

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

**COUNTY OF VENTURA  
MOORPARK, CALIFORNIA**

**AUDIT REPORT  
June 30, 2005**

**MEASURE “R” GENERAL OBLIGATION BOND BUILDING FUND  
OF MOORPARK UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
June 30, 2005**

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# NIGRO NIGRO & WHITE, PC

A PROFESSIONAL ACCOUNTANCY CORPORATION

Jeff Nigro, CPA  
Elizabeth Nigro, CPA  
Christy White, CPA

Measure "R" Bond Oversight Committee  
Moorpark Unified School District  
Moorpark, California

## INDEPENDENT AUDITORS' REPORT

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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, 2005, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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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.

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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, 2005, 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 August 16, 2005 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.



Temecula, California  
April 28, 2006

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Balance Sheet**  
**June 30, 2005**

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<b>ASSETS</b>	
Cash	\$ 12,163,690
Accounts receivable	<u>63,047</u>
<b>Total Assets</b>	<b><u>\$ 12,226,737</u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	<u>\$ 296,784</u>
<b>Total liabilities</b>	<b>620,590</b>
<b>Fund Balances</b>	
Unreserved	<u>11,606,147</u>
<b>Total liabilities and fund balance</b>	<b><u>\$ 12,226,737</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**  
**June 30, 2005**

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<b>REVENUES</b>	
Interest earnings	\$ 139,490
	<hr/>
<b>Total Revenues</b>	<b>139,490</b>
	<hr/>
<b>EXPENDITURES</b>	
Materials, supplies & non-capitalized equipment	154,926
Services & other operating expenditures	143,367
Capital outlay	4,564,612
	<hr/>
<b>Total Expenditures</b>	<b>4,862,905</b>
	<hr/>
<b>Excess (Deficiency) of Revenues</b>	
<b>Over (Under) Expenditures</b>	<b>(4,723,415)</b>
	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from general obligation bonds	24,887,683
Original issue premium	1,080,765
Transfer to escrow agent for defeased debt	(16,737,440)
Issue costs and discounts	(283,325)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>8,947,683</b>
	<hr/>
<b>Excess (Deficiency) of Revenues and Other Financing</b>	
<b>Sources Over (Under) Expenditures</b>	<b>4,224,268</b>
	<hr/>
<b>Fund Balance, June 30, 2004</b>	<b>7,381,879</b>
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<b>Fund Balance, June 30, 2005</b>	<b>\$ 11,606,147</b>
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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, 2005**

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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 and on April 20, 2005, the District issued Series B bonds in the amount of \$8,947,684. 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, 2005**

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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**

In accordance with Education Code Section 41001, the District maintains the cash in the Measure “R” General Obligation Bond Building Fund as an involuntary participant in the Ventura County Treasury as part of the common investment pool (\$12,163,690 as of June 30, 2005). The fair market value of this pool as of June 30, 2005, as provided by the pool sponsor, was \$12,121,198. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

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

**Notes to Financial Statements**

**June 30, 2005**

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**NOTE 3 – MEASURE "R" GENERAL OBLIGATION BONDS**

An election of the registered voters of the District was held on March 5, 2002, of 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 school facilities for the District.

**Series A**

On May 22, 2002, the District issued Series A of the Election of 2002 General Obligation Bonds in the amount of \$22,080,676. The issue consisted of: a) Current Interest Bonds of \$20,355,000 with stated interest rates ranging from 3.0% to 5.375% and fully maturing on August 1, 2023, and b) Capital Appreciation Serial Bonds of \$1,725,676 with coupon yields to maturity of 5.78% to 5.81% and fully maturing on February 1, 2027. On April 20, 2005, the District advance refunded \$15,915,000 of the Series A bonds as described in more detail below. At June 30, 2005, the principal balance outstanding on these bonds was \$5,890,676.

**Series B**

On April 20, 2005, the District issued Series B in the amount of \$8,947,684. The issue consisted of Current Interest Bonds of \$7,435,000 with stated interest rates ranging from 3.0% to 4.625% and fully maturing on August 1, 2028, and Capital Appreciation Bonds of \$1,512,684 with yields to maturity ranging from 5.25% to 5.30% and fully maturing February 1, 2030. At June 30, 2005, the principal balance outstanding on these Bonds was \$8,947,684.

**Refunding Bonds**

On April 20, 2005, the District issued Refunding Bonds in the amount of \$15,940,000. The bonds were issued as Serial Bonds with stated interest rates ranging from 3.0% to 5.0% and fully maturing on August 1, 2023. At June 30, 2005, the principal balance outstanding on these bonds was \$15,940,000.

Of the \$17.0 million net proceeds from the Refunding Bonds, an amount equal to \$16,737,440 was used to purchase U.S. government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series A bonds. Because these funds are held for the purpose of paying defeased debt, the assets and related liabilities are not reflected in these financial statements, in accordance with GASB No. 7.

