant Ed			<u>125,235</u>
Other Programs:			
Title I, Part A - Low Income and Neglected	84.010	14329	1,908,293
Title I, Part G - Advanced Placement Test Fee Reimbursement Program	84.330	14831	14,985
Title II, Part A - Improving Teacher Quality	84.367	14341	525,662
Title III - Limited English Proficiency	84.365	10084	222,547
Career and Technical Education - Basic Grants to States (Secondary)	84.048	14894	100,906
Workability II, Transition Partnership	84.158	10006	330,456
Subtotal Passed-through the California Department of Education			<u>6,384,654</u>
Total U.S. Department of Education			<u>9,407,898</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed-through the California Department of Education:			
Medi-Cal Billing Option	93.778	10013	490,880
Total U.S. Department of Health & Human Services			<u>490,880</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct Program			
Conservation Activities by Youth Organizations	15.931	(1)	21,170
Total U.S. Department of the Interior			<u>21,170</u>
Total Federal Programs			<u>\$ 15,038,651</u>
Reconciliation to Federal Revenue:			
Total Federal Program Expenditures			\$ 15,038,651
Revenues in excess of expenditures related to Federal Entitlement Programs:			
Medical Administrative Activities (MAA)			<u>1,000,000</u>
Total Federal Program Revenue			<u>\$ 16,038,651</u>

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

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

There were no differences between the fund balances reported on the June 30, 2014 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

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

	2015 (Budgeted)		2014		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenue								
Local control funding formula sources *	\$ 119,221,023	77.4	\$ 110,129,799	76.0	\$ 89,562,670	66.3	\$ 88,550,438	64.2
Federal	12,042,203	7.8	10,064,109	7.0	8,529,181	6.3	14,192,362	10.3
State *	5,693,431	3.7	10,016,184	6.9	22,530,868	16.7	21,931,606	15.9
County and local	12,780,241	8.3	14,806,493	10.2	12,864,491	9.5	12,309,762	8.9
Interfund transfers	9,150	0.0	20,287	0.0	2,507,413	1.9	2,503,221	1.8
Total Revenue	<u>149,746,048</u>	<u>97.2</u>	<u>145,036,872</u>	<u>100.1</u>	<u>135,994,623</u>	<u>100.7</u>	<u>139,487,389</u>	<u>101.1</u>
Expenditures								
Certificated salaries	71,118,779	46.2	66,604,225	46.0	61,919,278	45.9	64,491,688	46.8
Classified salaries	24,084,698	15.6	23,401,469	16.1	22,371,771	16.6	22,814,846	16.5
Employee benefits	34,943,808	22.7	32,830,631	22.7	32,970,551	24.4	32,342,700	23.4
Books and supplies	8,015,498	5.2	6,223,185	4.3	4,324,359	3.2	4,523,358	3.3
Services and other operating expenditures	11,850,653	7.7	12,047,374	8.3	10,567,123	7.8	10,943,312	7.9
Capital outlay	106,972	0.1	333,362	0.2	150,297	0.1	405,315	0.3
Tuition and other outgo	3,757,762	2.4	3,742,964	2.6	2,890,199	2.1	2,525,447	1.8
Direct support/indirect costs	(597,966)	(0.4)	(615,314)	(0.4)	(534,736)	(0.4)	(499,030)	(0.3)
Debt service payments			265,538	0.2	328,236	0.3	374,434	0.3
Interfund transfers out	750,000	0.5						
Total Expenditures	<u>154,030,204</u>	<u>100.0</u>	<u>144,833,434</u>	<u>100.0</u>	<u>134,987,078</u>	<u>100.0</u>	<u>137,922,070</u>	<u>100.0</u>
Change in fund balance	<u>\$ (4,284,156)</u>	<u>(2.8)</u>	<u>\$ 203,438</u>	<u>0.1</u>	<u>\$ 1,007,545</u>	<u>0.7</u>	<u>\$ 1,565,319</u>	<u>1.1</u>
Ending fund balance	<u>\$ 12,922,270</u>	<u>8.4</u>	<u>\$ 17,206,426</u>	<u>11.9</u>	<u>\$ 17,002,988</u>	<u>12.6</u>	<u>\$ 15,995,443</u>	<u>11.6</u>
Available reserve	<u>\$ 9,127,100</u>	<u>5.9</u>	<u>\$ 11,846,485</u>	<u>8.2</u>	<u>\$ 14,941,856</u>	<u>11.1</u>	<u>\$ 11,998,314</u>	<u>8.7</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>16,670</u>		<u>16,812</u>		<u>16,666</u>		<u>16,804</u>	
Total Long-Term Debt	<u>\$ 64,551,292</u>		<u>\$ 68,079,918</u>		<u>\$ 70,190,376</u>		<u>\$ 72,450,613</u>	

IMPORTANT NOTES:

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

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

All Percentages are of total expenditures.

