

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND (MEASURE K)  
FINANCIAL AND PERFORMANCE AUDITS**

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**JUNE 30, 2015**



**LOS ALAMITOS UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND (MEASURE K)  
FINANCIAL AUDIT**

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**JUNE 30, 2015**



**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

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JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board and  
Citizens Oversight Committee  
Los Alamitos Unified School District  
Los Alamitos, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Los Alamitos Unified School District's (the District), Building Fund (Measure K), as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement 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 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 of 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 financial statements, whether due to error or fraud. 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure K) of the Los Alamitos Unified School District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure K, and are not intended to present fairly the financial position and changes in financial position of Los Alamitos Unified School District in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Los Alamitos Unified School District's basic financial statements. The accompanying supplementary information as listed on the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information to the financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2016, on our consideration of the District's Building Fund (Measure K) 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 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* in considering the District's Building Fund (Measure K) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*Varrinck, Tim, Day & Co., LLP*  
Rancho Cucamonga, California  
January 27, 2016



**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**BALANCE SHEET  
JUNE 30, 2015**

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**ASSETS**

Cash in county treasury	\$ 9,861,766
Accounts receivable	3,576
Total Assets	<u>\$ 9,865,342</u>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	<u>\$ 2,191,554</u>
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**Fund Balance:**

Fund balance	
Restricted	<u>7,673,788</u>

Total Liabilities and Fund Balance	<u>\$ 9,865,342</u>
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The accompanying notes are an integral part of these financial statements.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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<b>REVENUES</b>	
Other local revenues	\$      54,106
<b>EXPENDITURES</b>	
Supplies and materials	148,316
Other services	42,990
Capital outlay	15,956,081
Total Expenditures	<u>16,147,387</u>
<b>Deficiency of Revenues Under Expenditures</b>	<u>(16,093,281)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(16,093,281)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>23,767,069</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$    7,673,788</u>

The accompanying notes are an integral part of these financial statements.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the Los Alamitos Unified School District Building Fund (Measure K) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Los Alamitos Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

**Financial Reporting Entity**

The audited financial statements includes only the Election 2008 General Obligation Bonds, Series 2009, 2010B, 2010C, 2011D, and 2013E (Measure K) portion of the Building Fund of the Los Alamitos Unified School District that was established to account for the expenditures of the general obligation bonds issued in January 2009. These financial statements are not intended to present fairly the financial position and results of operations of the Los Alamitos Unified School District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Election 2008 General Obligation Bonds, Series 2009, 2010B, 2010C, 2011D, 2013E, and 2012 Bond Anticipation Notes (Measure K) portion of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to consider unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

**Fund Balances - Governmental Funds**

As of June 30, 2015, the fund balance is classified as follows:

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Spending Order**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

***NOTE 2 - INVESTMENTS***

**Summary of Investments**

Investments as of June 30, 2015, consisted of the following:

Investments in County Treasury	<u>\$ 9,861,766</u>
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**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**Investment in County Treasury**

The District is considered an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool. The District maintains a building fund investment of \$9,861,766 with the Orange County Investment Pool. The fair value of this investment is approximately \$9,867,683 with a weighted average to maturity of 370 days.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Investment Pool has it been rated AAA by Moody's Investor Services as of June 30, 2015.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. There were no investments in any one issuer that represent five percent or more of the total investments.

***NOTE 3 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2015, consisted of the following:

Interest	<u>\$ 3,576</u>
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***NOTE 4 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

Vendor payables	<u>\$ 2,191,554</u>
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***SUPPLEMENTARY INFORMATION***

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**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2015**

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**General Obligation Bonds – 2008 Election, Series 2010B (Capital Appreciation)**

In October 2010, the District issued \$2,000,032 in General Obligation Bonds, Election 2008, Series 2010B. The proceeds from the bonds will be used for the purpose of renovations, construction, and improvement of school facilities. Taxes are collected by the Orange County Tax Assessor and remitted to a trustee for payment of principal and interest. The bonds accrete interest compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2011, to a maturity value of \$8,825,000. The bonds mature August 2028-2034, with accretion rates ranging from 5.70 to 9.56 percent. At June 30, 2015, the principal balance outstanding with accreted interest was \$2,710,546.

