

WESTSIDE UNION SCHOOL DISTRICT

LOS ANGELES COUNTY  
QUARTZ HILL, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT  
2008 ELECTION SERIES A AND  
SERIES B GENERAL OBLIGATION BONDS  
BUILDING FUND

JUNE 30, 2013

**JLG**

Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

WESTSIDE UNION SCHOOL DISTRICT  
 2008 ELECTION, SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
TABLE OF CONTENTS  
 JUNE 30, 2013

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
TABLE OF CONTENTS	i
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1
Balance Sheet	STATEMENT 1 3
Statement of Revenues, Expenditures, and Changes in Fund Balance	STATEMENT 2 4
NOTES TO FINANCIAL STATEMENTS	5
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
SUPPLEMENTARY EXHIBITS	
Ballot Measure	EXHIBIT A 12
Ballot Measure - Full Text of Measure	EXHIBIT B 13
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	16
AUDITOR'S REPORT ON STATE COMPLIANCE	18



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Jeanette L. Garcia,  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Citizens' Oversight Committee  
Westside Union School District  
Quartz Hill, California

### **Report on the Financial Statements**

We have audited the accompanying balance sheet of the Westside Union School District 2008 Series A and Series B General Obligation Bond Building Fund, as of June 30, 2013, and the related statement of revenues, expenditures and changes in fund balance for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

As discussed in Note 1, the financial statements present only the individual 2008 Series A and Series B General Obligation Bond Building Fund of the Westside Union School District and are not intended to present fairly the financial position of the Westside Union School District in conformity with generally accepted accounting principles.

### ***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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 financial statements.

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

Member:  
  
American  
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Accountants

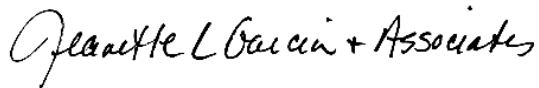
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Society of  
Certified Public  
Accountants

***Opinions***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the transactions of the 2008 Series A and Series B General Obligation Bond Building Fund of the Westside Union School District, as of and for the year ended June 30, 2013, in accordance 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 December 17, 2013, on our consideration of the Westside Union School District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westside Union School District's internal control over financial reporting and compliance.



Redlands, California  
December 17, 2013

WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
BALANCE SHEET  
 JUNE 30, 2013

ASSETS

Cash (Note 2)	
Cash in County Treasury	\$ 14,496,391
Accounts Receivable (Note 3)	<u>33,836</u>
 TOTAL ASSETS	 <u><u>\$ 14,530,227</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 5,527,644
 Fund Balance	
Restricted	<u>9,002,583</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 14,530,227</u></u>

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>REVENUES</u>	
Interest	\$ 131,683
	<hr/>
Total Revenue	131,683
	<hr/>
<u>EXPENDITURES</u>	
Plant Services	113,745
Facilities Acquisition and Construction	19,819,956
	<hr/>
Total Expenditures	19,933,701
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,802,018)
<u>FUND BALANCE</u> - JULY 1, 2012	28,804,601
	<hr/>
<u>FUND BALANCE</u> - JUNE 30, 2013	\$ 9,002,583
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT  
2008 SERIES A AND SERIES B  
GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Westside Union School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Reporting Entity

On November 4, 2008, the District voters authorized issuance of \$63,500,000 principal amount of General Obligation Bonds for the purpose of financing the renovation, construction, and improvement of school facilities throughout the District and pay certain costs of issuance of the bonds. The measure was approved by more than 55% of the vote. 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: informing the public on the expenditures of Bond proceeds, reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in the Measure, and ensuring compliance with conditions of Measure.

In September 2009, the County of Los Angeles, on behalf of the District, issued \$9,989,852.40 General Obligation Bonds, 2008 Election, Series A. The Bonds are the first series of bonds to be issued under this authorization.

On July 26, 2010, the Westside Union School District issued General Obligation Bonds, 2008 Election, Series B, in the aggregate principal amount of \$34,998,930.95, pursuant to a resolution of the Board of Trustees of the District adopted on June 15, 2010.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, 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 accompanying financial statements 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.

WESTSIDE UNION SCHOOL DISTRICT  
2008 SERIES A AND SERIES B  
GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation 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 (expenses) during the reporting period. Actual results could differ from those estimates.

