

**MEASURE "R" AND MEASURE "S"
GENERAL OBLIGATION BOND
BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2011**



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

For the Fiscal Year Ended June 30, 2011

Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report..... 1
Financial Statements:
 Balance Sheet 3
 Statement of Revenues, Expenditures, and Changes in Fund Balance..... 4
Notes to Financial Statements 5

SUPPLEMENTARY INFORMATION

Detail Schedule of Expenditures by Location..... 8
Detail Schedule of Expenditures by Project..... 9

OTHER INDEPENDENT AUDITORS' REPORTS

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 13
Independent Auditors' Report on Performance 15

FINDINGS AND RESPONSES

Schedule of Audit Findings and Responses..... 17
Schedule of Prior Audit Findings..... 18

Financial Section



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, 2011, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2011. 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 and performance 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 opinions.

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, 2011, 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 February 11, 2012 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 the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District's basic financial statements. The accompanying schedules of expenditures by location and expenditures by project are presented for purposes of additional analysis, and are not a required part of the basic financial statements of Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Nigro & Nigro, PC

February 11, 2012

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

Balance Sheet

June 30, 2011

	<u>Measure "R"</u>	<u>Measure "S"</u>
ASSETS		
Cash	\$ 693,911	\$ 2,053,383
Accounts receivable	1,439	4,746
Total Assets	<u>\$ 695,350</u>	<u>\$ 2,058,129</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 36,626
Fund Balance		
Restricted for capital projects	<u>695,350</u>	<u>2,021,503</u>
Total Liabilities and Fund Balance	<u>\$ 695,350</u>	<u>\$ 2,058,129</u>

The notes to financial statements are an integral part of this statement.

**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, 2011

	<u>Measure "R"</u>	<u>Measure "S"</u>
REVENUES		
Interest earnings	\$ 8,535	\$ 29,464
Other revenues	-	121,437
	<hr/>	<hr/>
Total Revenues	8,535	150,901
	<hr/>	<hr/>
EXPENDITURES		
Plant Services:		
Salaries and benefits	-	226,603
Materials, supplies & non-capitalized equipment	21,814	296,709
Services & other operating expenditures	55,193	706,898
Capital outlay	292,191	432,114
	<hr/>	<hr/>
Total Expenditures	369,198	1,662,324
	<hr/>	<hr/>
Net Change in Fund Balance	(360,663)	(1,511,423)
	<hr/>	<hr/>
Fund Balance, July 1, 2010	1,056,013	3,532,926
	<hr/>	<hr/>
Fund Balance, June 30, 2011	\$ 695,350	\$ 2,021,503
	<hr/> <hr/>	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

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

Notes to Financial Statements

June 30, 2011

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. 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.

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.

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

Notes to Financial Statements

June 30, 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2011, 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, 2011 is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2010	Additions	Deductions	Balance, June 30, 2011
2002A	5/22/2002	2/1/2027	2.10% to 5.80%	\$ 22,080,676	\$ 3,820,676	\$ -	\$ 580,000	\$ 3,240,676
2002B	4/20/2005	2/1/2030	2.62% to 5.30%	8,947,684	8,842,684	-	70,000	8,772,684
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	1,451,510	-	215,000	1,236,510
2008A	2/11/2009	8/1/2033	4.25% to 6.95%	11,000,537	11,000,537	-	-	11,000,537
					<u>\$ 40,850,407</u>	<u>\$ -</u>	<u>\$ 865,000</u>	<u>\$ 39,985,407</u>

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

Notes to Financial Statements

June 30, 2011

NOTE 3 – GENERAL OBLIGATION BONDS (continued)

The annual requirements to amortize the general obligation bonds payable, outstanding as of June 30, 2011 are as follows:

Fiscal Year	Principal	Interest	Total
2011-12	\$ 975,000	\$ 1,170,089	\$ 2,145,089
2012-13	1,090,000	1,128,976	2,218,976
2013-14	1,210,000	1,083,239	2,293,239
2014-15	1,340,000	1,089,758	2,429,758
2015-16	1,423,196	1,109,574	2,532,770
2016-21	10,618,909	5,484,265	16,103,174
2021-26	11,860,883	9,421,013	21,281,896
2026-31	7,880,597	13,267,445	21,148,042
2031-33	3,586,822	14,028,178	17,615,000
Total	<u>\$ 39,985,407</u>	<u>\$ 47,782,537</u>	<u>\$ 87,767,944</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 in the amount of \$1,439 and \$4,746 for Measure "R" and Measure "S", respectively, represent the amounts due from the County Treasurer for interest earnings for the quarter ended June 30, 2011.

NOTE 5 – CONSTRUCTION COMMITMENTS

As of June 30, 2011, the District had no commitments with respect to unfinished capital projects.

