

**MEASURE B BOND BUILDING FUND
OF THE
BUENA PARK SCHOOL DISTRICT**

**PERFORMANCE AND FINANCIAL
AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
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For the Fiscal Year Ended June 30, 2016**

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**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Introduction and Citizens' Oversight Committee Member Listing
 For the Fiscal Year Ended June 30, 2016**

The Buena Park School District is currently operating six elementary schools and one middle school. The District serves approximately 4,868 students. Measure B funds are used to construct, renovate, and maintain school facilities, equipment, and technology.

On June 3, 2014, the voters of Buena Park School District approved by 66.9% Measure B, authorizing the issuance of bonds not to exceed \$71,000,000. On September 25, 2014, the District issued 2014 Series A and B bonds in the amount of \$19,240,000 and \$1,830,000, respectively. On April 27, 2016, the District issued Election 2014, Series 2016 bond anticipation notes in the amount of \$4,165,000.

Measure B was a Proposition 39 bond, issued by the Buena Park School District. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. 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 for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a district seeks approval of a bond proposition pursuant to the 55% majority authorized in Proposition 39, including formation, composition and purpose of the Citizens' Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Oversight Committee was comprised of the following members as of June 30, 2016:

Member	Title	Representation
Frannie Donoghue	President	Parent of Student in District and Active Member of a Business Organization
Alan McAuley	Vice-President	Active Member of a Business Association
Cindy Brozzoski	Secretary	Parent of Student in the District and Active Member of Parent-Teacher Association
Kenneth Anderson	Member	Active Member of Bonafide Taxpayer Association
James Banks	Member	Parent of Student in District
Tamra Banks	Member	Parent of Student in District and Active Member of a Business Organization
Edna Fortin Pabros	Member	Parent of Student in the District and Active Member of Parent-Teacher Organization
Mary Fuhrman	Member	At-Large Community Member
Kimberly Kim	Member	Parent of Student in the District and Active Member of Parent-Teacher Association
Glenn Sheek	Member	At-Large Community Member
Jean Somphone	Member	Parent of Student in the District and Active Member of Parent-Teacher Association

INDEPENDENT AUDITORS' REPORT

Governing Board Members and
Measure B Citizens' Oversight Committee
Buena Park School District
Buena Park, California

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure B Bond Building Fund of Buena Park School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's Measure B Bond Building Fund basic 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 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 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 financial statements.

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Auditor's Responsibility (continued)

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

As discussed in Note 1A, the financial statements present only the individual Measure B Bond Building Fund, consisting of the net construction proceeds of the Measure B general obligation bonds as issued by the District, through the County of Orange, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Buena Park School District's Measure B Bond Building Fund as of June 30, 2016 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.

Other Matters

The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017 on our consideration of the Measure B Bond Building Fund'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 the Measure B Bond Building Fund's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated February 27, 2017 on our consideration of the District's compliance with the requirements of Proposition 39 with regards to the Measure B Bond Building Fund. That report is an integral part of our audit of the District's Measure B Bond Building Fund for the fiscal year ended June 30, 2016 should be considered in assessing the results of our financial audit.

Christy White Associates

San Diego, California
February 27, 2017

FINANCIAL SECTION

**MEASURE B BOND BUILDING FUND
BUENA PARK UNIFIED SCHOOL DISTRICT
Balance Sheet
For the Fiscal Year Ended June 30, 2016**

ASSETS

Cash and investments	\$	6,860,510
Accounts receivable		4,691
Interfund receivable		1,703,886
Total Assets	\$	8,569,087

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	1,964,944
Total Liabilities		1,964,944

FUND BALANCE

Restricted for capital projects		6,604,143
Total Fund Balance		6,604,143
Total Liabilities and Fund Balance	\$	8,569,087

The accompanying notes to financial statements are an integral part of this statement.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2016**