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.

Fund Balance Reserves and Designations

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.



WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

2. CASH AND DEPOSITS

Cash at June 30, 2013, consisted of the following:

	BUILDING FUND
Pooled Funds:	
Cash in County Treasury	\$ 14,496,391

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the investment pool (\$22,973,818,238 as of June 30, 2013). 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. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2013, as provided by the pool sponsor, was \$22,794,383,253. The County is required 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.

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 and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$14,383,168 and an amortized book value of \$14,496,391. The average weighted maturity for this pool is 632 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, the District had no significant interest rate risk related to cash and investments held.

WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2013, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit.) The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013, consist of the following:

	BUILDING FUND
Accounts Receivable	
Local Sources	
Interest	\$ 33,836

WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

4. BONDED DEBT

The outstanding General Obligation Bonded debt at June 30, 2013, is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2012	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2013
2008 Series A	9/10/2009	8/1/2034	3.00-6.35%	\$ 9,989,852	\$ 9,329,852	\$ -	\$ -	\$ 9,329,852
2008 Series B	7/26/2010	8/1/2050	2.00-6.67%	34,998,931	33,588,931	-	525,000	33,063,931
				<u>\$44,988,783</u>	<u>\$42,918,783</u>	<u>\$ -</u>	<u>\$ 525,000</u>	<u>\$42,393,783</u>

The total annual requirement to amortize the 2008 Series A General Obligation Bonds payable, outstanding at June 30, 2013, is summarized as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 19,700	\$ 19,700
2015	50,000	18,825	68,825
2016	75,000	16,638	91,638
2017	110,000	13,400	123,400
2018	130,000	9,037	139,037
2019-23	760,346	590,160	1,350,506
2024-28	1,692,837	3,622,791	5,315,628
2029-33	5,042,920	13,327,265	18,370,185
2034-35	1,468,749	5,383,232	6,851,981
Total	<u>\$ 9,329,852</u>	<u>\$ 23,001,048</u>	<u>\$ 32,330,900</u>

WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

The annual requirement to amortize the 2008 Series B General Obligation Bonds payable, outstanding at June 30, 2013, is summarized as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 575,000	\$ 960,394	\$ 1,535,394
2015	650,000	945,175	1,595,175
2016	725,000	923,363	1,648,363
2017	810,000	892,663	1,702,663
2018	915,000	858,163	1,773,163
2019-23	6,205,000	3,618,188	9,823,188
2024-28	7,895,000	1,904,781	9,799,781
2029-33	21,758	1,004,492	1,026,250
2034-38	2,590,624	12,697,379	15,288,003
2039-43	7,228,938	22,669,772	29,898,710
2044-48	3,545,671	34,672,670	38,218,341
2049-51	1,901,940	25,892,785	27,794,725
Total	<u>\$ 33,063,931</u>	<u>\$ 107,039,825</u>	<u>\$ 140,103,756</u>

The total annual requirement to amortize General Obligation Bonds payable, outstanding at June 30, 2013 is summarized as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 575,000	\$ 980,094	\$ 1,555,094
2015	700,000	964,000	1,664,000
2016	800,000	940,001	1,740,001
2017	920,000	906,063	1,826,063
2018	1,045,000	867,200	1,912,200
2019-23	6,965,346	4,208,348	11,173,694
2024-28	9,587,837	5,527,572	15,115,409
2029-33	5,064,678	14,331,757	19,396,435
2034-38	4,059,373	18,080,611	22,139,984
2039-43	7,228,938	22,669,772	29,898,710
2044-48	3,545,671	34,672,670	38,218,341
2049-51	1,901,940	25,892,785	27,794,725
Total	<u>\$ 42,393,783</u>	<u>\$ 130,040,873</u>	<u>\$ 172,434,656</u>

