

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

**COUNTY OF VENTURA  
MOORPARK, CALIFORNIA**

**AUDIT REPORT  
June 30, 2006**

MEASURE "R" GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
June 30, 2006

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CONTENTS

	<u>Page</u>
Independent Auditors' Report .....	1
Balance Sheet .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	4
Notes to the Basic Financial Statements .....	5
Detail Schedule of Expenditures .....	10
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15
Independent Auditors' Report on Performance .....	17

# NIGRO NIGRO & WHITE, PC

A PROFESSIONAL ACCOUNTANCY CORPORATION

Jeff Nigro, CPA

Elizabeth Nigro, CPA

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Measure "R" Bond Oversight Committee  
Moorpark Unified School District  
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## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of the Measure "R" General Obligation Bond Building Fund of Moorpark Unified School District (the "District") as of June 30, 2006, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2006. 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 opinion.

As discussed in Note 1A, the financial statements present only the individual Measure "R" 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" General Obligation Bond Building Fund of Moorpark Unified School District, as of June 30, 2006, 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 October 31, 2006 on our consideration of the Measure "R" 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" 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" 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.

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

Temecula, California  
October 31, 2006

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Balance Sheet**  
**June 30, 2006**

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<b>ASSETS</b>	
Cash	\$ 11,919,215
Accounts receivable	<u>105,985</u>
<b>Total Assets</b>	<b><u><u>\$ 12,025,200</u></u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	<u>\$ 283,820</u>
<b>Total Liabilities</b>	283,820
<b>Fund Balances</b>	
Unreserved	<u>11,741,380</u>
<b>Total Liabilities and Fund Balance</b>	<b><u><u>\$ 12,025,200</u></u></b>

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

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Statement of Revenues Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2006**

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<b>REVENUES</b>	
Interest earnings	\$ 393,481
<b>Total Revenues</b>	<u>393,481</u>
<b>EXPENDITURES</b>	
Materials, supplies & non-capitalized equipment	215
Services & other operating expenditures	176,487
Capital outlay	1,753,056
<b>Total Expenditures</b>	<u>1,929,758</u>
<b>Excess (Deficiency) of Revenues</b>	
<b>Over (Under) Expenditures</b>	<u>(1,536,277)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from general obligation bonds	1,971,510
Interfund transfers out	(300,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,671,510</u>
<b>Excess (Deficiency) of Revenues and Other Financing</b>	
<b>Sources Over (Under) Expenditures</b>	135,233
<b>Fund Balance, June 30, 2005</b>	<u>11,606,147</u>
<b>Fund Balance, June 30, 2006</b>	<u>\$ 11,741,380</u>

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

**MEASURE “R” GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

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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. 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 Measure “R”.

On May 22, 2002, the District issued the first series of 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. The statements presented are for the individual Measure “R” 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” 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" GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT**  
Notes to Financial Statements  
June 30, 2006

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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. Deposits and Investments

In accordance with Education Code Section 41001, the District maintains all of its cash from the bond proceeds in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. 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**

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.

**MEASURE "R" GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2006**

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**NOTE 2 – CASH (continued)**

Policies and Practices (continued)

*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.

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 the investment with the Ventura County Investment Pool with a fair value of approximately \$11,850,628 and an amortized cost of \$11,919,215. The average weighted average maturity for this investment is 286 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 rated AAAs1 by the S&P. The pool is not rated by Moody's Investors Service.

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.

**MEASURE “R” GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

**NOTE 3 – MEASURE “R” GENERAL OBLIGATION BONDS**

An election of the registered voters of the District was held on March 5, 2002, at which more than 55 percent of the persons voting on the proposition voted to authorize the issuance and sale of \$33 million principal amount of general obligation bonds. The bonds are being issued to finance the addition and modernization of school facilities for the District.

