

**LAS VIRGENES UNIFIED SCHOOL DISTRICT**

**GENERAL OBLIGATION BONDS**

**MEASURE G**

**FINANCIAL AUDIT**

**JUNE 30, 2007**

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# LAS VIRGENES UNIFIED SCHOOL DISTRICT

## BUILDING FUND - MEASURE G

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JUNE 30, 2007

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#### *FINANCIAL STATEMENTS*

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INDEPENDENT AUDITORS' REPORT

Governing Board  
Las Virgenes Unified School District  
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, 2007, 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, 2007, 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 19, 2007

**LAS VIRGENES UNIFIED SCHOOL DISTRICT**

**BUILDING FUND - MEASURE G**

**BALANCE SHEET**

**JUNE 30, 2007**

**ASSETS**

Deposits and investments	\$ 40,692,132
Receivables	870,050
Total Assets	<u>\$ 41,562,182</u>

**LIABILITIES**

Accounts payable	\$ 693,249
Total Liabilities	<u>693,249</u>

**FUND BALANCE**

Unreserved	
Undesignated	40,868,933
Total Fund Balance	<u>40,868,933</u>
Total Liabilities and Fund Balance	<u>\$ 41,562,182</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, 2007**

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REVENUES

Local income	
Interest income	\$ 1,396,087
Total Revenues	<u>1,396,087</u>

EXPENDITURES

Supplies	493,727
Noncapitalized equipment	1,392,324
Contracted services	176,723
Capital outlay	
Site improvements	2,436,592
Buildings and improvements of buildings	599,518
Total Expenditures	<u>5,098,884</u>

EXCESS OF EXPENDITURES OVER REVENUES (3,702,797)

OTHER FINANCING SOURCES

Other sources - bond proceeds	44,571,730
Net Financing Sources	<u>44,571,730</u>

NET CHANGE IN FUND BALANCE 40,868,933

FUND BALANCE - BEGINNING -

FUND BALANCE - ENDING \$ 40,868,933

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, 2007**

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***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.

**A. 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 1999 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.

**B. 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.

**C. 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.

**D. 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, 2007**

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**E. 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.

**F. Fund Balance Reserves and Designations**

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

**G. 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.

**H. 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.

**I. New Accounting Pronouncements**

In July 2004, GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other post-employment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
 BUILDING FUND - MEASURE G  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007**

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This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2008. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In June 2005, GASB issued GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined benefit OPEB, the provisions of GASB Statement No. 47 should be applied simultaneously with the requirements of GASB Statement No. 45. For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, GASB Statement No. 47 is effective for financial statements for periods beginning after June 15, 2005. Earlier application of GASB Statement No. 47 is encouraged.

**NOTE 2 – INVESTMENTS**

Investments at June 30, 2007, 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	<u>\$ 40,692,132</u>	<u>\$ 40,621,735</u>

**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 County Treasurer, which is recorded on the amortized cost basis.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE G  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

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**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

**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 \$40,621,735. The average weighted maturity for this pool is 543 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.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
 BUILDING FUND - MEASURE G  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable at June 30, 2007, consisted of the following:

Local Government	
Interest	\$ 870,050

**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2007, consists of the following:

Construction	\$ 538,518
Services	51,598
Materials and supplies	103,133
Total	<u>\$ 693,249</u>

**NOTE 5 – GENERAL LONG-TERM OBLIGATIONS**

**Summary**

A schedule of changes in long-term obligations for the year ended June 30, 2007, is shown below:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
General obligation bonds	\$ -	\$ 44,571,017	\$ -	44,571,017
Premium on issuance	-	2,067,500	82,700	1,984,800
	<u>\$ -</u>	<u>\$ 46,638,517</u>	<u>\$ 82,700</u>	<u>\$ 46,555,817</u>

**2002 General Obligation Bonds, Series 2003**

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, 2007, the principal balance outstanding was \$44,571,017. Unamortized premium received on issuance of the bonds amounted to \$1,984,800 as of June 30, 2007.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
 BUILDING FUND - MEASURE G  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2006	New Issue and Interest Accretion	Redeemed	Bonds Outstanding June 30, 2007
11/9/2006	8/1/2031	3.50-5.50	\$44,235,000	\$ -	\$ 44,235,000	\$ -	\$ 44,235,000
11/9/2006	8/1/2017	8.80	331,153	-	336,017	-	336,017
				<u>\$ -</u>	<u>\$ 44,571,017</u>	<u>\$ -</u>	<u>\$ 44,571,017</u>

**Debt Service Requirements to Maturity**

The general obligation bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest Accretion to Maturity	Current Interest to Maturity	Total
2008	\$ -	\$ 30,220	\$ 1,999,778	\$ 2,029,998
2009	1,685,000	32,938	1,966,078	3,684,016
2010	2,145,000	35,900	1,889,478	4,070,378
2011	2,395,000	39,129	1,798,678	4,232,807
2012	2,660,000	42,648	1,697,578	4,400,226
2013-2017	6,330,000	278,156	7,617,094	14,225,250
2018-2022	4,831,017	34,992	6,485,563	11,351,572
2023-2027	9,280,000	-	4,999,840	14,279,840
2028-2032	15,245,000	-	2,049,876	17,294,876
Total	<u>\$ 44,571,017</u>	<u>\$ 493,983</u>	<u>\$ 30,503,963</u>	<u>\$ 75,568,963</u>

