

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

**PERFORMANCE AND FINANCIAL
AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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, 2017**

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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, 2017**

The Buena Park School District is currently operating six elementary schools and one middle school. The District serves approximately 4,837 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. On June 1, 2017, the District issued Election 2014, Series 2017 bond anticipation notes in the amount of \$12,380,000.

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, 2017:

Member	Title	Representation
Frannie Donoghue	President	At-Large Community Member
Alan McAuley	Vice-President	Active Member of a Business Organization
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
Tamra Banks	Member	Parent of Student in District and Active Member of a Business Organization
Marvin Aceves	Member	At-Large Community Member
Tharwa Ahmad	Member	At-Large Community Member
L Carole Jensen	Member	At-Large Community Member

*** The Citizens's Oversight Committee is actively seeking a member from a senior citizen organization*

INDEPENDENT AUDITORS' REPORT

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, 2017, 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 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.

Auditors' 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*. 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 opinion.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Bond Building Fund of Buena Park School District, as of June 30, 2017, and the changes in financial position thereof 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 1A, the financial statements present only the Measure B Bond Building Fund and do not purport to, and do not present fairly the financial position of the Buena Park School District, as of June 30, 2017, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the 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 specific to the Measure B Bond Building Fund. The purpose of that report is solely 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 District's internal control over financial reporting and compliance.

Report of Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have issued our performance audit dated February 16, 2018, on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure B Bond Building Fund. That report is an integral part of our audit of the Measure B Bond Building Fund of Buena Park School District, as of and for the year ended June 30, 2017, and should be considered in assessing the results of our financial audit.

Chisty White Associates

San Diego, California
February 16, 2018

FINANCIAL SECTION

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Balance Sheet
For the Fiscal Year Ended June 30, 2017**

ASSETS

Cash and investments	\$	8,501,869
Interest receivable		4,752
Interfund receivable		325,807
Total Assets	\$	8,832,428

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	2,737,126
Interfund payable		20,680
Total Liabilities		2,757,806

FUND BALANCE

Restricted for capital projects		6,074,622
Total Fund Balance		6,074,622
Total Liabilities and Fund Balance	\$	8,832,428

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, 2017**

REVENUES	
Interest income	\$ 39,999
Total revenues	<u>39,999</u>
EXPENDITURES	
Plant services	18,696
Facility acquisition and construction	8,670,260
Debt service	142,728
Total expenditures	<u>8,831,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,791,685)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from long-term debt	12,380,000
All other financing sources	47,164
All other financing uses	(4,165,000)
Total other financing sources and uses	<u>8,262,164</u>
Net Change in Fund Balance	(529,521)
Fund balance, July 1, 2016	<u>6,604,143</u>
Fund Balance, June 30, 2017	<u>\$ 6,074,622</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, 2017**

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 Citizen’s 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.

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).

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Notes to Financial Statements, continued
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Notes to Financial Statements, continued
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE 2 – CASH AND INVESTMENTS

Cash as of June 30, 2017 is classified in the accompanying financial statements as cash in county treasury for \$8,486,555 and cash with fiscal agent for \$15,314. 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.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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, 2017 of approximately \$8,472,986 and an amortized book value of \$8,486,555. The weighted average maturity for the Orange County Investment Pool is 325 days as of June 30, 2017.

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.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (continued)

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.

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, 2017 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 8,472,986
Total fair market value of investments	\$ 8,472,986

NOTE 3 – INTERFUND TRANSACTIONS

Individual interfund receivable and payable balances at June 30, 2017 consisted of the following:

		Interfund Receivables		
		General Fund	Building Fund	Total
	Building Fund	\$ 20,680	\$ -	\$ 20,680
	Capital Facilities Fund	-	325,807	325,807
	Interfund Payables	\$ 20,680	\$ 325,807	\$ 346,487
				\$ 20,680
				325,807
				\$ 346,487

The Building Fund owed the General Fund for technology Mac Book Air Equipment.

The Non-Major Capital Facilities Fund owed the Building Fund for Buena Park Junior High Modernation.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2017**

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, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
General Obligation Bonds	\$ 25,235,000	\$ 12,380,000	\$ 5,105,000	\$ 32,510,000	\$ 1,040,000
Unamortized premium	1,355,269	218,664	151,247	1,422,686	53,842
	<u>\$ 26,590,269</u>	<u>\$ 12,598,664</u>	<u>\$ 5,256,247</u>	<u>\$ 33,932,686</u>	<u>\$ 1,093,842</u>

General Obligation Bond Summary

	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding			