

LAS VIRGENES UNIFIED SCHOOL DISTRICT

**GENERAL OBLIGATION BONDS
MEASURE G
FINANCIAL AND PERFORMANCE AUDITS
JUNE 30, 2010**

1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025

LAS VIRGENES UNIFIED SCHOOL DISTRICT

GENERAL OBLIGATION BONDS

MEASURE G

FINANCIAL AUDIT

JUNE 30, 2010

THE UNIVERSITY OF CHICAGO LIBRARY

LAS VIRGENES UNIFIED SCHOOL DISTRICT

BUILDING FUND - MEASURE G

TABLE OF CONTENTS

JUNE 30, 2010

FINANCIAL STATEMENTS

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

This page left blank intentionally.



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 Building Fund - Measure G of the Las Virgenes Unified School District (the "District"), as of and for the year ended June 30, 2010, 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. 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 above 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, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 29, 2010

LAS VIRGENES UNIFIED SCHOOL DISTRICT

**BUILDING FUND - MEASURE G
BALANCE SHEET
JUNE 30, 2010**

ASSETS

Deposits and investments	\$ 51,680,849
Receivables	168,201
Total Assets	<u>\$ 51,849,050</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 3,518,985
Total Liabilities	<u>3,518,985</u>

FUND BALANCE

Unreserved	
Undesignated	48,330,065
Total Fund Balance	<u>48,330,065</u>
Total Liabilities and Fund Balance	<u>\$ 51,849,050</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, 2010**

REVENUES

Local income	
Interest income	\$ 509,888
Total Revenues	<u>509,888</u>

EXPENDITURES

Salaries and benefits	2,039
Supplies	144,239
Non-capitalized equipment	97,143
Contracted services	2,783,264
Capital outlay	
Site improvements	8,313
Architect fees	723,623
Building improvements	11,982,433
Construction testing on buildings	329,637
Building inspections	5,853
Capitalized equipment	3,320
Total Expenditures	<u>16,079,864</u>

EXCESS OF EXPENDITURES OVER REVENUES (15,569,976)

OTHER FINANCING SOURCES (USES)

Transfers in	2,173,578
Other sources - bond proceeds	42,996,222
Transfers out	(450,000)
Net Financing Sources	<u>44,719,800</u>

NET CHANGE IN FUND BALANCE 29,149,824

FUND BALANCE - BEGINNING 19,180,241

FUND BALANCE - ENDING \$ 48,330,065

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, 2010

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 - Measure G 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 portion of 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 originally issued in 2006 and all subsequent bonds issued. 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. A separate account coding identifies Measure G 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, 2010

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.

Property Tax

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 and become delinquent on December 10, and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Los Angeles and Ventura bill and collect the taxes for the District. The District recognizes tax revenues when received.

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.

NOTE 2 – INVESTMENTS

Investments at June 30, 2010, held on behalf of the Building Fund of the Las Virgenes Unified School District consist of deposits in the County of Los Angeles Treasury:

	Reported Amount	Fair Value
Deposits with county treasurer	\$ 51,680,849	\$ 51,981,409

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.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

BUILDING FUND - MEASURE G NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

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 fairly 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 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, 2010**

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 to provide the cash flow and liquidity needed for operations, and by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow necessary for debt service requirements. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of \$51,981,409. The average weighted maturity for this pool is 536 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury is not required to be rated.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010, consisted of the following:

Local Government	
Interest	<u>\$ 168,201</u>

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

Construction	\$ 3,516,949
Vendors Payable	349
Salaries and benefits	1,687
Total	<u>\$ 3,518,985</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

**BUILDING FUND - MEASURE G
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5 – GENERAL OBLIGATION BONDS

Summary

A schedule of changes in general obligation bonds for the year ended June 30, 2010, is shown below:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
General obligation bonds	\$ 42,949,175	\$ 43,078,559	\$ 2,145,000	\$ 83,882,734
Premium on issuance	1,819,400	4,142,999	248,419	5,713,980
	<u>\$ 44,768,575</u>	<u>\$ 47,221,558</u>	<u>\$ 2,393,419</u>	<u>\$ 89,596,714</u>