REVENUES	
Interest income	\$ 55,807
Net increase in fair value of cash in county treasury	134
Other local	500
Total revenues	<u>56,441</u>
 EXPENDITURES	
Plant services	49,749
Facility acquisition and construction	11,908,478
Debt service - issuance costs	148,960
Total expenditures	<u>12,107,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,050,746)</u>
 OTHER FINANCING SOURCES (USES)	
Proceeds from long-term debt	4,165,000
All other financing sources	115,954
Total other financing sources and uses	<u>4,280,954</u>
Net Change in Fund Balance	(7,769,792)
Fund balance, July 1, 2015	<u>14,373,935</u>
Fund Balance, June 30, 2016	<u>\$ 6,604,143</u>

The accompanying notes to financial statements are an integral part of this statement.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Buena Park School District was established in 1890, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K – 8 as mandated by the State and/or Federal agencies. The District operates six elementary schools and one middle school.

On June 3, 2014, the voters of the District authorized the issuance and sale of \$71 million in general obligation bonds (Measure B) for acquiring, upgrading equipment, sites, grounds and facilities to provide access for people with disabilities; acquiring, replacing or upgrading playground surfaces; removing and disposing of hazardous materials and substances; reconfiguring, renovating, repairing and resurfacing paved and other hard surfaces, playfields and landscaping; acquiring, replacing and upgrading playground equipment and fixtures; constructing, acquiring, upgrading and renovating classrooms, classroom buildings, restrooms, labs, and school support facilities; acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, cameras and network equipment; acquiring, replacing, upgrading and constructing renewable energy and energy saving systems; and renovating, replacing, acquiring, upgrading lighting, electrical, heating, refrigeration, cooling, ventilation, water, gas, irrigation and drainage systems.

As a requirement of the Measure B election, the Board has also established the Measure B Citizens Oversight Committee (COC). The COC duties include:

- Informing the public concerning expenditure of bond proceeds.
- Reviewing expenditure reports produced by the District to ensure that (a) bond proceeds are being expended only for the purposes set forth in the Measure B; and (b) no bond proceeds were used for any teacher or administrative salaries or other operating expenses.
- Providing an annual report to the Board that includes a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitutions and a summary of the Committee's proceeding and activities for the preceding year.

The financial statements presented are for the individual Measure B Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Notes to Financial Statements, continued
For the Fiscal Year Ended June 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Accounting Policies

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 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 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

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 a portion of its cash in the Orange 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.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Notes to Financial Statements, continued
For the Fiscal Year Ended June 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications are *Nonspendable, Restricted, Committed, Assigned and Unassigned*. The category applicable to Proposition 39 bonds is the *Restricted* classification. The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

G. 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.

H. 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 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.

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

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

Cash as of June 30, 2016 is classified in the accompanying financial statements as cash in county treasury for \$6,728,516 and cash with fiscal agent for \$131,994. The California School Accounting Manual requires school districts to report “cash in county treasury” to be reported as cash instead of investments due to the pooled nature of the deposit and the ability of school districts to access funds immediately and with no restrictions.

Policies and Practices

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with its County Treasurer (Education Code Section 41001). The fair value of the District’s investment in the pool is reported in the accounting financial statements at amounts based upon the District’s pro-rata share of the fair 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

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

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

**MEASURE B BOND BUILDING FUND
BUENA PARK UNIFIED SCHOOL DISTRICT**
Notes to Financial Statements, continued
For the Fiscal Year Ended June 30, 2016

NOTE 2 – CASH AND INVESTMENTS (continued)

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. The District maintains an investment with the Orange County Investment Pool with a fair value at June 30, 2016 of approximately \$6,745,090 and an amortized book value of \$6,728,516. The weighted average maturity for the Orange County Investment Pool is 399 days as of June 30, 2016.

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 credit rating organization. The investments within the Orange County Investment Pool were not rated.