A summary of the outstanding bonded debt of the District is shown below:

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding, July 1, 2005	Additions	Redeemed During Year	Outstanding, June 30, 2006
2002A	3.0% to 5.81%	5/22/2002	2/1/2027	\$ 22,080,676	\$ 5,890,676	\$ -	\$ 320,000	\$ 5,570,676
2002B	3.0% to 5.3%	4/20/2005	2/1/2030	8,947,684	8,947,684	-	-	8,947,684
2005 Ref.	3.0% to 5.0%	4/20/2005	8/1/2023	15,940,000	15,940,000	-	205,000	15,735,000
2002C	4.0% to 4.44%	6/20/2006	8/1/2016	1,971,510	-	1,971,510	-	1,971,510
				<u>\$ 48,939,870</u>	<u>\$ 30,778,360</u>	<u>\$ 1,971,510</u>	<u>\$ 525,000</u>	<u>\$ 32,224,870</u>

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2006 are as follows:

Fiscal Year	Principal	Interest	Total
2006-07	\$ 545,000	\$ 1,300,789	\$ 1,845,789
2007-08	580,000	1,282,314	1,862,314
2008-09	685,000	1,259,239	1,944,239
2009-10	780,000	1,230,338	2,010,338
2010-11	885,000	1,197,551	2,082,551
2011-16	5,711,510	5,698,037	11,409,547
2016-21	8,000,000	3,847,541	11,847,541
2021-26	8,900,575	5,306,321	14,206,896
2026-31	6,137,785	8,930,256	15,068,041
	<u>\$ 32,224,870</u>	<u>\$30,052,386</u>	<u>\$ 62,277,256</u>

**MEASURE “R” GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT**  
Notes to Financial Statements  
June 30, 2005

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**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2006 in the amount of \$105,985 represent the amount due from the County Treasurer for interest earnings for the quarter ended June 30, 2006.

**NOTE 5 – INTERFUND TRANSFERS**

The District made an interfund transfer during 2005-06 of \$300,000 from the Measure “R” Bond Building Fund to the Deferred Maintenance Fund to pay for the costs of roofing work at Moorpark High School.

**NOTE 6 – CONSTRUCTION COMMITMENTS**

The District’s initial construction plan was to augment \$33 million of bond funds with almost \$6.3 million in State School Facility funds, combining for more than \$39 million in new construction and modernization of schools. As of June 30, 2006, about \$26 million has been spent, leaving almost \$13 million of construction projects remaining. However, due to a decrease in new home construction, the purchase of 20 portable classrooms, and declining enrollment, the District eligibility for State funds has been reduced, and now the District is only eligible for just over \$1 million in State funds. The District plans to appeal to the State Allocation Board for increased eligibility with respect to the portable classrooms.

The decreased eligibility for State funds, along with project cost overruns, and sharply increasing construction costs beyond the District’s control, have combined to diminish the District’s ability to complete all of the approved projects. The Citizens’ Bond Oversight Committee, in conjunction with the District Board of Trustees and management, is addressing these concerns and reprioritizing the approved projects, so that the most necessary projects are ensured of completion.

## **Supplementary Information Section**

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures by Location**  
**June 30, 2006**

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	<u>Total Expenditures</u>
Flory Elementary School	s 2,382
Mountain Meadows Elementary School	168,465
Peach Hill Elementary School	7,512
Campus Canyon Elementary School	1,053,113
Walnut Canyon Elementary School	13,543
Arroyo West Elementary School	262,093
Community High School	51,813
Chaparral Middle School	12,896
Mesa Verde Middle School	321,073
Moorpark High School	16,673
New K-8 School	38
All Other Projects	<u>20,157</u>
	<u><u>s 1,929,758</u></u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures by Project**  
**June 30, 2006**