2006 General Obligation Bonds, Series A

On November 9, 2006, the District issued \$44,566,153 of General Obligation Bonds, Election of 2006, Series A. The Bonds were issued as both current interest bonds in the amount of \$44,235,000 and capital appreciation bonds in the amount of \$331,153 accreting \$498,847 to an aggregate principal debt service balance of \$830,000. The Bonds mature on August 1, 2031, with interest rates of 3.50 to 8.80 percent. Proceeds from the sale of the Bonds are being used to finance the construction, modernization, improvement, furnishing and equipping of school facilities. At June 30, 2010, the principal balance outstanding was \$40,840,075. Unamortized premium received on issuance of the Bonds amounted to \$1,736,700 as of June 30, 2010.

2006 General Obligation Bonds, Series B-1

On December 9, 2009, the District issued \$42,996,222 of General Obligation Bonds, Election of 2006, Series B-1. The Bonds were issued as both current interest bonds in the amount of \$39,340,000 and capital appreciation bonds in the amount of \$3,702,659 accreting \$12,663,778 to an aggregate principal debt service balance of \$16,366,437. The Bonds mature on August 1, 2034, with interest rates of 3.00 to 7.26 percent. Proceeds from the sale of the Bonds are being used to finance the construction, modernization, improvement, furnishing and equipping of school facilities. At June 30, 2010, the principal balance outstanding was \$43,042,659. Unamortized premium received on issuance of the Bonds amounted to \$3,977,280 as of June 30, 2010.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

**BUILDING FUND - MEASURE G
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

The outstanding General Obligation Bond debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2009	New Issue and Interest Accretion	Redeemed	Bonds Outstanding June 30, 2010
11/9/2006	8/1/2031	4.00-5.50%	\$ 44,235,000	\$ 42,550,000	\$ -	\$ 2,145,000	\$ 40,405,000
11/9/2006	8/1/2017	8.80%	331,153	399,175	35,900	-	435,075
12/9/2009	8/1/2034	3.00-7.26%	39,340,000	-	39,340,000	-	39,340,000
12/9/2009	8/1/2027	11.99%	3,656,222	-	3,702,659	-	3,702,659
				<u>\$ 42,949,175</u>	<u>\$ 43,078,559</u>	<u>\$ 2,145,000</u>	<u>\$ 83,882,734</u>

Debt Service Requirements to Maturity

The general obligation bonds mature through 2032 as follows:

Fiscal Year	Principal	Interest Accretion to Maturity	Current Interest to Maturity	Total
2011	\$ 2,395,000	\$ 39,129	\$ 4,950,533	\$ 7,384,662
2012	2,660,000	42,648	4,541,358	7,244,006
2013	955,000	46,484	4,469,058	5,470,542
2014	1,100,000	50,664	4,430,708	5,581,372
2015	1,345,000	55,221	4,375,720	5,775,941
2016-2020	6,829,901	2,490,876	21,060,531	30,381,308
2021-2025	9,182,151	5,537,850	19,883,520	34,603,521
2026-2030	19,310,682	5,144,318	17,178,656	41,633,656
2031-2032	40,105,000	-	7,556,059	47,661,059
Total	<u>\$ 83,882,734</u>	<u>\$ 13,407,190</u>	<u>\$ 88,446,143</u>	<u>\$ 185,736,067</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

**BUILDING FUND - MEASURE G
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2010, the Building Fund (Measure G) had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Lindero Canyon M.S. - remodel phase 1	\$ 6,379,621	1/1/2011
Agoura H.S. - performing arts center	19,706,699	6/30/2012
Calabasas H.S. - performing arts center	20,203,321	6/30/2012
Calabasas H.S. - remodel pool	220,916	8/31/2010
	<u>\$ 46,510,557</u>	

**LAS VIRGENES UNIFIED SCHOOL DISTRICT
MEASURE G
GENERAL OBLIGATION BONDS
ELECTION OF 2006
WITH
ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
JUNE 30, 2010**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

**LAS VIRGENES UNIFIED SCHOOL DISTRICT
MEASURE G
GENERAL OBLIGATION BONDS ELECTION 2002**

TABLE OF CONTENTS

	Page
Independent Accountants' Report	1
Agreed-Upon Procedures (Exhibit A)	2
Findings and Recommendations (Exhibit B)	3
Supplementary Information	
The Bonds	5

This page left blank intentionally.