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

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**NOTE 3 – MEASURE “R” GENERAL OBLIGATION BONDS (continued)**

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	\$ 525,000	\$ 965,042	\$ 1,490,042
2006-2007	390,000	1,231,889	1,621,889
2007-2008	415,000	1,219,814	1,634,814
2008-2009	485,000	1,204,038	1,689,038
2009-2010	565,000	1,183,439	1,748,439
2010-2015	4,200,000	5,484,803	9,684,803
2015-2020	7,235,000	4,219,266	11,454,266
2020-2025	9,825,023	3,818,877	13,643,900
2025-2030	7,138,337	11,023,570	18,161,907
Totals	<u>\$ 30,778,360</u>	<u>\$ 30,350,738</u>	<u>\$ 61,129,098</u>

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2005 in the amount of \$63,047 represent the amount due from the County Treasurer for interest earnings for the quarter ended June 30, 2005.

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

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**NOTE 5 – 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, 2005, about \$20 million has been spent, leaving almost \$19 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.

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# **SUPPLEMENTARY INFORMATION SECTION**

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**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures By Location**  
**June 30, 2005**

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	<u>Total Expenditures</u>
Flory Elementary School	\$ 1,296,638
Mountain Meadows Elementary School	1,667
Peach Hill Elementary School	775,331
Campus Canyon Elementary School	372,612
Walnut Canyon Elementary School	33,135
Arroyo West Elementary School	134,514
Community High School	439,915
Chaparral Middle School	1,335,612
Mesa Verde Middle School	85,573
Moorpark High School	-
New K-8 School	357,823
All Other Projects	<u>30,085</u>
	<u><u>\$ 4,862,905</u></u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures By Project**  
**June 30, 2005**

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	<u>Total Expenditures</u>
<b><u>Flory Elementary School</u></b>	
New classroom building	\$ 1,088,874
Shade structure	32,415
Renovate playgrounds	172,287
Complete modernization project	-
Implementation of technology plan	3,062
	<u>1,296,638</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	1,667
	<u>1,667</u>
<b><u>Peach Hill Elementary</u></b>	
New classroom building	762,224
Renovation of play field	-
Renovate playgrounds	-
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	1,805
Implementation of technology plan	11,302
Renovation of student restrooms	-
	<u>775,331</u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures By Project**  
**June 30, 2005**

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	<u>Total Expenditures</u>
<b><u>Campus Canyon Elementary School</u></b>	
New classroom building	\$ 158,100
Extend existing lunch cover	684
Shade structure for kindergarten area	24,387
Renovate playgrounds	176,197
Replace roof system	-
Replace wrought iron fencing	-
Implementation of technology plan	7,145
Renovation of student restrooms	6,099
	<u>372,612</u>
<b><u>Walnut Canyon Elementary School</u></b>	
Shade structure	33,135
Interior renovation of auditorium	-
Implementation of technology plan	-
	<u>33,135</u>
<b><u>Arroyo West Elementary School</u></b>	
New classroom building	33
Renovate playgrounds	133,570
Grounds/facility enhancements	-
Slurry stripe playground	-
Perimeter fencing in front of school	-
Implementation of technology plan	911
Renovation of student restrooms	-
	<u>134,514</u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures By Project**  
**June 30, 2005**

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	<u>Total Expenditures</u>
<b><u>Community High School</u></b>	
New classroom building	\$ 395,893
Covered eating area and shade structure	32,802
Replace roof	921
Implementation of technology plan	10,299
	<u>439,915</u>
<b><u>Chaparral Middle School</u></b>	
New classroom building	1,314,856
Music classroom facility	-
Shade structure	65,685
Install asphalt basketball courts	654
Gymnasium parking lot	(45,583)
Modify existing hard court area	-
Renovate classrooms, offices, media center and locker rooms	-
Implementation of technology plan	-
	<u>1,335,612</u>
<b><u>Mesa Verde Middle School</u></b>	
Music classroom facility	85,573
Covered lunch patio	-
Wrought iron fencing	-
Implementation of technology plan	-
	<u>85,573</u>

**MOORPARK UNIFIED SCHOOL DISTRICT**  
**Measure "R" General Obligation Bond Building Fund**  
**Detail Schedule of Expenditures By Project**  
**June 30, 2005**

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	<u>Total Expenditures</u>
<b><u>Moorpark High School</u></b>	
Roof replacement	\$ -
Implementation of technology plan	-
	<u>-</u>
<b><u>New K-8 School</u></b>	
New school construction	357,823
	<u>357,823</u>
<b><u>All Other</u></b>	
Implementation of District-wide technology plan	30,085
Joint use project	-
Bond counsel expenses	-
	<u>30,085</u>

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# **OTHER INDEPENDENT AUDITORS' REPORTS**

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Elizabeth Nigro, CPA  
Christy White, CPA

Measure "R" 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*

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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, 2005, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2005. 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.



Temecula, California  
August 16, 2005

# NIGRO NIGRO & WHITE, PC

A PROFESSIONAL ACCOUNTANCY CORPORATION

Jeff Nigro, CPA  
Elizabeth Nigro, CPA  
Christy White, CPA

Measure "R" Bond Oversight Committee  
Moorpark Unified School District  
Moorpark, California

## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

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One Ridgeway Drive  
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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, 2005 and have issued our report thereon dated August 16, 2005. 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.

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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, 2005. 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.

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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  
August 16, 2005