The bonds mature through 2035 as follows:

Fiscal Year	Principal	Future Interest Accretion	Total
2016	\$ -	\$ 183,825	\$ 183,825
2017	-	196,973	196,973
2018	-	211,118	211,118
2019	-	226,339	226,339
2020	-	242,724	242,724
2021-2025	-	1,507,177	1,507,177
2026-2030	691,677	2,058,101	2,749,778
2031-2035	2,018,869	1,487,797	3,506,666
Total	\$ 2,710,546	\$ 6,114,054	\$ 8,824,600

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2015**

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**General Obligation Bonds – 2008 Election, Series 2010C (Current Interest)**

In October 2010, the District issued \$2,000,000 in General Obligation Bonds, Election 2008, Series 2010C. The proceeds from the bonds will be used for the purpose of renovations, construction, and improvement of school facilities. Taxes are collected by the Orange County Tax Assessor and remitted to a trustee for payment of principal and interest. The bonds mature August 2035, with semi-annual interest payments due February 1 and August 1 each year, commencing February 1, 2011. At June 30, 2015, the principal balance outstanding was \$2,000,000.

The bonds mature through 2036 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 124,200	\$ 124,200
2017	-	124,200	124,200
2018	-	124,200	124,200
2019	-	124,200	124,200
2020	-	124,200	124,200
2021-2025	-	621,000	621,000
2026-2030	-	621,000	621,000
2031-2036	2,000,000	683,100	2,683,100
Total	<u>\$ 2,000,000</u>	<u>\$ 2,546,100</u>	<u>\$ 4,546,100</u>

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2015**

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**General Obligation Bonds – 2008 Election, Series D (Qualified School Construction Bonds)**

In February 2011, the District issued \$19,000,000 in General Obligation Bonds, Election 2008, Series D. The proceeds from the bonds will be used for the purpose of renovations, construction, and improvement of school facilities. Taxes are collected by the Orange County Tax Assessor and remitted to a trustee for payment of principal and interest. The bonds mature February 2026, with semi-annual interest payments due February 1 and August 1 each year, commencing February 1, 2012. At June 30, 2015, the principal balance outstanding was \$19,000,000.

The bonds mature through 2026 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ -	\$ 1,176,100	\$ 1,176,100
2017	-	1,176,100	1,176,100
2018	-	1,176,100	1,176,100
2019	-	1,176,100	1,176,100
2020	-	1,176,100	1,176,100
2021-2025	-	5,880,500	5,880,500
2026	19,000,000	1,176,100	20,176,100
<b>Total</b>	<b>\$ 19,000,000</b>	<b>\$ 12,937,100</b>	<b>\$ 31,937,100</b>

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2015**

**General Obligation Bonds – 2008 Election, Series E**

In July 2013, the District issued \$27,280,000 in current interest bonds, \$3,499,897 in capital appreciation bonds, and \$20,480,195 in convertible capital appreciation bonds of the General Obligation Bonds, Election of 2008 Series B. The capital appreciation bonds and convertible capital appreciation bonds accrete interest to a maturity value of \$13,490,000 and \$85,875,677, respectively. The bonds mature on August 1, 2039, August 1, 2036, and August 1, 2043, respectively, with interest yields ranging from 2.5 to 6.29 percent. The proceeds from the bonds will be used for the purpose of payment for the 2012 Bond Anticipation Note, construction, and improvement of school facilities. Taxes are collected by the Orange County Tax Assessor and remitted to a trustee for payment of principal and interest. At June 30, 2015, the principal balance outstanding was \$54,110,110.

