

**MEASURE "R" AND MEASURE "S"  
GENERAL OBLIGATION BOND  
BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2012**



**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*For the Fiscal Year Ended June 30, 2012*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

The Board of Education and the  
Citizens' Bond Oversight Committee  
Moorpark Unified School District  
Moorpark, California

We have audited the accompanying balance sheet of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District as of June 30, 2012, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2012. 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 1A, the financial statements present only the individual Measure "R" and Measure "S" General Obligation Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District, as of June 30, 2012, and the results of its operations for the period 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 May 17, 2016 on our consideration of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Building Fund of Moorpark Unified School District's financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California  
May 17, 2016

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Balance Sheet*

*June 30, 2012*

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	<u>Measure "R"</u>	<u>Measure "S"</u>
<b>ASSETS</b>		
Cash	\$ 82,911	\$ 16,000,125
Accounts receivable	539	34,286
Due from other funds	-	2,076
	<hr/>	<hr/>
<b>Total Assets</b>	<u>\$ 83,450</u>	<u>\$ 16,036,487</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 4,708	\$ 1,159,421
<b>Fund Balance</b>		
Restricted for capital projects	78,742	14,877,066
	<hr/>	<hr/>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 83,450</u>	<u>\$ 16,036,487</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Statement of Revenues, Expenditures, and Changes in Fund Balance*

*For the Fiscal Year Ended June 30, 2012*

	<u>Measure "R"</u>	<u>Measure "S"</u>
<b>REVENUES</b>		
Interest earnings	\$ 2,013	\$ 75,954
Other revenues	-	3,150
	<hr/>	<hr/>
<b>Total Revenues</b>	<u>2,013</u>	<u>79,104</u>
 <b>EXPENDITURES</b>		
Plant Services:		
Salaries and benefits	-	282,933
Materials, supplies & non-capitalized equipment	216,786	946,456
Services & other operating expenditures	349,288	1,333,959
Capital outlay	52,547	3,854,919
Other Outgo:		
Debt issuance costs	-	804,850
	<hr/>	<hr/>
<b>Total Expenditures</b>	<u>618,621</u>	<u>7,223,117</u>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<hr/> <u>(616,608)</u>	<hr/> <u>(7,144,013)</u>
 <b>Other Financing Sources and Uses</b>		
Proceeds from bond issuance	-	19,999,576
	<hr/>	<hr/>
Net Change in Fund Balance	(616,608)	12,855,563
Fund Balance, July 1, 2011	<u>695,350</u>	<u>2,021,503</u>
Fund Balance, June 30, 2012	<u><u>\$ 78,742</u></u>	<u><u>\$ 14,877,066</u></u>

# MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT

*Notes to Financial Statements*

*June 30, 2012*

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## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

On March 5, 2002 the District voters authorized \$33 million in General Obligation Bonds (Measure "R") for the purpose of financing the addition and modernization of school facilities for the District. On November 4, 2008 the District voters authorized an additional \$39 million in General Obligation Bonds (Measure "S") for the purpose of financing the addition and modernization of school facilities for the District. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens Bond Oversight Committee, was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, verifying that project plans are in alignment with the budget, and ensuring compliance with conditions of the Measures.

On May 22, 2002, the District issued the first series of Measure "R" bonds, Series 2002A, in the amount of \$22,080,676, on April 20, 2005, the District issued Series B bonds in the amount of \$8,947,684, and on June 20, 2006, the District issued Series C bonds in the amount of \$1,971,510. The bond proceeds and uses are accounted for in the District's Bond Building Fund in sub-fund 213.

On February 11, 2009 the District issued the first series of Measure "S" bonds, Series 2008A, in the amount of \$11,000,537. On October 20, 2011 the District issued the second series of Measure "S" bonds, Series 2008B, in the amount of \$19,999,575.80. The bond proceeds and uses are accounted for in the District's Bond Building Fund in sub-fund 214.