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	Total Expenditures
<b><u>Flory Elementary School</u></b>	
New classroom building	\$ -
Shade structure	408
Renovate playgrounds	(151)
Complete modernization project	-
Implementation of technology plan	2,125
	<u>2,382</u>
<b><u>Mountain Meadows Elementary School</u></b>	
New classroom building	168,465
Cover lunch area trellage	-
Renovate playgrounds	-
Grounds/facility enhancements	-
Implementation of technology plan	-
Renovation of student restrooms	-
	<u>168,465</u>
<b><u>Peach Hill Elementary</u></b>	
New classroom building	3,286
Renovation of play field	-
Renovate playgrounds	1
Grounds/facility enhancements	-
Recarpet entire school	-
Repair, replace, paint wrought iron fencing	-
Refabricate kindergarten fence	-
Replace front parking lot, extend side parking	-
Renovation of all buildings	-
Implementation of technology plan	4,225
Renovation of student restrooms	-
	<u>7,512</u>

MOORPARK UNIFIED SCHOOL DISTRICT  
 Measure "R" General Obligation Bond Building Fund  
 Detail Schedule of Expenditures by Project  
 June 30, 2006

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	Total Expenditures
<b><u>Campus Canyon Elementary School</u></b>	
New classroom building	\$ 940,055
Extend existing lunch cover	408
Shade structure for kindergarten area	120
Renovate playgrounds	111
Replace roof system	-
Replace wrought iron fencing	-
Implementation of technology plan	-
Renovation of student restrooms	112,419
	<u>1,053,113</u>
<b><u>Walnut Canyon Elementary School</u></b>	
Shade structure	13,543
Interior renovation of auditorium	-
Implementation of technology plan	-
	<u>13,543</u>
<b><u>Arroyo West Elementary School</u></b>	
New classroom building	201,431
Renovate playgrounds	(151)
Grounds/facility enhancements	-
Slurry stripe playground	-
Perimeter fencing in front of school	-
Implementation of technology plan	-
Renovation of student restrooms	60,813
	<u>262,093</u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures by Project**  
**June 30, 2006**

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	Total Expenditures
<b><u>Community High School</u></b>	
New classroom building	s (7,920)
Covered eating area and shade structure	12,348
Replace roof	47,385
Implementation of technology plan	-
	<u>51,813</u>
<b><u>Chaparral Middle School</u></b>	
New classroom building	(2,280)
Music classroom facility	-
Shade structure	15,176
Install asphalt basketball courts	
Gymnasium parking lot	
Modify existing hard court area	-
Renovate classrooms, offices, media center and locker rooms	-
Implementation of technology plan	-
	<u>12,896</u>
<b><u>Mesa Verde Middle School</u></b>	
Music classroom facility	321,073
Covered lunch patio	-
Wrought iron fencing	-
Implementation of technology plan	-
	<u>321,073</u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures by Project**  
**June 30, 2006**

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	Total Expenditures
<b><u>Moorpark High School</u></b>	
Roof replacement	\$ 16,673
Implementation of technology plan	-
	<u>16,673</u>
<b><u>New K-8 School</u></b>	
New school construction	38
	<u>38</u>
<b><u>All Other</u></b>	
Implementation of District-wide technology plan	9,409
Joint use project	14,800
Bond counsel expenses	(4,052)
	<u>20,157</u>

## **Other Independent Auditors' Reports**

# NIGRO NIGRO & WHITE, PC

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**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" General Obligation Bond Building Fund of Moorpark Unified School District (the "District") as of June 30, 2006, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2006. 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 Measure "R" General Obligation Bond Building Fund of Moorpark Unified School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure "R" 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*. We also found no unallowable expenditures charged to the Bond Building Fund.

This report is intended solely for the information and use of the Measure "R" 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 "Nijm Najm & White, PC".

Temecula, California  
October 31, 2006

# NIGRO NIGRO & WHITE, PC

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## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

We have audited the basic financial statements of the Measure "R" General Obligation Bond Building Fund of Moorpark Unified School District's (the "District") as of and for the year ended June 30, 2006 and have issued our report thereon dated October 31, 2006. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the Proposition 39 Measure "R" General Obligation Bond for the fiscal year ended June 30, 2006. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that the proceeds from the sale of the bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, including teacher and administrator salaries and other operating expenses.

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" General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Board of Trustees, management and the Measure "R" General Obligation Bond Oversight Committee; however, this report is a matter of public record.



Temecula, California  
October 31, 2006

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