

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

**COUNTY OF VENTURA
MOORPARK, CALIFORNIA**

**AUDIT REPORT
June 30, 2004**

NIGRO NIGRO & WHITE, PC

Certified Public Accountants

**MEASURE "R" GENERAL OBLIGATION BOND BUILDING FUND
OF MOORPARK UNIFIED SCHOOL DISTRICT
AUDIT REPORT
June 30, 2004**

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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

Temecula Office

41530 Enterprise
Circle South, Ste. 202
Temecula, CA 92590

Phone: (909) 698-8783
Fax: (909) 698-8163

San Diego Office

1559 Beryl Street
San Diego, CA 92109

Phone: (858) 270-3521
Fax: (858) 274-1379

Members of:

American Institute
of CPAs

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of CPAs

California
Association of School
Business Officials

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Associations Institute

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Board of Accountancy

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, 2004, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2004. 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, 2004, 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 18, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion 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.

Nigro Nigro & White, PC

Temecula, California
August 18, 2004

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Balance Sheet
June 30, 2004

ASSETS

Cash	\$	7,793,695
Accounts Receivable		38,463
Due from other funds		4,239
		<u>4,239</u>

Total Assets	\$	<u><u>7,836,397</u></u>
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$	<u>454,518</u>
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Total Liabilities		454,518
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Fund Balances

Unreserved		<u>7,381,879</u>
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Total Liabilities and Fund Balance	\$	<u><u>7,836,397</u></u>
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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, 2004

REVENUES

Interest earnings \$ 205,616

Total Revenues 205,616

EXPENDITURES

Materials, supplies & non-capitalized equipment 11,084

Services & other operating expenditures 222,092

Capital outlay 8,073,934

Total Expenditures 8,307,110

Excess (Deficiency) of Revenues
Over (Under) Expenditures (8,101,494)

Fund Balance, June 30, 2003 15,483,373

Fund Balance, June 30, 2004 \$ 7,381,879

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, 2004

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. 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, 2004

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 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 in the Ventura County Treasury as part of the common investment pool (\$7,793,695 as of June 30, 2004). The fair market value of this pool as of June 30, 2004, as provided by the pool sponsor, was \$7,753,308. 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, 2004

NOTE 3 – MEASURE “R” GENERAL OBLIGATION BONDS

On May 22, 2002, the District issued Series 2002A of the Election of 2002 General Obligation Bonds in the amount of \$22,080,676. The bonds consist of: a) Current Interest Serial Bonds of \$20,355,000 with interest rates ranging from 3.0% to 5.375% and fully maturing on August 1, 2023, and b) Capital Appreciation Bonds of \$1,725,676 with yields to maturity ranging between 5.78% and 5.81% and maturing on February 1, 2027. The District maintains a separate Bond Interest and Redemption Fund to pay principal and interest on the bonds as they become due. At June 30, 2004 the principal balance outstanding was \$22,080,676.

The annual requirements to amortize all general obligation bonds payable, outstanding as of June 30, 2004, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	\$ 275,000	\$ 965,091	\$ 1,240,091
2005-2006	320,000	956,166	1,276,166
2006-2007	365,000	945,891	1,310,891
2007-2008	415,000	934,191	1,349,191
2008-2009	455,000	918,866	1,373,866
2009-2014	3,480,000	4,237,395	7,717,395
2014-2019	5,850,000	3,169,324	9,019,324
2019-2024	9,195,000	1,228,762	10,423,762
2024-2027	<u>1,725,676</u>	<u>6,754,324</u>	<u>8,480,000</u>
Totals	<u>\$22,080,676</u>	<u>\$20,110,010</u>	<u>\$ 42,190,686</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2004 in the amount of \$38,463 represent the amount due from the County Treasurer for interest earnings for the quarter ended June 30, 2004.

NOTE 5 – DUE FROM OTHER FUNDS

The Bond Building Fund is reporting \$4,239 due from other funds at June 30, 2004. This amount represents payments made from the fund for projects that will be funded from the Deferred Maintenance Fund. The Deferred Maintenance Fund will reimburse the Bond Building Fund in 2004-2005.