The statements presented are for the individual Measure "R" and Measure "S" General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

### B. Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

The financial statements of the Measure "R" and Measure "S" General Obligation Bond Building Fund are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2012*

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH**

**Pooled Funds**

In accordance with Education Code Section 41001, the District maintains all of its Building Fund cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2012, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

**NOTE 3 – GENERAL OBLIGATION BONDS**

A summary of the outstanding bonded debt of the District as of June 30, 2012 is shown below:

<b>Series</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance, July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance, June 30, 2012</b>
2002A	5/22/2002	2/1/2027	2.10% to 5.80%	\$ 22,080,676	\$ 3,240,676	\$ -	\$ 720,000	\$ 2,520,676
2002B	4/20/2005	2/1/2030	2.62% to 5.30%	8,947,684	8,772,684	-	20,000	8,752,684
2005 Ref.	4/20/2005	8/1/2023	2.50% to 4.29%	15,940,000	15,735,000	-	-	15,735,000
2002C	6/20/2006	8/1/2016	4.00% to 12.00%	1,971,510	1,236,510	-	235,000	1,001,510
2008A	2/11/2009	8/1/2033	4.25% to 6.95%	11,000,537	11,000,537	-	-	11,000,537
2008B	10/20/2011	8/1/2042	2% to 4%	19,999,576	-	19,999,576	-	19,999,576
					<u>\$ 39,985,407</u>	<u>\$ 19,999,576</u>	<u>\$ 975,000</u>	<u>\$ 59,009,983</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2012*

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**NOTE 3 – GENERAL OBLIGATION BONDS (continued)**

The annual requirements to amortize the general obligation bonds payable outstanding as of June 30, 2012 are as follows:

Fiscal Year	Principal	Interest	Total
2012-13	\$ 1,430,000	\$ 1,223,637	\$ 2,653,637
2013-14	1,510,000	1,172,501	2,682,501
2014-15	1,700,000	1,169,121	2,869,121
2015-16	1,648,196	1,180,162	2,828,358
2016-17	1,870,469	1,132,073	3,002,542
2017-22	12,194,442	5,808,674	18,003,116
2022-27	11,725,490	11,950,236	23,675,726
2027-32	9,441,122	19,664,589	29,105,711
2032-37	8,525,067	29,155,258	37,680,325
2037-42	7,842,449	40,275,829	48,118,278
2042-43	1,122,748	7,237,252	8,360,000
	<u>\$ 59,009,983</u>	<u>\$ 119,969,332</u>	<u>\$ 178,979,315</u>

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2012 in the amount of \$539 and \$34,286 for Measure "R" and Measure "S", respectively, represent the amounts due from the County Treasurer for interest earnings for the quarters ended March 31, 2012 and June 30, 2012.

**NOTE 5 – INTERFUND TRANSACTIONS**

As of June 30, 2012, there was \$2,076 due to the Measure "S" Building Fund from the General Fund for training services.

**NOTE 6 – CONSTRUCTION COMMITMENTS**

As of June 30, 2012, the District had no commitments with respect to unfinished capital projects.

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***Supplementary Information***

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**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Detail Schedule of Expenditures By Location*

*June 30, 2012*

	Measure "R"		Measure "S"	
	Total 2011-12 Expenditures	Total Cumulative Expenditures	Total 2011-12 Expenditures	Total Cumulative Expenditures
Flory Elementary School	\$ -	\$ 4,861,982	\$ -	\$ -
Mountain Meadows Elementary School	-	3,692,463	-	-
Peach Hill Elementary School	-	5,630,220	-	-
Campus Canyon Elementary School	14,443	4,240,639	-	-
Walnut Canyon Elementary School	-	1,403,075	-	-
Arroyo West Elementary School	-	3,923,117	-	-
Community High School	150	2,065,095	-	-
Chaparral Middle School	-	4,313,382	-	-
Mesa Verde Middle School	46,654	708,957	-	-
Moorpark High School	-	1,202,809	892,488	3,496,774
New K-8 School	-	749,384	-	-
All Other Projects	557,374	1,830,486	6,330,629	13,028,973
<b>Total</b>	<b>\$ 618,621</b>	<b>\$ 34,621,609</b>	<b>\$ 7,223,117</b>	<b>\$ 16,525,747</b>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Detail Schedule of Expenditures By Project*

*June 30, 2012*

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	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<b><u>Flory Elementary School</u></b>		
New classroom building	\$ -	\$ -
Shade structure	-	-
Concrete work and drainage around new classroom wing	-	-
Sandblast and paint auditorium	-	-
Renovate playgrounds	-	-
Complete modernization project	-	-
Implementation of technology plan	-	-
Total	<u>\$ -</u>	<u>\$ -</u>
<b><u>Mountain Meadows Elementary School</u></b>		
New classroom building	\$ -	\$ -
Cover lunch area trellage	-	-
Renovate playgrounds	-	-
Grounds/facility enhancements	-	-
Implementation of technology plan	-	-
Renovation of student restrooms	-	-
Total	<u>\$ -</u>	<u>\$ -</u>
<b><u>Peach Hill Elementary School</u></b>		
New classroom building	\$ -	\$ -
Renovation of play field	-	-
Renovate playgrounds	-	-
Grounds/facility enhancements	-	-
Recarpet entire school	-	-
Repair, replace, paint wrought iron fencing	-	-
Refabricate kindergarten fence	-	-
Asphalt work next to park	-	-
Renovation of all buildings	-	-
Implementation of technology plan	-	-
Remove walk and regrade and replace concrete	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Detail Schedule of Expenditures By Project (continued)*