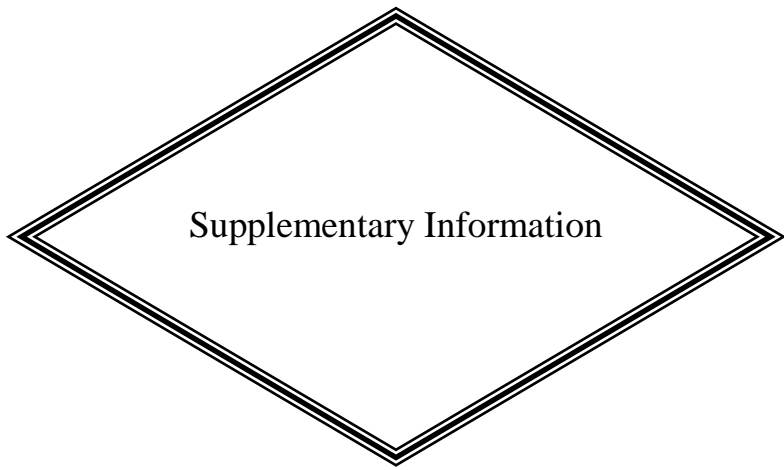
WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

5. COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2013, the District had the following commitment with respect to the unfinished capital project:

<u>Capital Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Johnson Control Energy Project	\$ 4,371,433	December 2014
Anaverde Hills School	8,398,333	February 2014
Rancho Vista Kindergarten Fence	26,455	September 2013
Greg Anderson	962,049	June 2014



Supplementary Information

WESTSIDE UNION SCHOOL DISTRICT  
2008 SERIES A AND SERIES B  
GENERAL OBLIGATION BONDS BUILDING FUND  
BALLOT MEASURE

**EXHIBIT A**

“To improve the quality of education; construct new elementary and middle schools to reduce overcrowding; upgrade and renovate outdated classrooms; increase student access to computers and modern technology; make health, safety and security improvements; and qualify the District for \$72 million in State-matching grants, shall the Westside Union School District issue \$63.5 million of bonds at legal interest rates, with no money for teacher or administrative salaries, and spending annually reviewed by an independent citizens’ oversight committee?”

Bonds - Yes

Bonds - No

WESTSIDE UNION SCHOOL DISTRICT  
2008 SERIES A AND SERIES B  
GENERAL OBLIGATION BONDS BUILDING FUND  
BALLOT MEASURE

**EXHIBIT B**

FULL TEXT OF BALLOT PROPOSITION  
OF THE WESTSIDE UNION SCHOOL DISTRICT  
BOND MEASURE ELECTION NOVEMBER 4, 2008

The following is the full proposition presented to the voters by the Westside Union School District.

“To improve the quality of education; construct new elementary and middle schools to reduce overcrowding; upgrade and renovate outdated classrooms; increase student access to computers and modern technology; make health, safety and security improvements; and quality the District for \$72 million in state-matching grants, shall the Westside Union School District issue \$63.5 million of bonds at legal interest rates, with no money for teacher or administrative salaries, and spending annually reviewed by an independent citizens’ oversight committee?”

**BOND AUTHORIZATION**

By approval of this measure by at least 55 percent of the registered voters voting on the measure, the District will be authorized to issue and sell bonds of up to \$63.5 million in aggregated principal at interest rates below the legal limit and to provide financing for the specific school facilities projects listed in the Bond Project List described below, subject to all the accountability requirements specified below.

**ACCOUNTABILITY REQUIREMENTS**

The provisions in this section are specifically included in this measure in order that the voters and taxpayers in the District may be assured that their money will be spent wisely. Expenditures to address specific facilities needs of the District will be in compliance with the requirements of Article XIII A, Section 1(b) (3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following.)

**Evaluation of Needs.** The School Board has identified detailed facilities needs of the District and has determined which projects to finance from a local bond at this time. The School Board hereby certifies that it has evaluated safety, enrollment growth, and information technology needs in developing the Bond Project List shown below.

**Independent Citizens’ Oversight Committee.** The School Board shall establish an Independent Citizens’ Oversight Committee under Education Code Section 15278 and following to ensure bond proceeds are expended only on the school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the School Board.

**Performance Audits.** The School Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed below.



WESTSIDE UNION SCHOOL DISTRICT  
2008 SERIES A AND SERIES B  
GENERAL OBLIGATION BONDS BUILDING FUND  
BALLOT MEASURE

**Financial Audits.** The School Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed below.

**FURTHER SPECIFICATIONS**

**No Administrator Salaries.** Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, reconstruction and/or rehabilitation of school facilities including the furnishing and equipping of school facilities or acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

**BOND PROJECT LIST**

The Bond Project List shown below is a part of the ballot measure and must be reproduced in any official document required to contain the full statement of the bond measure.

