

**MEASURE "R" AND MEASURE "S"
GENERAL OBLIGATION BOND
BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2010**



**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING
FUND OF MOORPARK UNIFIED SCHOOL DISTRICT
AUDIT REPORT
June 30, 2010**

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

INDEPENDENT AUDITORS' REPORT

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, 2010, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2010. 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, 2010, 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 21, 2011 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 21, 2011

Financial Section

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

Balance Sheet

June 30, 2010

	<u>Measure "R"</u>	<u>Measure "S"</u>
ASSETS		
Cash	\$ 1,111,201	\$ 3,532,618
Accounts receivable	4,683	12,752
Due from other funds	1,669	14,670
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,117,553</u>	<u>\$ 3,560,040</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 61,540	\$ 27,114
	<u> </u>	<u> </u>
Total Liabilities	61,540	27,114
 Fund Balances		
Unreserved	1,056,013	3,532,926
	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 1,117,553</u>	<u>\$ 3,560,040</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, 2010**

	Measure "R"	Measure "S"
REVENUES		
Interest earnings	\$ 31,503	\$ 91,406
Total Revenues	31,503	91,406
EXPENDITURES		
Plant Services:		
Salaries and benefits	37,733	144,862
Materials, supplies & non-capitalized equipment	551,824	376,612
Services & other operating expenditures	205,321	473,447
Capital outlay	101,719	2,249,221
Total Expenditures	896,597	3,244,142
Net Change in Fund Balance	(865,094)	(3,152,736)
Fund Balance, July 1, 2009	1,921,107	6,685,662
Fund Balance, June 30, 2010	\$ 1,056,013	\$ 3,532,926

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, 2010

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.

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING
FUND OF MOORPARK UNIFIED SCHOOL DISTRICT**
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

Notes to Financial Statements

June 30, 2010

NOTE 2 – CASH

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 instruments; 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 agreements; 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. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with no restriction on the percentage held in each authorized investment in relation to the District's entire investment portfolio.

Cash 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 statements 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.

General Authorizations

The authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its web site. The table below identifies some of the investment types permitted in the investment policy:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Agency Securities	5 years	None	None
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None

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

Notes to Financial Statements

June 30, 2010

NOTE 2 – CASH (continued)

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Ventura County Investment Pool with a fair value of approximately \$4,662,204 and an amortized book value of \$4,643,819. The average weighted maturity for this investment is 344 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 investment with the Ventura County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2010.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 – GENERAL OBLIGATION BONDS

A summary of the outstanding bonded debt of the District as of June 30, 2010 is shown below:

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2010</u>
2002A	5/22/2002	2/1/2027	2.10% to 5.80%	\$ 22,080,676	\$ 4,335,676	\$ -	\$ 515,000	\$ 3,820,676
2002B	4/20/2005	2/1/2030	2.62% to 5.30%	8,947,684	8,892,684	-	50,000	8,842,684
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	1,651,510	-	200,000	1,451,510
2008A	2/11/2009	8/1/2033	4.25% to 6.95%	11,000,537	11,000,537	-	-	11,000,537
					<u>\$ 41,615,407</u>	<u>\$ -</u>	<u>\$ 765,000</u>	<u>\$ 40,850,407</u>

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

Notes to Financial Statements

June 30, 2010

NOTE 3 – GENERAL OBLIGATION BONDS (continued)

The annual requirements to amortize the general obligation bonds payable, outstanding as of June 30, 2010 are as follows:

Fiscal Year	Principal	Interest	Total
2010-11	\$ 865,000	\$ 1,206,551	\$ 2,071,551
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	1,488,775	1,135,983	2,624,758
2015-20	9,968,330	5,941,745	15,910,075
2020-25	12,785,331	7,933,569	20,718,900
2025-30	8,881,148	15,360,759	24,241,907
2030-33	3,586,823	14,028,178	17,615,001
Total	<u>\$ 40,850,407</u>	<u>\$ 48,989,089</u>	<u>\$ 89,839,496</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 in the amount of \$4,683 and \$12,752 for Measure “R” and Measure “S”, respectively, represent the amounts due from the County Treasurer for interest earnings for the quarter ended June 30, 2010.

NOTE 5 – INTERFUND ACTIVITIES

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

Due From/To Other Funds

Building Subfund 213 Measure "R" due from General Fund for reimbursement of technology equipment for EETT Grant	\$ 1,669
Building Subfund 214 Measure "S" due from General Fund for software purchases	14,670
	<u>\$ 16,339</u>

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

Notes to Financial Statements

June 30, 2010

NOTE 6 – CONSTRUCTION COMMITMENTS

As of June 30, 2010, the District had no commitments with respect to unfinished capital projects.