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. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an assets fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

**MEASURE B BOND BUILDING FUND
 BUENA PARK UNIFIED SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (continued)

Uncategorized - Investments in the Orange County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2016 were as follows:

	Uncategorized
Investment in County Treasury	\$ 6,745,090
Total fair market value of investments	\$ 6,745,090

NOTE 3 – INTERFUND TRANSACTIONS

Individual interfund receivable balances at June 30, 2016 consisted of the following:

	<u>Due From Other Funds</u>	
	Building Fund	Total
Capital Facilities Fund	\$ 1,200,000	\$ 1,200,000
Special Reserve Fund for Capital Outlay Projects	503,886	503,886
Total Due From Other Funds	\$ 1,703,886	\$ 1,703,886

The Capital Facilities Fund owed the Building Fund for Buena Park Junior High modernization projects.	\$ 1,200,000
The Special Reserve Fund for Capital Outlay Projects owed the Building Fund for Beatty seismic, Buena Park Junior High modernization, and phone system projects.	503,886
	<u>\$ 1,703,886</u>

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2016**

NOTE 4 – MEASURE B GENERAL OBLIGATION BONDS

On June 3, 2014, the voters of the District authorized the issuance and sale of \$71 million in general obligation bonds (Measure B).

Following is a summary of the District’s outstanding Measure B general obligation bonds, and unamortized premiums on issuance of the Measure B general obligation bonds, as of June 30, 2016:

	Balance				Balance	Amounts Due
	June 30, 2015	Additions	Deletions		June 30, 2016	Within One Year
General Obligation Bonds	\$ 21,070,000	\$ 4,165,000	\$ -		\$ 25,235,000	\$ 940,000
Unamortized premium	1,332,586	115,954	102,008		1,346,532	64,282
	<u>\$ 22,402,586</u>	<u>\$ 4,280,954</u>	<u>\$ 102,008</u>		<u>\$ 26,581,532</u>	<u>\$ 1,004,282</u>

General Obligation Bond Summary

	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2015	Additions	Deletions	Bonds Outstanding June 30, 2016
Election 2014, Series 2014A	September 25, 2014	August 1, 2044	3.00% - 5.00%	\$ 19,240,000	\$ 19,240,000	\$ -	\$ -	\$ 19,240,000
Election 2014, Series 2014B	September 25, 2014	August 1, 2017	2.00%	1,830,000	1,830,000	-	-	1,830,000
Election 2014, Series 2016	April 27, 2016	September 1, 2017	3.00%	4,165,000	-	4,165,000	-	4,165,000
					<u>\$ 21,070,000</u>	<u>\$ 4,165,000</u>	<u>\$ -</u>	<u>\$ 25,235,000</u>

Election of 2014, Series 2014A

On September 25, 2014, the District issued Election of 2014, Series 2014A bonds in the amount of \$19,240,000. The Series 2014A issuance consists of current interest bonds with stated interest rates ranging from 3.00% to 5.00%, and fully maturing on August 1, 2044. As of June 30, 2016, the principal balance outstanding on the Series 2014A general obligation bonds was \$19,240,000.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2016**

NOTE 4 – MEASURE B GENERAL OBLIGATION BONDS (continued)

Election of 2014, Series 2014A, continued

Debt service principal and interest are paid out of the District’s separate Bond Interest and Redemption Fund from taxes collected by Orange County Assessor’s Office. The annual requirements to amortize the outstanding Series 2014A general obligation bonds of the Measure B Bond Fund, as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 35,000	\$ 829,981	\$ 864,981
2018	115,000	827,156	942,156
2019	460,000	815,656	1,275,656
2020	535,000	795,756	1,330,756
2021	605,000	769,931	1,374,931
2022 - 2026	1,485,000	3,560,156	5,045,156
2027 - 2031	1,595,000	3,258,097	4,853,097
2032 - 2036	3,005,000	2,870,844	5,875,844
2037	5,160,000	1,946,250	7,106,250
2042 - 2046	6,245,000	524,900	6,769,900
Total	\$ 19,240,000	\$ 16,198,727	\$ 35,438,727

Election of 2014, Series 2014B

Also on September 25, 2014, the District issued Election of 2014, Series 2014B bonds in the amount of \$1,830,000. The Series 2014B issuance consists of current interest bonds with stated interest rate of 2.00%, and fully maturing on August 1, 2017. As of June 30, 2016, the principal balance outstanding on the Series 2014B general obligation bonds was \$1,830,000.