**Evaluation of Needs.** As required by Article XIII A of the California Constitution, the Board of Trustees of the District has certified that it has evaluated safety, class size reduction and information technology needs in developing the list of school facilities projects shown below.

**Projects Subject to Available Funding.** The following list of projects is subject to the availability of adequate funding to the District. Approval of the bond measure does not guarantee that the proposed projects in the District that are the subject of bonds under the measure will be funded beyond the local revenues generated by the bond measure. The District's proposal for the projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

**Scope of Projects.** Bond proceeds will be expended to modernize, replace, renovate, construct, equip, furnish, rebuild and otherwise improve District facilities as described below. The specific school facilities projects which are described below include all related and incidental costs, including costs of design, engineering, architect and other professional services, site preparation, utilities, landscaping and other incidental costs, and construction management. Bond proceeds may also be expended to acquire real property for future educational facilities and to acquire and install furniture, fixtures and equipment at any classrooms and other facilities of the District. The District may alter the scope and nature of any of the specific projects, which are described below as required by conditions that arise during the course of design and construction, including unforeseen conditions such as dry rot, mold and faulty engineering.

WESTSIDE UNION SCHOOL DISTRICT  
 2008 SERIES A AND SERIES B  
 GENERAL OBLIGATION BONDS BUILDING FUND  
BALLOT MEASURE

**RENOVATION, MODERNIZATION, REPAIR AND CONSTRUCTION OF  
 CLASSROOMS, SCHOOLS, AND FACILITIES**

Bond proceeds will be expended to modernize, replace, renovate, construct, acquire, equip, rebuild and furnish the District’s classrooms, restrooms, and other educational facilities including those located at:

Anaverde Hills Elementary School	Cottonwood Elementary School
Del Sur School	Esperanza Elementary School
Hillview Middle School	Joe Walker Middle School
Leona Valley Elementary School	Quartz Hill Elementary School
Rancho Vista Elementary School	Sundown Elementary School
Valley View Elementary School	Neenach Elementary School

Bond proceeds will also be used to provide the required local match to access an estimated \$72 million in State funds to help pay for the following projects. Whenever specific items are included in the following list, they are presented to provide an example and are not intended to limit the generality of the broader description of authorized projects.

- Construct new classrooms at existing schools to replace outdated, temporary portable classrooms
- Construct new elementary schools to reduce student overcrowding
- Construct a new middle school to reduce student overcrowding
- Upgrade old heating, ventilation, and air conditioning systems
- Make classrooms and school facilities more energy efficient through infrastructure improvements
- Upgrade electrical systems and improve student access to computers and modern technology
- Upgrade, modernize, and renovate outdated classrooms
- Make health and safety improvements, as required, to schools in the District
- Construct, upgrade, and renovate student support facilities including libraries, multipurpose rooms, restrooms, offices, and cafeterias
- Make handicap accessibility (ADA) upgrades and improvements throughout the District, including restrooms, classrooms, and playgrounds



Jeanette L. Garcia,  
CPA

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

Independent Auditor's Report

To the Board of Trustees and Citizens' Oversight Committee  
Westside Union School District  
Quartz Hill, California

We have audited, in accordance with the 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, the financial statements of the Westside Union School District (the District) for the 2008 Series A and Series B General Obligation Bond, Building Fund, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Westside Union School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Westside Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Westside Union School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Westside Union School District's financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Redlands, California  
December 17, 2013



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AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,  
CPA

To the Board of Trustees and Citizens' Oversight Committee  
Westside Union School District  
Quartz Hill, California

We have audited the accompanying financial statements of the Westside Union School District (the District) for the 2008 Series A and Series B General Obligation Bond, Building Fund, as of and for the year ended June 30, 2013. Our audit was made in accordance with auditing standards generally accepted in the United States of America; and the standards for financial and compliance 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. Our audit does not provide a legal determination on the District's compliance with specified requirements.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following requirements:

Proceeds from the sale of the bonds are used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Proper bidding procedures have been observed/met.

The District is in compliance with budget constraints per the Oversight Committee.

Bond monies are used only on projects which were voter approved.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2013.

This report is intended solely for the information and use of Westside Union School District's management, Board of Trustees and the Citizen's Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Redlands, California  
December 17, 2013

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