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

Notes to Financial Statements

June 30, 2004

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, 2004, about \$15.5 million has been spent, leaving almost \$24 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

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures By Location
June 30, 2004

	<u>Total Expenditures</u>
Flory Elementary School	\$ 2,101,812
Mountain Meadows Elementary School	462,480
Peach Hill Elementary School	3,111,736
Campus Canyon Elementary School	77,253
Walnut Canyon Elementary School	6,298
Arroyo West Elementary School	517
Community High School	1,037,043
Chaparral Middle School	1,445,685
Mesa Verde Middle School	34,857
Moorpark High School	-
New K-8 School	12,000
All Other Projects	<u>17,429</u>
	<u>\$ 8,307,110</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures By Project
June 30, 2004

	<u>Total Expenditures</u>
<u>Flory Elementary School</u>	
New classroom building	\$ 1,975,914
Shade structure	-
Renovate playgrounds	125,898
Complete modernization project	-
Implementation of technology plan	-
	<u>2,101,812</u>
<u>Mountain Meadows Elementary School</u>	
New classroom building	-
Cover lunch area trellage	-
Renovate playgrounds	126,902
Grounds/facility enhancements	-
Implementation of technology plan	95,847
Renovation of student restrooms	239,731
	<u>462,480</u>
<u>Peach Hill Elementary</u>	
New classroom building	2,956,726
Renovation of play field	-
Renovate playgrounds	14,200
Grounds/facility enhancements	-
Recarpet entire school	-
Repair, replace, paint wrought iron fencing	8,975
Refabricate kindergarten fence	1,328
Replace front parking lot, extend side parking	-
Renovation of all buildings	143
Implementation of technology plan	130,254
Renovation of student restrooms	110
	<u>3,111,736</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures By Project
June 30, 2004

	<u>Total Expenditures</u>
<u>Campus Canyon Elementary School</u>	
New classroom building	\$ 10,125
Extend existing lunch cover	-
Shade structure for kindergarten area	-
Renovate playgrounds	151
Replace roof system	-
Replace wrought iron fencing	-
Implementation of technology plan	66,977
Renovation of student restrooms	-
	<u>77,253</u>
<u>Walnut Canyon Elementary School</u>	
Shade structure	-
Interior renovation of auditorium	6,298
Implementation of technology plan	-
	<u>6,298</u>
<u>Arroyo West Elementary School</u>	
New classroom building	-
Renovate playgrounds	151
Grounds/facility enhancements	-
Slurry stripe playground	-
Perimeter fencing in front of school	-
Implementation of technology plan	366
Renovation of student restrooms	-
	<u>517</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures By Project
June 30, 2004

	<u>Total Expenditures</u>
<u>Community High School</u>	
New classroom building	\$ 1,036,763
Covered eating area and shade structure	-
Replace roof	-
Implementation of technology plan	280
	<u>1,037,043</u>
<u>Chaparral Middle School</u>	
New classroom building	1,069,161
Music classroom facility	223
Shade structure	-
Install asphalt basketball courts	17,880
Gymnasium parking lot	348,400
Modify existing hard court area	-
Renovate classrooms, offices, media center and locker rooms	6,396
Implementation of technology plan	3,625
	<u>1,445,685</u>
<u>Mesa Verde Middle School</u>	
Music classroom facility	21,013
Covered lunch patio	13,794
Wrought iron fencing	-
Implementation of technology plan	50
	<u>34,857</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures By Project
June 30, 2004

	<u>Total Expenditures</u>
<u>Moorpark High School</u>	
Roof replacement	\$ -
Implementation of technology plan	-
	<u>-</u>
<u>New K-8 School</u>	
New school construction	12,000
	<u>12,000</u>
<u>All Other</u>	
Implementation of District-wide technology plan	17,429
Joint use project	-
Bond counsel expenses	-
	<u>17,429</u>

OTHER INDEPENDENT AUDITORS' REPORTS

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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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, 2004, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2004. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*. We also found no unallowable expenditures charged to the Bond Building Fund.

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 assurance 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 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 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.

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 18, 2004

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

Independent Auditors' Report on Performance

We have audited the 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, 2004 and have issued our report thereon dated August 18, 2004. 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, 2004. 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.

Nigro Nigro & White, PC

Temecula, California
August 18, 2004