The annual requirements to amortize the outstanding Series 2014B general obligation bonds of the Measure B Bond Fund, as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 905,000	\$ 27,550	\$ 932,550
2018	925,000	9,250	934,250
	\$ 1,830,000	\$ 36,800	\$ 1,866,800

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2016**

NOTE 4 – MEASURE B GENERAL OBLIGATION BONDS (continued)

Election of 2014, Series 2014B

On April 27, 2016, the District issued Election of 2014, Series 2016 bonds in the amount of \$4,165,000. The Series 2016 issuance consists of current interest bonds with stated interest rate of 3.00%, and fully maturing on September 1, 2017. As of June 30, 2016, the principal balance outstanding on the Series 2016 general obligation bonds was \$4,165,000.

The annual requirements to amortize the outstanding Series 2016 general obligation bonds of the Measure B Bond Fund, as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 100,654	\$ 100,654
2018	\$ 4,165,000	\$ 62,475	\$ 4,227,475
	\$ 4,165,000	\$ 163,129	\$ 4,328,129

NOTE 5 – CONSTRUCTION COMMITMENTS

As of June 30, 2016, the Measure B Bond program had construction commitments with respect to unfinished capital projects of approximately \$1,446,936.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2016**

NOTE 6 – MEASURE B EXPENDITURES BY PROJECT

The following table presents the expenditure amounts by project for the fiscal year ended June 30, 2016:

Project	Amount
Remove existing damaged carpet & pad (whitaker front office)	\$ 5,022
Paint wall (Emery P-8 & P-10)	1,600
Trane A/C Replacement Units/Equipment (Corey)	28,606
Seismic (Beatty)	511,483
WAN/WLAN Installation (7 schools/DO)	899,760
WAN/WLAN Network Equipment (7 schools/DO) & Consultation and Design Services	201,018
Roof Replacements (Pendleton, BPJH, DO)	392,145
Security Fencing (gilbert)	35,414
Haz Mat Abatement (Beatty)	213,589
Rubberized Playground Surfaces (7 schools)	699,049
Modernization (Emery & Pendleton)	4,718,579
Seismic (Corey)	1,021,318
HVAC Upgrade (Beatty)	594,689
Modernization (BPJH)	22,174
Troubleshoot/Support VOIP phone cutovers (Beatty, Corey, Gilbert, Whitaker, BPJH, DO)	9,688
iPad Rollout	1,650,723
DSA Fees	34,906
Construction Document Estimates (BPJH & Whitaker Mod.)	12,800
Inspections	153,857
Testing	76,253
Printing/Copying	1,137
Design Fees	419,282
Program Manager/Construction Manager Fees	277,380
BAN Cost Issuance & Underwriter	148,960
Audit Fees	7,000
Legal Fees	27,439
Bank Fees	14,144
Total Expenditures	\$ 12,107,187

**OTHER INDEPENDENT AUDITORS'
REPORTS**

INDEPENDENT AUDITORS' 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

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board Members and
Measure B Citizens' Oversight Committee
Buena Park School District
Buena Park, 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 Measure B Bond Building Fund of Buena Park School District, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Measure B Bond Building Fund's basic financial statements, and have issued our report thereon dated February 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Buena Park 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 for the Measure B Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of the Buena Park School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Buena Park School District's internal control over the Measure B Bond Building Fund.

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.

SAN DIEGO
LOS ANGELES
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Internal Control over Financial Reporting (continued)

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Park School District's financial statements of Measure B Bond Building Fund 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 Buena Park School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Park School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
February 27, 2017

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board Members and
Measure B Citizens' Oversight Committee
Buena Park School District
Buena Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure B Bond Building Fund of Buena Park School District (the "District"), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's Measure B Bond Building Fund basic 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 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 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 financial statements.