The bonds mature through 2045 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Future Interest Accretion</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 50,000	\$ -	\$ 1,414,343	\$ 1,464,343
2017	25,000	-	1,412,844	1,437,844
2018	50,000	-	1,412,219	1,462,219
2019	60,000	-	1,412,219	1,472,219
2020	100,000	-	1,407,819	1,507,819
2021-2025	1,160,000	-	6,945,045	8,105,045
2026-2030	2,135,000	7,994,568	6,446,000	16,575,568
2031-2035	1,315,970	16,260,797	6,221,250	23,798,017
2036-2040	26,313,373	20,377,866	3,752,437	50,443,676
2041-2045	22,900,767	30,752,354	17,242	53,670,363
Total	<u>\$ 54,110,110</u>	<u>\$ 75,385,585</u>	<u>\$ 30,441,418</u>	<u>\$ 159,937,113</u>

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED GENERAL OBLIGATION BOND FUND  
JUNE 30, 2015**

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2015.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SCHEDULES***

**Schedule of Long-Term Obligations**

This schedule provides a debt repayment schedule associated with the bond proceeds received through issuance of Measure K obligations.

**Reconciliation of Annual Financial and Budget Report With Audited General Obligation Bond Fund**

This schedule provides the information necessary to reconcile the fund balance of the Building Fund (Measure K) reported on the Unaudited Actual Financial Report to the audited financial statements.

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***INDEPENDENT AUDITOR'S REPORT***

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**INDEPENDENT AUDITOR'S 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***

Governing Board and  
Citizens Oversight Committee  
Los Alamitos Unified School District  
Los Alamitos, 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 accompanying financial statements of the Los Alamitos Unified School District (the District) Building Fund (Measure K), as of and for the year ended June 30, 2015, and the related notes of the financial statements, and have issued our report thereon dated January 27, 2016.

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure K, and are not intended to present fairly the financial position and changes in financial position of Los Alamitos Unified School District in accordance with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Los Alamitos Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Los Alamitos Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Los Alamitos Unified School District's internal control over financial reporting.

*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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be, significant deficiencies or material weaknesses. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Los Alamitos Unified School District's Building Fund (Measure K) 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*.

## **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.

*Vannink, Tein, Day & Co., LLP*

Rancho Cucamonga, California  
January 27, 2016

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2015**

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None reported.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

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None reported.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND (MEASURE K)  
PERFORMANCE AUDIT**

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**JUNE 30, 2015**





**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

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# **LOS ALAMITOS UNIFIED SCHOOL DISTRICT BUILDING FUND (MEASURE K)**

**JUNE 30, 2015**

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## ***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure K.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measure K and not for District general administration or operations.

## ***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2014 to June 30, 2015. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2015, were not reviewed or included within the scope of our audit or in this report.

## ***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015, for the Building Fund (Measure K). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure K as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2014 and ending June 30, 2015, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text. Our sample included transactions at each site totaling \$12,965,341. This represents 80 percent of the total expenditures of \$16,147,387, including expenditures related to transferred funds (see Schedule of Disbursements by Site).
2. We verified that funds from the Building Fund (Measure K) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.
3. We verified that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining a settlement statement for the new bond issue and verifying amounts deposited into the Building Fund.

## ***CONCLUSION***

The results of our tests indicated that, in all significant respects, the Los Alamitos Unified School District has properly accounted for the expenditures held in the Building Fund (Measure K) and that such expenditures were made for authorized Bond projects.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**JUNE 30, 2015**

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***FINANCIAL SUMMARY***

1. The General Obligation Bond Funds were authorized at an election of the registered voters of the District held in November 2008. Bonds were authorized at an issuance of \$126,000,000 principal amounts for the purpose of financing the addition and modernization of school facilities.
2. An analysis of expenditures is as follows:

Supplies and materials	\$ 148,316
Other services	42,990
Capital outlay	<u>15,956,081</u>
Total	<u>\$ 16,147,387</u>

Available unspent funds from the bond as of June 30, 2015, are:

Balance as of July 1, 2014	\$ 23,767,069
Interest earned in Building Fund	54,106
Total expenditures	<u>(16,147,387)</u>
Balance as of June 30, 2015	<u>\$ 7,673,788</u>

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF DISBURSEMENTS BY SITE  
FOR THE PERIOD ENDING JUNE 30, 2015**

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	<b>2015</b>
Weaver Elementary School	\$ 1,678,049
District-Wide	58,484
Oak Middle School	4,290,224
District Office	7,419,725
Auxiliary Office	2,700,905
Total	<u>\$ 16,147,387</u>

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

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None reported.

**LOS ALAMITOS UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE K)**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