The 2015 budget is the original budget adopted on June 24, 2014.

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

* In 2013/14, the state changed its primary funding method from the revenue limit to the local control funding formula, which combined the previous revenue limit funding and other state funding sources (Tier III categoricals, class size reduction and economic impact aid).

See the accompanying notes to the supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2014

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, 2014

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance (ADA)

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

B. Schedule of Instructional Time

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.

The District met or exceeded its target funding and has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day.

C. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs and is presented on the modified accrual basis of accounting.

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

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

E. Schedule of Financial Trends and Analysis

The *Standards and Procedures for Audits of California K-12 Local Education Agencies* requires that this schedule be prepared showing financial trends of the General Fund over the past three fiscal years as well as the current year budget. This schedule is intended to identify if the District has potential fiscal problems and if they have met the recommended available reserve percentages.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

F. Schedule of Charter Schools

The *Standards and Procedures for Audits of California K-12 Local Education Agencies* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

VENTURA UNIFIED SCHOOL DISTRICT

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

June 30, 2014

	Building Fund	Building Fund (Series A)	Bond Building Fund	Eliminating Intersubfund Activity	Total Building Fund
<u>Assets</u>					
Cash in county treasury	\$ 16,376,982	\$ 239,541	\$ 1,571,535	\$	\$ 18,188,058
Cash with fiscal agent		490,544			490,544
Investments with fiscal agent		568,658			568,658
Accounts receivable:					
Miscellaneous	26,972	400	2,612		29,984
Due from other funds	768,557				768,557
Due from other subfunds	1,502,405	418,703		(1,921,108)	-
Total Assets	\$ 18,674,916	\$ 1,717,846	\$ 1,574,147	\$ (1,921,108)	\$ 20,045,801
<u>Liabilities and Fund Balance</u>					
Liabilities					
Accounts payable	\$ 130,104	\$	\$ 154,112	\$	\$ 284,216
Due to other funds	94,452				94,452
Due to other subfunds	418,703	1,502,405		(1,921,108)	-
Unearned revenue	30,790				30,790
Total Liabilities	674,049	1,502,405	154,112	(1,921,108)	409,458
Fund Balance					
Restricted	18,000,867	215,441	1,420,035		19,636,343
Total Fund Balance	18,000,867	215,441	1,420,035	-	19,636,343
Total Liabilities and Fund Balance	\$ 18,674,916	\$ 1,717,846	\$ 1,574,147	\$ (1,921,108)	\$ 20,045,801

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**MAJOR BUILDING SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2014**

	Building Fund	Building Fund (Series A)	Bond Building Fund	Total Building Fund
Revenues				
Other local sources	\$ 1,077,288	\$ 4,195	\$ 31,692	\$ 1,113,175
Total Revenues	1,077,288	4,195	31,692	1,113,175
Expenditures				
Plant services	3,381,150	21,774	182,307	3,585,231
Debt service	448,558			448,558
Total Expenditures	3,829,708	21,774	182,307	4,033,789
Deficiency of revenues over expenditures	(2,752,420)	(17,579)	(150,615)	(2,920,614)
Other Financing Sources				
Interfund transfers in	448,558			448,558
Total Other Financing Sources	448,558	-	-	448,558
Net change in fund balance	(2,303,862)	(17,579)	(150,615)	(2,472,056)
Fund Balance at Beginning of Year	20,304,729	233,020	1,570,650	22,108,399
Fund Balance at End of Year	\$ 18,000,867	\$ 215,441	\$ 1,420,035	\$ 19,636,343