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Auditor’s Responsibility (continued)

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

Objectives

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the Measure B Building Fund for the fiscal year ended June 30, 2016. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure B Bonds were only used for the purposes set forth in the Measure B ballot language and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovations of items which will improve learning and to accommodate growth in the District, with no funds expended on administrator salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Measure B projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Measure B funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the fiscal year 2015-16 financial statement balances for the Measure B Building Fund Bond are not materially misstated.

Results of Procedures Performed:

The result of our audit tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unmodified opinion was expressed on the financial statements.

Test of Expenditures

Procedures Performed:

We tested expenditures to determine whether Measure B Bond Building Funds were spent solely on voter and Board approved school facilities projects (as set forth in the District’s Facilities Master Plan and the Measure B ballot measure language). The expenditure test included a sample of seventeen (17) payments, totaling \$5.6 million, or approximately 46% of total expenditures for 2015-16.

Results of Procedures Performed:

We found the expenditures tested to be in compliance with the terms of the Measure B ballot measure and applicable state laws and regulations without exception.

Test of Contracts and Bid Procedures

Procedures Performed:

We inquired of new projects that were subject to bidding requirements set forth by the District and California Public Contract Code. We determined in our testing whether proper change order processing and approval procedures were followed. For the fiscal year ended June 30, 2016, we performed testing of contracts subject to bidding to determine compliance with District policy and the provisions of the California Public Contract Code. This testing was performed on the following contracts:

<u>Project</u>	<u>Original Award Amount</u>
Phone System installation at five site	\$ 218,613
Beatty Seismic Upgrade	\$ 1,521,377
Corey Roofing	\$ 5,000
Emery Asphalt	\$ 96,300

Results of Procedures Performed:

We found that the contracts tested followed proper bidding procedures, and was awarded to the lowest responsible bidder. Change orders followed proper processing and approval.

Facilities Site Walk

Procedures Performed:

We performed a site walk to verify that Measure B Bond Building Funds expended for fiscal year ended June 30, 2016 were for valid facilities acquisition and construction purposes. We toured two construction project sites where 2015-16 construction work occurred, Beatty Elementary School and Pendleton Elementary School.

Results of Procedures Performed:

We viewed Beatty Elementary School’s hazardous materials abatement where the roof was replaced with less hazardous materials. We also viewed classrooms at Pendleton Elementary School’s that had been modernized with new furniture, new paint, new tiles, and ceilings.

Citizens' Bond Oversight Committee

Procedures Performed:

In accordance with AB 1908 (Assembly Bill) and Ed Code Section 15278, the District is required to establish a bond oversight committee for Proposition 39 bonds including one active member from each of the following sectors: a business organization, senior citizens organization, bona fide taxpayers association, and one parent/guardian of a child enrolled in the District and one parent/guardian of a child enrolled in the District who is also a member of a parent teacher association. The oversight committee is to meet pursuant to Education Code Section 15280.

Results of Procedures Performed:

In our review of the minutes of the Citizens' Oversight Committee (COC) for Measure B, we found that there was adequate documentation of meetings held during fiscal year 2015-16. In our review of the composition of the committee, we noted that the District has the proper members in the COC that come from each of the sectors noted above.

Our audit of compliance was made for the purposes set forth in the second and third paragraphs of this report and would not necessarily disclose all instances of noncompliance.

Opinion

In our opinion, based on the fieldwork described above as well as the other tests that we conducted, the District complied with the compliance requirements for the Measure B Bond Building Fund as listed and tested above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on accountability requirements pursuant to the passage of Proposition 39 and the enactment of AB 1908 (Chapter 44, Statutes of 2000). Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
February 27, 2017

FINDINGS AND RESPONSES SECTION

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016**

There were no findings or recommendations related to the financial and performance audit of Buena Park School District's Measure Bond Building Fund for the year ended June 30, 2016.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016**

There were no prior year findings or recommendations related to the financial and performance audit of Buena Park School District's Measure B Bond Building Fund as no audit was conducted nor required for the year ended June 30, 2015.