

**LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V BUILDING FUND
GENERAL OBLIGATION BONDS**

AUDIT REPORT

JUNE 30, 2014

**LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V BUILDING FUND
GENERAL OBLIGATION BONDS
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**LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATIONS BONDS
PROPOSITION V
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING**

On November 4, 2008 the Lakeside Union School District was successful under Proposition V in obtaining authorization from District voters to issue up to \$79,550,000 in General Obligation Bonds pursuant to a 55% vote in a bond election. The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The Lakeside Union School District Proposition V Citizens' Oversight Committee as of June 30, 2014 was comprised of the following members:

Jan McMillian	Senior Organization Member
Jose Gonzales	Chair-Business Organization Representative
Venus Rodvold	Parent and PTA Representative
Miguel McGrath	Business Owner
George Hawkins	San Diego Taxpayer Association
Holly Ferrante	Business Owner
Lucretia Browning	Member-At Large Representative
*Vacant	Member-Senior Citizen Representative

*The District has solicited and advertised in the local media for the open position as of June 30, 2014.

INDEPENDENT AUDITOR'S REPORT

**Governing Board Members and
Citizens' Oversight Committee
Lakeside Union School District
Lakeside, California**

Report on Financial Statements

We have audited the accompanying financial statements of Proposition V Building Fund (21-39) of Lakeside Union School District, which comprise the balance sheet as of June 30, 2014, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note B, the financial statements present only the Building Fund (21-39) which is specific to Proposition V and is not intended to present fairly the financial position and results of operations of Lakeside Union School District in conformity with accounting principles generally accepted in the United States of America.

Also, described in Note B to the financial statements, in 2014, the District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proposition V Building Fund (21-39) of Lakeside Union School District as of June 30, 2014, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2014, on our consideration of Lakeside Union School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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.

El Cajon, California
November 1, 2014

FINANCIAL SECTION

**LAKESIDE UNION SCHOOL DISTRICT
 PROPOSITION V BUILDING FUND
 GENERAL OBLIGATION BONDS
 BALANCE SHEET
 JUNE 30, 2014**

ASSETS

CURRENT ASSETS

Cash in County Treasury	\$	4,936,980
Accounts Receivable		<u>5,845</u>

TOTAL ASSETS		<u><u>4,942,825</u></u>
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LIABILITIES AND FUND BALANCE

Accounts Payable		570,323
Due to General Fund		<u>2,869</u>

TOTAL LIABILITIES		573,192
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FUND BALANCE

Restricted for Capital Projects		<u>4,369,633</u>
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TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>4,942,825</u></u>
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The accompanying notes are an integral part of these financial statements.