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2014

	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Fund</u>	<u>Capital Facilities Fund (Residential)</u>	<u>Capital Facilities Fund (Commercial)</u>	<u>County School Facilities Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Total Non-major Governmental Funds</u>
<u>Assets</u>								
Cash in county treasury	\$ 1,172,276	\$ 159,622	\$ 38,209	\$ 3,245,137	\$ 841,294	\$ 919,267	\$ 4,826,240	\$ 11,202,045
Cash on hand and in banks			50,499					50,499
Accounts receivable:								
Federal and state governments	290,924	105,819	896,111					1,292,854
Miscellaneous	310,659		1,916	5,292	1,394	1,561	7,069	327,891
Due from other funds	632,451	17,242	440					650,133
Inventories			29,141					29,141
Total Assets	<u>\$ 2,406,310</u>	<u>\$ 282,683</u>	<u>\$ 1,016,316</u>	<u>\$ 3,250,429</u>	<u>\$ 842,688</u>	<u>\$ 920,828</u>	<u>\$ 4,833,309</u>	<u>\$ 13,552,563</u>
<u>Liabilities and Fund Balance</u>								
Liabilities								
Accounts payable	\$ 49,913	\$ 1,046	\$ 127,314	\$ 275,113	\$	\$ 258,950	\$ 908	\$ 713,244
Due to other funds	684,107	251,130	552,309	20,273	14			1,507,833
Unearned revenue			48,499					48,499
Total Liabilities	<u>734,020</u>	<u>252,176</u>	<u>728,122</u>	<u>295,386</u>	<u>14</u>	<u>258,950</u>	<u>908</u>	<u>2,269,576</u>
Fund Balance								
Nonspendable			29,141					29,141
Restricted		30,507	259,053	2,955,043	842,674	661,878	4,832,401	9,581,556
Committed	1,672,290							1,672,290
Total Fund Balance	<u>1,672,290</u>	<u>30,507</u>	<u>288,194</u>	<u>2,955,043</u>	<u>842,674</u>	<u>661,878</u>	<u>4,832,401</u>	<u>11,282,987</u>
Total Liabilities and Fund Balance	<u>\$ 2,406,310</u>	<u>\$ 282,683</u>	<u>\$ 1,016,316</u>	<u>\$ 3,250,429</u>	<u>\$ 842,688</u>	<u>\$ 920,828</u>	<u>\$ 4,833,309</u>	<u>\$ 13,552,563</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2014

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund (Residential)	Capital Facilities Fund (Commercial)	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-major Governmental Funds
Revenues								
Local control funding formula sources:								
State apportionments	\$ 3,017,288	\$	\$	\$	\$	\$	\$	\$ 3,017,288
Federal sources	1,277,821		4,696,721					5,974,542
Other state sources		1,107,280	352,001				43,300	1,502,581
Other local sources	<u>444,979</u>	<u>26,527</u>	<u>1,190,312</u>	<u>688,785</u>	<u>4,109</u>	<u>4,124</u>	<u>5,030,429</u>	<u>7,389,265</u>
Total Revenues	<u>4,740,088</u>	<u>1,133,807</u>	<u>6,239,034</u>	<u>688,785</u>	<u>4,109</u>	<u>4,124</u>	<u>5,073,729</u>	<u>17,883,676</u>
Expenditures								
Instruction	2,802,499	948,939						3,751,438
Instruction - related services	1,210,343	79,445						1,289,788
Pupil services		26,548	6,565,667					6,592,215
General administration	226,027	55,532	333,755					615,314
Plant services	312,917			381,182		300,883		994,982
Debt service							5,050,280	5,050,280
Total Expenditures	<u>4,551,786</u>	<u>1,110,464</u>	<u>6,899,422</u>	<u>381,182</u>	<u>-</u>	<u>300,883</u>	<u>5,050,280</u>	<u>18,294,017</u>
Excess (deficiency) of revenues over expenditures	<u>188,302</u>	<u>23,343</u>	<u>(660,388)</u>	<u>307,603</u>	<u>4,109</u>	<u>(296,759)</u>	<u>23,449</u>	<u>(410,341)</u>
Other Financing Uses								
Interfund transfers out	<u>(448,558)</u>			<u>(20,273)</u>	<u>(14)</u>			<u>(468,845)</u>
Total Other Financing Uses	<u>(448,558)</u>	<u>-</u>	<u>-</u>	<u>(20,273)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>(468,845)</u>
Net change in fund balance	(260,256)	23,343	(660,388)	287,330	4,095	(296,759)	23,449	(879,186)
Fund Balance at Beginning of Year	<u>1,932,546</u>	<u>7,164</u>	<u>948,582</u>	<u>2,667,713</u>	<u>838,579</u>	<u>958,637</u>	<u>4,808,952</u>	<u>12,162,173</u>
Fund Balance at End of Year	<u>\$ 1,672,290</u>	<u>\$ 30,507</u>	<u>\$ 288,194</u>	<u>\$ 2,955,043</u>	<u>\$ 842,674</u>	<u>\$ 661,878</u>	<u>\$ 4,832,401</u>	<u>\$ 11,282,987</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PRIVATE PURPOSE TRUST FUNDS
June 30, 2014**