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Governing Board
Las Virgenes Unified School District

and

The Las Virgenes Citizens' Bond Oversight Committee

Calabasas, California

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Las Virgenes Unified School District (the District) of Los Angeles County, solely to assist the users in identifying findings and recommendations in the areas with respect to the Measure G, General Obligation Bonds, Election of 2006, Series A and B-1, for the period ended June 30, 2010. This engagement to perform agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures we performed and the associated results are described in this report as Exhibits A and B, respectively.

We were not engaged to, and did not, perform an audit of all financial statements of the District, the objective of which would be the expression of an opinion relating to the matters included in the agreed-upon procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 29, 2010

**MEASURE G
GENERAL OBLIGATION BONDS ELECTION OF 2006
AGREED-UPON PROCEDURES
JUNE 30, 2010**

The Las Virgenes Unified School District requested that the following agreed-upon procedures be performed:

1. Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the period July 1, 2009, through June 30, 2010.
2. Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the Measure G General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the related bond interest and redemption fund.
3. Select all materially significant expenditures and at least 30 percent of the total expenditures for the year. Obtain supporting documentation (invoices, purchase orders, receiving documentation, contracts, etc.) and verify that the funds expended complied with the purpose that was specified to the registered voters of the District. Election materials, District resolutions, master plan, and other documents available at the District will be used to determine purpose of expenditures for this purpose.
4. For those items selected in item 3, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

**MEASURE G
GENERAL OBLIGATION BONDS ELECTION 2006
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2010**

Based upon the performance of the agreed-upon procedures, as discussed in Exhibit A, the following results were noted:

Agreed-Upon Procedure (1)

Procedure

Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the period July 1, 2009, through June 30, 2010.

Results

The District established a separate building fund (fund 21.0, resource 90700.0) for Measure G bond proceeds and expenditure of funds for the fiscal year ended June 30, 2010.

Agreed-Upon Procedure (2)

Procedure

Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the Measure G General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the related bond interest and redemption fund.

Results

All Measure G bond net proceeds were recorded in the appropriate building fund and amounts set aside for debt service were deposited into the related Bond Interest and Redemption Fund administered by the Los Angeles County Controller's office.

Agreed-Upon Procedure (3)

Procedures

Verify that the funds expended complied with the purpose that was specified to the registered voters of the District.

Results

The expenditures observed satisfactorily complied with the guidelines defined in the ballot measure for the election held June 6, 2006. During the audit, the staff notified the auditors that a few items were identified by the oversight committee as possible non compliant charges. Upon investigation, all were either validated or reclassified. It is recommended that staff review all expenditures for appropriateness before charging the bond.

**MEASURE G
GENERAL OBLIGATION BONDS ELECTION 2006
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2010**

Agreed-Upon Procedure (4)

Procedure

Verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

Results

For the items selected in procedure (3) above, we observed that appropriate normal purchasing and accounts payable procedures were used in the expenditure of Measure G funds.

Supplementary Information

This page left blank intentionally.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
(Calabasas, California)
GENERAL OBLIGATION BONDS ELECTION 2006, SERIES A

THE BONDS

AUTHORITY FOR ISSUANCE

The Bonds are issued pursuant to the provisions of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act") and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on February 28, 2006 (the "District Resolution"). The District received authorization at an election held on June 6, 2006, by an affirmative vote of exceeding 55 percent of the votes cast by eligible voters within the District (the "Authorization") to issue not to exceed \$128,000,000 of general obligation bonds.

PURPOSE OF ISSUE

Pursuant to the Authorization, the proceeds of the Bonds will be used to finance the repair, renovation, rehabilitation, replacement, construction, acquisition, improvement, furnishing and equipping of school facilities. The Bond Project List includes the construction of a new elementary school, modernization of 13 sites, improvements to school safety, upgrades to technology and expansion of capacity where needed.