NOTE 6 – SUBSEQUENT EVENT

The Moorpark Unified School District issued General Obligation Bonds, Election 2008, Series B, in the aggregate principal amount of \$19,999,575.80 on October 20, 2011. The Series B Bonds were authorized at an election of the registered voters of the District held on November 4, 2008 for the purpose of financing the addition and modernization of school facilities (Measure "S").

Supplementary Information

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

Detail Schedule of Expenditures By Location

June 30, 2011

	Measure "R"		Measure "S"	
	Total 2010-11 Expenditures	Total Cumulative Expenditures	Total 2010-11 Expenditures	Total Cumulative Expenditures
Flory Elementary School	\$ 59,120	\$ 4,861,982	\$ -	\$ -
Mountain Meadows Elementary School	-	3,692,463	-	-
Peach Hill Elementary School	-	5,630,220	-	-
Campus Canyon Elementary School	-	4,226,196	-	-
Walnut Canyon Elementary School	-	1,403,075	-	-
Arroyo West Elementary School	2,020	3,923,117	-	-
Community High School	258,739	2,064,945	-	-
Chaparral Middle School	-	4,313,382	-	-
Mesa Verde Middle School	-	662,303	-	-
Moorpark High School	505	1,202,809	93,614	2,604,286
New K-8 School	-	749,384	-	-
All Other Projects	48,814	1,273,112	1,568,710	6,698,344
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 369,198	\$ 34,002,988	\$ 1,662,324	\$ 9,302,630
	<hr/>	<hr/>	<hr/>	<hr/>

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

Detail Schedule of Expenditures By Project

June 30, 2011

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<u>Flory Elementary School</u>		
New classroom building	\$ 59,120	\$ -
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>\$ 59,120</u>	<u>-</u>
<u>Mountain Meadows Elementary School</u>		
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>
<u>Peach Hill Elementary School</u>		
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, 2011

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<u>Campus Canyon Elementary School</u>		
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	-	-
Renovation of eating areas	-	-
Total	<u>\$ -</u>	<u>\$ -</u>
<u>Walnut Canyon Elementary School</u>		
Upgrade transformer for auditorium	\$ -	\$ -
Interior renovation of auditorium	-	-
Implementation of technology plan	-	-
Total	<u>\$ -</u>	<u>\$ -</u>
<u>Arroyo West Elementary School</u>		
New classroom building	\$ 2,020	\$ -
Renovate playgrounds	-	-
Grounds/facility enhancements	-	-
Slurry stripe playground	-	-
Perimeter fencing in front of school	-	-
Implementation of technology plan	-	-
Parking lot	-	-
Total	<u>\$ 2,020</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, 2011

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<u>Community High School</u>		
New classroom building	\$ 17,713	\$ -
Covered eating area and shade structure	-	-
Satellite kitchen	-	-
Replace roof	240,931	-
Implementation of technology plan	95	-
Total	<u>\$ 258,739</u>	<u>\$ -</u>
<u>Chaparral Middle School</u>		
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>
<u>Mesa Verde Middle School</u>		
Add planner walls by "F" building	\$ -	\$ -
Covered lunch patio	-	-
Wrought iron fencing	-	-
Implementation of technology plan	-	-
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, 2011

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	<u>Expenditures</u>	<u>Expenditures</u>
<u>Moorpark High School</u>		
Roof replacement	\$ -	\$ -
Renovation	-	93,614
Technology improvement/enhancement	505	-
Total	<u>\$ 505</u>	<u>\$ 93,614</u>
<u>New K-8 School</u>		
New school construction	<u>\$ -</u>	<u>\$ -</u>
<u>All Other Projects</u>		
Implementation of District-wide technology plan	\$ 750	\$ 788,575
District-wide projects	48,064	780,135
Plans	-	-
Joint use project	-	-
Bond counsel expenses	-	-
Total	<u>\$ 48,814</u>	<u>\$ 1,568,710</u>

Other Independent Auditors' Reports



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, 2011. 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

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.

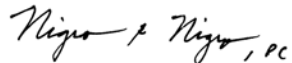
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

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

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.



February 11, 2012



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, 2011, 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, 2010 to June 30, 2011. 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, 2011 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, 2011 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:

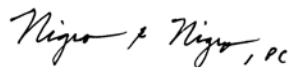
To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately \$1.1 million in bond fund invoices paid, which is a combination of 2010-11 expenditures and payments on liabilities accrued as of June 30, 2011 and paid in 2011-12. 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 Community High School and Flory and Arroyo West Elementary 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.



February 11, 2012

Findings and Responses

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

Schedule of Audit Findings and Responses

June 30, 2011

Finding 2011-1: Unallowable Expenditure

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.

Recommendation: 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.

District Response: The District has made the necessary correction to reduce expenditures in the amount of \$21,176.29 in Fund 214 (Measure "S") and increase expenditures in Fund 210 (Redevelopment). This correction is in reference to journal entry #60477 entered on March 2, 2012 for the vendor Barber Ford P.O. # 11-00209.

**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, 2011

There were no prior year audit findings.