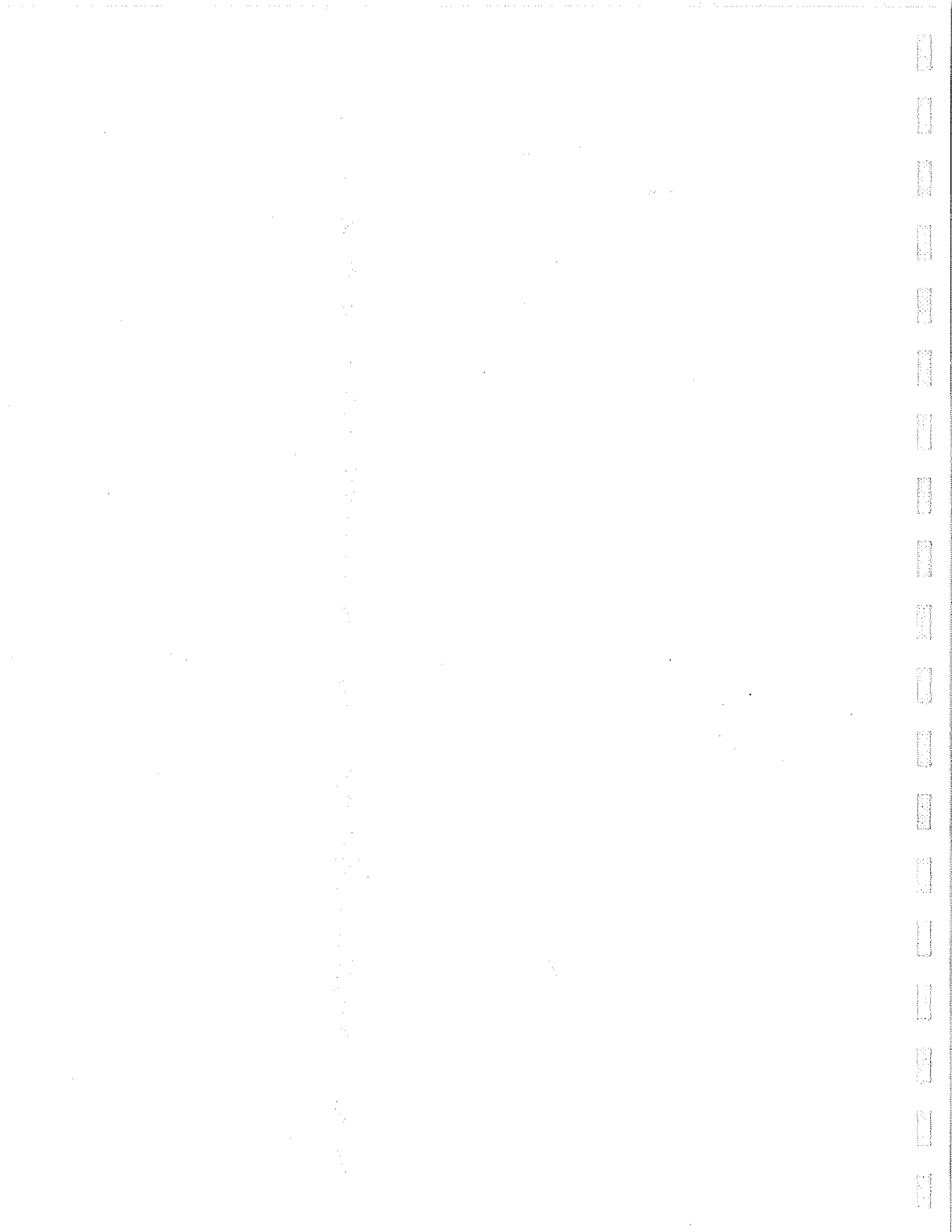
**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

As of June 30, 2007, the Building Fund (Measure G) had the following commitments with respect to unfinished capital projects:

CAPITAL PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Agoura H.S. - installation of synthetic grass playing field	\$ 84,361	12/30/07
Agoura H.S. - Science Building alteration	915,000	10/30/07
Agoura H.S. and Calabasas H.S. - stadium grading and drainage	232,647	12/30/07
Calabasas H.S. - installation of synthetic grass playing field	28,492	10/30/07
Chaparral E.S. - access site work	47,000	9/30/07
Chaparral E.S. - Multi-Purpose Room floor	31,700	8/15/07
	<u>\$ 1,339,200</u>	

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**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
REVIEW OF MEASURE G  
GENERAL OBLIGATION BONDS  
ELECTION OF 2002  
WITH  
ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
JUNE 30, 2007**





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

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**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, for the period ended June 30, 2007. 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 procedures we performed and the associated results, findings and recommendations, 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 19, 2007

**LAS VIRGENES UNIFIED SCHOOL DISTRICT**  
**MEASURE G**  
**GENERAL OBLIGATION BONDS ELECTION OF 2006, SERIES A**  
**AGREED-UPON PROCEDURES**  
**JUNE 30, 2007**

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**EXHIBIT A**

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, 2006, through June 30, 2007.
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.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
MEASURE G  
GENERAL OBLIGATION BONDS ELECTION 2002  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2007**

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**EXHIBIT B**

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, 2006, through June 30, 2007.

*Results*

The District established a separate building fund (fund 21.0, resource 90,700.0) for Measure G bond proceeds and expenditure of funds for the fiscal year ended June 30, 2007.

**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. For the items not tested, nothing came to our attention to indicate that the District expenditures were not in compliance with the provisions/restrictions in the ballot measure.

**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
MEASURE G  
GENERAL OBLIGATION BONDS ELECTION 2002  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2007**

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**EXHIBIT B**

**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.

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**Supplementary Information**

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**LAS VIRGENES UNIFIED SCHOOL DISTRICT  
(Calabasas, California)  
GENERAL OBLIGATION BONDS ELECTION 2002**

**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.