

**LAS VIRGENES UNIFIED SCHOOL DISTRICT**

---

**GENERAL OBLIGATION BONDS  
MEASURE G  
FINANCIAL AUDIT**

---

**JUNE 30, 2012**

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**TABLE OF CONTENTS  
JUNE 30, 2012**

---

***FINANCIAL SECTION***

Independent Auditors' Report	1
Building Fund (Measure G)	
Balance Sheet	2
Statement of Revenues, Expenditures, and Changes in Fund Balance	3
Notes to Financial Statements	4

***INDEPENDENT AUDITORS' REPORT***

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>	10
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

Schedule of Findings and Questioned Costs	13
-------------------------------------------	----



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

Governing Board  
Las Virgenes Unified School District  
and  
The Las Virgenes Citizens' Bond Oversight Committee  
Calabasas, California

We have audited the accompanying financial statements of the Las Virgenes Unified School District (the District), Building Fund (Measure G), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure G and are not intended to present fairly the financial position and results of operations of Las Virgenes Unified School District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Building Fund (Measure G) of the Las Virgenes Unified School District at June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012, on our consideration of the District Building Fund's (Measure G) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in the results of our audit.

VAVRINEK, TRINE, DAY & CO. LLP

Rancho Cucamonga, California  
December 6, 2012

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**BALANCE SHEET  
JUNE 30, 2012**

---

**ASSETS**

Deposits and investments	\$ 32,825,587
Receivables	22,998
Total Assets	<u>\$ 32,848,585</u>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ 6,244,506
------------------	--------------

**Fund Balance:**

Restricted	26,604,079
Total Liabilities and Fund Balance	<u>\$ 32,848,585</u>

The accompanying notes are an integral part of these financial statements.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

---

**REVENUES**

Local income	
Interest income	\$ 391,019
All other local sources	18,164
Total Revenues	<u>409,183</u>

**EXPENDITURES**

Salaries and benefits	67,883
Supplies	387,572
Non-capitalized equipment	1,392,822
Contracted services	3,222,876
Capital outlay	
Site improvements	3,947
Architect fees	522,794
Building improvements	22,821,040
Construction testing on buildings	708,994
Building inspections	319
Capitalized equipment	832,386
Total Expenditures	<u>29,960,633</u>

**EXCESS OF EXPENDITURES OVER REVENUES** (29,551,450)

**OTHER FINANCING SOURCES**

Transfers in	<u>6,748,229</u>
--------------	------------------

**NET CHANGE IN FUND BALANCE** (22,803,221)

**FUND BALANCE - BEGINNING** 49,407,300

**FUND BALANCE - ENDING** \$ 26,604,079

The accompanying notes are an integral part of these financial statements.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

---

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the Las Virgenes Unified School District Building Fund (Measure G) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Las Virgenes Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

**Financial Reporting Entity**

The financial statements include only the Building Fund of the Las Virgenes Unified School District used to account for Measure G projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2006. These financial statements are not intended to present fairly the financial position and results of operations of the Las Virgenes Unified School District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

---

**Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

**Fund Balance - Governmental Funds**

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

**Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

**Unassigned** – all other spendable amounts.

**Spending Order Policy**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - INVESTMENTS**

**Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code Section 41001*). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Los Angeles County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None



**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

---

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool. The District maintains a building fund investment of \$32,590,941 with the Los Angeles County Investment Pool. The fair value of this investment is approximately \$32,690,838 with an average maturity of 617 days.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2012, consisted of the following:

Local Government Interest	<u>\$ 22,998</u>
---------------------------	------------------

**NOTE 4 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2012, consisted of the following:

Construction	\$ 6,072,384
Vendors payable	171,019
Salaries and benefits	1,103
Total	<u>\$ 6,244,506</u>

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

As of June 30, 2012, the Building Fund (Measure G) had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Lindero Canyon Middle School - remodel phase 2	\$ 2,201,303	12/1/2012
Agoura High School - performing arts center	6,470,657	1/30/2013
Calabasas High School - performing arts center	6,104,731	1/30/2013
	<u>\$ 14,776,691</u>	

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

---

**Litigation**

The District is not currently a party to any legal proceedings, relating to Measure G.

---

---

*INDEPENDENT AUDITORS' REPORT*

---

---



**INDEPENDENT AUDITORS' 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**

Governing Board  
Las Virgenes Unified School District  
and  
The Las Virgenes Citizens' Bond Oversight Committee  
Calabasas, California

We have audited the accompanying financial statements of the Las Virgenes Unified School District (the District) Building Fund (Measure G), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Las Virgenes Unified School District's Building Fund (Measure G) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's Building Fund (Measure G) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Building Fund (Measure G) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's Building Fund (Measure G) internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

## Compliance and Other Matters

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

This report is intended solely for the information and use of the governing board, Citizens' Bond oversight committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

VJRINE, TRINE, DM + CO. LLP

Rancho Cucamonga, California  
December 6, 2012

---

---

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

---

---

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE G)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

---

None reported.