*June 30, 2012*

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	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<b><u>Campus Canyon Elementary School</u></b>		
New classroom building	\$ -	\$ -
Extend existing lunch cover	-	-
Shade structure for kindergarten area	-	-
Wrought iron fencing	-	-
Replace roof system	-	-
Replace wrought iron fencing	-	-
Implementation of technology plan	14,443	-
Renovation of eating areas	-	-
Total	<u>\$ 14,443</u>	<u>\$ -</u>
<b><u>Walnut Canyon Elementary School</u></b>		
Upgrade transformer for auditorium	\$ -	\$ -
Interior renovation of auditorium	-	-
Implementation of technology plan	-	-
Total	<u>\$ -</u>	<u>\$ -</u>
<b><u>Arroyo West Elementary School</u></b>		
New classroom building	\$ -	\$ -
Renovate playgrounds	-	-
Grounds/facility enhancements	-	-
Slurry stripe playground	-	-
Perimeter fencing in front of school	-	-
Implementation of technology plan	-	-
Parking lot	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Detail Schedule of Expenditures By Project (continued)*

*June 30, 2012*

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	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<b><u>Community High School</u></b>		
New classroom building	\$ -	\$ -
Covered eating area and shade structure	-	-
Satellite kitchen	-	-
Replace roof	150	-
Implementation of technology plan	-	-
Total	<u>\$ 150</u>	<u>\$ -</u>
<b><u>Chaparral Middle School</u></b>		
New classroom building	\$ -	\$ -
Music classroom facility	-	-
Renovate storage area next to library	-	-
Install asphalt basketball courts	-	-
Gymnasium parking lot	-	-
Modify existing hard court area	-	-
Add covers and open backwater valves for open storm drains	-	-
Implementation of technology plan	-	-
Total	<u>\$ -</u>	<u>\$ -</u>
<b><u>Mesa Verde Middle School</u></b>		
Add planner walls by "F" building	\$ -	\$ -
Covered lunch patio	23,205	-
Music classroom facility	23,449	-
Wrought iron fencing	-	-
Implementation of technology plan	-	-
Total	<u>\$ 46,654</u>	<u>\$ -</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF  
MOORPARK UNIFIED SCHOOL DISTRICT**

*Detail Schedule of Expenditures By Project (continued)*

*June 30, 2012*

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<b><u>Moorpark High School</u></b>		
Roof replacement	\$ -	\$ -
Renovation	-	892,488
Technology improvement/enhancement	-	-
Total	<u>\$ -</u>	<u>\$ 892,488</u>
<b><u>New K-8 School</u></b>		
New school construction	<u>\$ -</u>	<u>\$ -</u>
<b><u>All Other Projects</u></b>		
Implementation of District-wide technology plan	\$ 750	\$ 3,348,454
District-wide projects	556,624	2,982,175
Plans	-	-
Joint use project	-	-
Bond counsel expenses	-	-
Total	<u>\$ 557,374</u>	<u>\$ 6,330,629</u>

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***Other Independent Auditors' Reports***

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**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**

The Board of Education and the  
Citizens' Bond Oversight Committee  
Moorpark Unified School District  
Moorpark, California

We have audited the financial statements of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District (the "District") as of June 30, 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 Moorpark Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Moorpark Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Moorpark Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Moorpark Unified School District's 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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

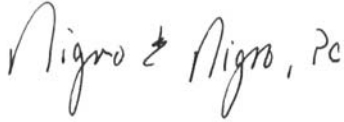
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Findings 2012-1 through 2012-3.

Moorpark Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Measure "R" and Measure "S" Bond Oversight Committee, the District Governing Board, management, and the taxpayers of Moorpark Unified School District and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California  
May 17, 2016



## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Education and the  
Citizens' Bond Oversight Committee  
Moorpark Unified School District  
Moorpark, California

We have examined the Moorpark Unified School District's compliance with the performance requirements for the Proposition 39 Measure "R" and Measure "S" General Obligation Bond for the fiscal year ended June 30, 2012, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Moorpark Unified School District Building Fund are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure "R" and Measure "S".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

### Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2011 to June 30, 2012. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were also included within the scope of our audit. Expenditures incurred subsequent to June 30, 2012 were not reviewed or included within the scope of our audit or in this report.

## Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2012 for the Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure "R" and Measure "S" with regards to the approved bond projects list. We performed the following procedures:

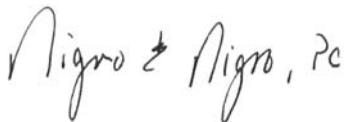
To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately \$4.5 million in bond fund invoices paid, which is a combination of 2011-12 expenditures and payments on liabilities accrued as of June 30, 2012 and paid in 2012-13. This includes testing payments for validity, allowability, and accuracy.
- We reviewed the approved project listing as set out in the Measure "R" and Measure "S" election documents.
- We visited construction sites at Mesa Verde Middle and Moorpark High Schools to ensure that expenditures made corresponded with the actual work performed at the site.
- We verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects, and we verified that funds held in the Building Fund were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measure "R" and Measure "S" General Obligation Bond proceeds listed and tested above, except as described in the findings and responses section of this report.

This report is intended for the information of the Board of Education, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.



Murrieta, California  
May 17, 2016

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## *Findings and Responses*

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## MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT

### *Schedule of Audit Findings and Responses*

*June 30, 2012*

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#### **Finding 2012-1: Unallowable Expenditures**

During the review of expenditures for Measure "S," we noted that the District spent \$34,330 on the annual contract renewal for Zangle software support services, which is provided by the Ventura County Office of Education. Zangle is the District's attendance software. While the expense is a technological expense, it is not attributable to classroom use as required by the project listing and does not improve student access to modern technology as required in the bond language. Additionally, the expense is a normal operating expense of the District, and will continue to be incurred on an ongoing basis after the bond funds are exhausted. Payment of operating expenses with bond funds is prohibited by the California Constitution, Article XIII A, Section 1(b)(3)(A), which states that bond proceeds are subject to restricted use and shall not be used for school operating expenses.

**Recommendation:** The District should ensure that all items coded to the bond fund fall under the approved project listing for the Bond funds. During the payment process, there should be a second review of what is being applied to the Bond fund to ensure that what is actually being processed for payment is applicable to the Bond fund. Additionally, the District should reimburse the bond fund for the cost of the renewal fee.

**District Response:** The District will ensure that all items coded to the bond fall under the approved project listing for the bond funds.

#### **Finding 2012-2: Change Orders Exceeding 10% of Contract Amount**

Our testing of five contracts identified one contract that increased more than 10% of the original cost of the contract by way of change orders, which is in violation of Public Contract Code Section 20118.4. To permit changes or alterations to contracts in excess of the ten percent limitation without advertising and letting to the lowest bidder is in conflict with the statute and could present opportunities for favoritism and abuse.

**Recommendation:** As of June 30, 2012, the work on this contract has been completed and funds have been paid to the contractor. Going out to bid at this point is not feasible for the District. Going forward, we recommend that the District monitor change orders more closely and adhere to Public Contract Code requirements.

**District Response:** The District will monitor change orders to assure compliance with the Public Contract Code requirements.

#### **Finding 2012-3: Oversight Committee Minutes**

Education Code Section 15280(b) states: "Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board." The District maintains the minutes on the website; however, as of February 2013, the minutes had not been updated since May of 2011. The physical documents and reports are made available by the Business Services Department.

**Recommendation:** We recommend the District include the citizen's oversight committee meeting minutes, all documents, and reports on the District's website to be available for public view.

**District Response:** The District will comply with Education Code 15280(b) which is to include committee meeting minutes, documents and reports on the district website for public view.

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT**

*Summary Schedule of Prior Audit Findings*

*For the Fiscal Year Ended June 30, 2012*

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<b>Original Finding No.</b>	<b>Finding</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding 2011-1: Unallowable Expenditure</i>	During the audit of 30 expenditures for Measure "S," we noted that the District purchased a truck with bond funds in the amount of \$21,176.29. The purchase requisition showed that Fund 210 should have been charged for the expenditure. Instead, the purchase order was coded to Fund 214 (Measure S Bond Funds). It appears that there was a manual entry error in the coding of the purchase order. There appears to be a weakness in the transaction process since throughout the entire approval/review process, this was not corrected.	The District should ensure that all items coded to the bond funds fall under the approved project listing. During the payment process, there should be careful review of what is being charged to the bond funds, to ensure errors such as this one do not occur in the future.	Implemented; however, see Finding 2012-1.