

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

**COUNTY OF VENTURA
MOORPARK, CALIFORNIA**

**AUDIT REPORT
June 30, 2003**

NIGRO NIGRO & WHITE LLP

Certified Public Accountants

**MEASURE "R" GENERAL OBLIGATION BOND BUILDING FUND
OF MOORPARK UNIFIED SCHOOL DISTRICT
AUDIT REPORT
June 30, 2003**

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Independent Auditor's 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, 2003, and the related statement of revenues, expenditures and changes in fund balance as of and for the period of May 22, 2002 through June 30, 2003. 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, 2003, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2003 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.

Nigro Nigro & White, LLP

Temecula, California
August 20, 2003

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Balance Sheet
June 30, 2003

ASSETS	
Cash	\$ 16,130,213
Accounts receivable	<u>78,290</u>
Total Assets	<u>\$ 16,208,503</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 725,130</u>
Total liabilities	725,130
 Fund Balances	
Unreserved	<u>15,483,373</u>
Total liabilities and fund balance	<u>\$ 16,208,503</u>

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
Period from May 22, 2002 through June 30, 2003

REVENUES	
Interest earnings	\$ 494,538
Total Revenues	<u>494,538</u>
EXPENDITURES	
Materials, supplies & non-capitalized equipment	33,647
Services & other operating expenditures	658,216
Capital outlay	<u>6,399,978</u>
Total Expenditures	<u>7,091,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,597,303)
OTHER FINANCING SOURCES	
Proceeds from General Obligation Bonds	<u>22,080,676</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	15,483,373
Fund Balance, May 22, 2002	<u>-</u>
Fund Balance, June 30, 2003	<u><u>\$ 15,483,373</u></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, 2003

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, 2003

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 (\$16,130,213 as of June 30, 2003). The fair market value of this pool as of June 30, 2003, as provided by the pool sponsor, was \$16,193,121. 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, 2003

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, 2003 the principal balance outstanding was \$22,080,676.

The annual requirements to amortize all general obligation bonds payable, outstanding as of June 30, 2003, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003-2004	\$ -	\$ 1,119,983	1,119,983
2004-2005	275,000	969,216	1,244,216
2005-2006	320,000	960,966	1,280,966
2006-2007	365,000	951,367	1,316,367
2007-2008	415,000	940,416	1,355,416
2008-2013	3,065,000	4,430,031	7,495,031
2013-2018	5,315,000	3,585,731	8,900,731
2018-2023	8,445,000	1,894,819	10,339,819
2023-2027	3,880,676	6,862,074	10,742,750
	<u>\$ 22,080,676</u>	<u>\$ 21,174,603</u>	<u>\$ 43,795,279</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2003 in the amount of \$78,290 represent the amount due from the County Treasurer for interest earnings for the quarter ended June 30, 2003.

SUPPLEMENTARY INFORMATION

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures by Location
Period from May 22, 2002 through June 30, 2003

	<u>Total Expenditures</u>
Flory Elementary School	\$ 1,273,950
Mountain Meadows Elementary School	69,920
Peach Hill Elementary School	1,644,941
Campus Canyon Elementary School	417,795
Walnut Canyon Elementary School	1,331,228
Arroyo West Elementary School	65,934
Community High School	138,278
Chaparral Middle School	1,414,516
Mesa Verde Middle School	127,254
Moorpark High School	57,901
New K-8 School	363,587
All Other Projects	<u>186,537</u>
	<u><u>\$ 7,091,841</u></u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures - By Project
Period from May 22, 2002 through June 30, 2003

	<u>Total</u> <u>Expenditures</u>
<u>Flory Elementary School</u>	
New classroom building	\$ 166,381
Shade structure	-
Renovate playgrounds	7,872
Complete modernization project	1,051,500
Implementation of technology plan	48,197
	<u>1,273,950</u>
<u>Mountain Meadows Elementary School</u>	
New classroom building	4,880
Cover lunch area trellage	10,082
Renovate playgrounds	-
Grounds/facility enhancements	-
Implementation of technology plan	34,565
Renovation of student restrooms	20,393
	<u>69,920</u>
<u>Peach Hill Elementary</u>	
New classroom building	629,638
Renovation of play field	-
Renovate playgrounds	99,942
Grounds/facility enhancements	-
Recarpet entire school	-
Repair, replace, paint wrought iron fencing	8,207
Refabricate kindergarten fence	-
Replace front parking lot, extend side parking	-
Renovation of all buildings	891,893
Implementation of technology plan	15,261
Renovation of student restrooms	-
	<u>1,644,941</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures - By Project
Period from May 22, 2002 through June 30, 2003

	<u>Total Expenditures</u>
<u>Campus Canyon Elementary School</u>	
New classroom building	\$ 4,880
Extend existing lunch cover	-
Shade structure for kindergarten area	-
Renovate playgrounds	-
Replace roof system	395,755
Replace wrought iron fencing	-
Implementation of technology plan	17,160
Renovation of student restrooms	-
	<u>417,795</u>
<u>Walnut Canyon Elementary School</u>	
Shade structure	-
Interior renovation of auditorium	1,285,206
Implementation of technology plan	46,022
	<u>1,331,228</u>
<u>Arroyo West Elementary School</u>	
New classroom building	6,300
Renovate playgrounds	-
Grounds/facility enhancements	-
Slurry stripe playground	-
Perimeter fencing in front of school	16,047
Implementation of technology plan	43,587
Renovation of student restrooms	-
	<u>65,934</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures - By Project
Period from May 22, 2002 through June 30, 2003

	<u>Total Expenditures</u>
<u>Community High School</u>	
New classroom building	\$ 121,279
Covered eating area and shade structure	-
Replace roof	-
Implementation of technology plan	16,999
	<u>138,278</u>
<u>Chaparral Middle School</u>	
New classroom building	152,235
Music classroom facility	24,092
Shade structure	-
Install asphalt basketball courts	-
Gymnasium parking lot	11,792
Modify existing hard court area	-
Renovate classrooms, offices, media center and locker rooms	1,126,266
Implementation of technology plan	100,131
	<u>1,414,516</u>
<u>Mesa Verde Middle School</u>	
Music classroom facility	22,840
Covered lunch patio	15,771
Wrought iron fencing	2,580
Implementation of technology plan	86,063
	<u>127,254</u>

MOORPARK UNIFIED SCHOOL DISTRICT
Measure "R" General Obligation Bond Building Fund
Detail Schedule of Expenditures - By Project
Period from May 22, 2002 through June 30, 2003

	<u>Total Expenditures</u>
<u>Moorpark High School</u>	
Roof replacement	\$ -
Implementation of technology plan	57,901
	<u>57,901</u>
<u>New K-8 School</u>	
New school construction	363,587
	<u>363,587</u>
<u>All Other</u>	
Implementation of District-wide technology plan	127,665
Joint use project	-
Bond counsel expenses	58,872
	<u>186,537</u>

OTHER INDEPENDENT AUDITOR'S REPORTS

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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, 2003, and the related statement of revenues, expenditures and changes in fund balance as of and for the period from May 22, 2002 through June 30, 2003. 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.

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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.

Nigro Nigro & White, LLP

Temecula, California
August 20, 2003