	David Graham Scholarship Fund	Foundation Fund	Total Private-Purpose Trust Funds
<u>Assets</u>			
Cash in county treasury	\$ 58,609	\$ 535,003	\$ 593,612
Accounts receivable:			
Miscellaneous	98	3,520	3,618
Total Assets	58,707	538,523	597,230
<u>Liabilities</u>			
Accounts payable		41,940	41,940
Due to other funds		1,085	1,085
Total Liabilities	-	43,025	43,025
<u>Net Position</u>			
Restricted	58,707	495,498	554,205
Total Net Position	\$ 58,707	\$ 495,498	\$ 554,205

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2014**

	David Graham Scholarship Fund	Foundation Fund	Total Private-Purpose Trust Funds
Additions			
Revenue from local sources	\$ 576	\$ 162,455	\$ 163,031
Total Additions	576	162,455	163,031
Deductions			
Scholarships	1,250		1,250
Other expenses		133,568	133,568
Total Deductions	1,250	133,568	134,818
Change in net position	(674)	28,887	28,213
Net Position at Beginning of Year	59,381	466,611	525,992
Net Position at End of Year	\$ 58,707	\$ 495,498	\$ 554,205

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
ASSOCIATED STUDENT BODY FUNDS
June 30, 2014

	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	\$ 413,585	\$ 503,473	\$ 138,940	\$ 19,074	\$ 48,571	\$ 129,441
Inventories	<u>6,801</u>	<u></u>	<u>2,500</u>	<u></u>	<u></u>	<u>336</u>
Total Assets	<u>420,386</u>	<u>503,473</u>	<u>141,440</u>	<u>19,074</u>	<u>48,571</u>	<u>129,777</u>
<u>Liabilities</u>						
Funds held in trust	<u>328,542</u>	<u>454,699</u>	<u>66,540</u>	<u>982</u>	<u>36,725</u>	<u>11,362</u>
Total Liabilities	<u>328,542</u>	<u>454,699</u>	<u>66,540</u>	<u>982</u>	<u>36,725</u>	<u>11,362</u>
<u>Net Position</u>						
Unrestricted	<u>91,844</u>	<u>48,774</u>	<u>74,900</u>	<u>18,092</u>	<u>11,846</u>	<u>118,415</u>
Total Net Position	<u>\$ 91,844</u>	<u>\$ 48,774</u>	<u>\$ 74,900</u>	<u>\$ 18,092</u>	<u>\$ 11,846</u>	<u>\$ 118,415</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
ASSOCIATED STUDENT BODY FUNDS
June 30, 2014

	Cabrillo Middle School	Adult Education	Pacific Continuation High School	El Camino Continuation High School	Total Associated Student Body Funds
<u>Assets</u>					
Cash on hand and in banks	\$ 123,482	\$ 20,480	\$ 6,176	\$ 13,828	\$ 1,417,050
Inventories	<u>5,607</u>	<u> </u>	<u> </u>	<u> </u>	<u>15,244</u>
Total Assets	<u>129,089</u>	<u>20,480</u>	<u>6,176</u>	<u>13,828</u>	<u>1,432,294</u>
<u>Liabilities</u>					
Funds held in trust	<u>38,219</u>	<u>17,899</u>	<u> </u>	<u> </u>	<u>954,968</u>
Total Liabilities	<u>38,219</u>	<u>17,899</u>	<u>-</u>	<u>-</u>	<u>954,968</u>
<u>Net Position</u>					
Unrestricted	<u>90,870</u>	<u>2,581</u>	<u>6,176</u>	<u>13,828</u>	<u>477,326</u>
Total Net Position	<u>\$ 90,870</u>	<u>\$ 2,581</u>	<u>\$ 6,176</u>	<u>\$ 13,828</u>	<u>\$ 477,326</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
ASSOCIATED STUDENT BODY FUNDS
For the Fiscal Year Ended June 30, 2014**