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, 2010**

	Measure "R"		Measure "S"	
	Total 2009-10 Expenditures	Total Cumulative Expenditures	Total 2009-10 Expenditures	Total Cumulative Expenditures
Flory Elementary School	\$ 118,702	\$ 4,802,862	\$ -	\$ -
Mountain Meadows Elementary School	3,059	3,692,463	-	-
Peach Hill Elementary School	73,162	5,630,220	-	-
Campus Canyon Elementary School	13,155	4,226,196	-	-
Walnut Canyon Elementary School	15,226	1,403,075	-	-
Arroyo West Elementary School	49,674	3,921,097	-	-
Community High School	58,470	1,806,206	-	-
Chaparral Middle School	48,022	4,313,382	-	-
Mesa Verde Middle School	41,686	662,303	-	-
Moorpark High School	32,242	1,202,304	1,160,308	2,510,672
New K-8 School	-	749,384	-	-
All Other Projects	443,199	1,224,298	2,083,834	5,129,634
Total	\$ 896,597	\$ 33,633,790	\$ 3,244,142	\$ 7,640,306

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING
FUND OF MOORPARK UNIFIED SCHOOL DISTRICT
Detail Schedule of Expenditures By Project
June 30, 2010**

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	Expenditures	Expenditures
<u>Flory Elementary School</u>		
New classroom building	\$ -	\$ -
Shade structure	-	-
Concrete work and drainage around new classroom wing	2,239	-
Sandblast and paint auditorium	75,650	-
Renovate playgrounds	-	-
Complete modernization project	-	-
Implementation of technology plan	40,813	-
Total	<u>\$ 118,702</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	3,059	-
Renovation of student restrooms	-	-
Total	<u>\$ 3,059</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	73,162	-
Remove walk and regrade and replace concrete	-	-
Total	<u>\$ 73,162</u>	<u>-</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING
 FUND OF MOORPARK UNIFIED SCHOOL DISTRICT
 Detail Schedule of Expenditures By Project
 June 30, 2010**

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	Expenditures	Expenditures
<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	13,155	-
Renovation of eating areas	-	-
Total	<u>\$ 13,155</u>	<u>\$ -</u>
<u>Walnut Canyon Elementary School</u>		
Upgrade transformer for auditorium	\$ -	\$ -
Interior renovation of auditorium	-	-
Implementation of technology plan	15,226	-
Total	<u>\$ 15,226</u>	<u>\$ -</u>
<u>Arroyo West Elementary School</u>		
New classroom building	\$ 17,042	\$ -
Renovate playgrounds	-	-
Grounds/facility enhancements	300	-
Slurry stripe playground	-	-
Perimeter fencing in front of school	-	-
Implementation of technology plan	32,332	-
Parking lot	-	-
Total	<u>\$ 49,674</u>	<u>\$ -</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING
FUND OF MOORPARK UNIFIED SCHOOL DISTRICT
Detail Schedule of Expenditures by Project
June 30, 2010**

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	Expenditures	Expenditures
<u>Community High School</u>		
New classroom building	\$ -	\$ -
Covered eating area and shade structure	-	-
Satellite kitchen	9,657	-
Replace roof	42,171	-
Implementation of technology plan	6,642	-
Total	<u>\$ 58,470</u>	<u>\$ -</u>
<u>Chaparral Middle School</u>		
New classroom building	\$ 1,500	\$ -
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	46,522	-
Total	<u>\$ 48,022</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	41,686	-
Total	<u>\$ 41,686</u>	<u>\$ -</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING
FUND OF MOORPARK UNIFIED SCHOOL DISTRICT
Detail Schedule of Expenditures By Project
June 30, 2010**

	<u>Measure "R"</u>	<u>Measure "S"</u>
	Total	Total
	Expenditures	Expenditures
<u>Moorpark High School</u>		
Roof replacement	\$ -	\$ -
Renovation	-	1,160,308
Technology improvement/enhancement	32,242	-
Total	<u>\$ 32,242</u>	<u>\$ 1,160,308</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	\$ 41,803	\$ 1,616,101
District-wide projects	354,623	467,733
Plans	-	-
Joint use project	5,583	-
Bond counsel expenses	41,190	-
Total	<u>\$ 443,199</u>	<u>\$ 2,083,834</u>

Other Independent Auditors' Reports

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

**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**

We have audited the accompanying balance sheet of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District (the "District") as of June 30, 2010, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2010. We conducted our audit in accordance with generally accepted auditing standards 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.

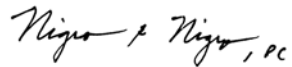
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the 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 21, 2011

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

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

We have examined the Moorpark Unified School District's (the "District") compliance with the performance requirements for the Proposition 39 Measure "R" and Measure "S" General Obligation Bond for the fiscal year ended June 30, 2010, 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, 2009 to June 30, 2010. 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, 2010 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, 2010 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 \$3.1 million in bond fund invoices paid, which is a combination of 2009-10 expenditures and payments on liabilities accrued as of June 30, 2010 and paid in 2010-11. 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 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.

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

Nigro & Nigro, PC

February 21, 2011