	Ventura High School	Buena High School	Foothill Technology High School	Anacapa Middle School	DeAnza Middle School	Balboa Middle School
Additions						
Revenue from local sources	\$ 254,189	\$ 339,400	\$ 212,943	\$ 76,260	\$ 45,803	\$ 130,566
Total Additions	<u>254,189</u>	<u>339,400</u>	<u>212,943</u>	<u>76,260</u>	<u>45,803</u>	<u>130,566</u>
Deductions						
Other expenses	295,365	455,803	207,289	75,198	42,185	136,797
Total Deductions	<u>295,365</u>	<u>455,803</u>	<u>207,289</u>	<u>75,198</u>	<u>42,185</u>	<u>136,797</u>
Change in net position	(41,176)	(116,403)	5,654	1,062	3,618	(6,231)
Net Position at Beginning of Year	<u>133,020</u>	<u>165,177</u>	<u>69,246</u>	<u>17,030</u>	<u>8,228</u>	<u>124,646</u>
Net Position at End of Year	<u>\$ 91,844</u>	<u>\$ 48,774</u>	<u>\$ 74,900</u>	<u>\$ 18,092</u>	<u>\$ 11,846</u>	<u>\$ 118,415</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
ASSOCIATED STUDENT BODY FUNDS**

For the Fiscal Year Ended June 30, 2014

	<u>Cabrillo Middle School</u>	<u>Adult Education</u>	<u>Pacific Continuation High School</u>	<u>El Camino Continuation High School</u>	<u>Total Associated Student Body Funds</u>
Additions					
Revenue from local sources	\$ 93,804	\$ 1,874	\$ 2,057	\$ 10,212	\$ 1,167,108
Total Additions	<u>93,804</u>	<u>1,874</u>	<u>2,057</u>	<u>10,212</u>	<u>1,167,108</u>
Deductions					
Other expenses	98,756	4,937	2,281	12,841	1,331,452
Total Deductions	<u>98,756</u>	<u>4,937</u>	<u>2,281</u>	<u>12,841</u>	<u>1,331,452</u>
Change in net position	(4,952)	(3,063)	(224)	(2,629)	(164,344)
Net Position at Beginning of Year	<u>95,822</u>	<u>5,644</u>	<u>6,400</u>	<u>16,457</u>	<u>641,670</u>
Net Position at End of Year	<u>\$ 90,870</u>	<u>\$ 2,581</u>	<u>\$ 6,176</u>	<u>\$ 13,828</u>	<u>\$ 477,326</u>

See the accompanying notes to the optional supplementary information.

VENTURA UNIFIED SCHOOL DISTRICT
NOTES TO OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES:

Combining Fund Financial Statements

The combining balance sheets and statements of revenues, expenditures and changes in fund balances for the building fund and the non-major governmental funds and the combining statements of fiduciary net position and changes in fiduciary net position have been presented to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ventura Unified School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

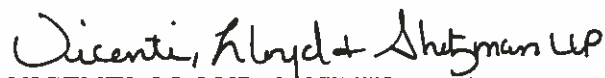
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 5, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Ventura Unified School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 5, 2014

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

We have audited the Ventura Unified School District's (the District) compliance with the types of compliance requirements described in the *2013-14 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel for the year ended June 30, 2014. The District's State compliance requirements are identified in the table below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2013-14 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	6	Yes
Teacher certification and misassignments	3	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Instructional time for School Districts	10	Yes
Instructional materials general requirements	8	Yes
Ratios of administrative employees to teachers	1	Yes
Classroom teacher salaries	1	Yes
Early retirement incentive	4	Not applicable
GANN limit calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Not applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous records of attendance	8	No ¹
Mode of instruction	1	No ¹
Nonclassroom-based instruction/independent study	15	No ¹
Determination of funding for nonclassroom-based instruction	3	No ¹
Annual instructional minutes - classroom based	4	No ¹
Charger School Facility Grant Program	1	No ¹

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

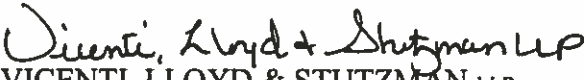
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2014.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2013-14 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 5, 2014

FINDINGS AND QUESTIONED COSTS

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2014

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered
to be material weaknesses? Yes X None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.268, 84.063	Student Financial Aid Cluster
84.165A	Magnet Schools Assistance
84.010	Title I, Part A - Low Income and Neglected
93.778	Medi-Cal Billing Option

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 445,954

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, 2014

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

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

There were no findings or questioned costs related to the basic financial statements for the fiscal year ended June 30, 2014.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2014

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2014.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2014

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2014.

VENTURA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2014

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the fiscal year ended June 30, 2013.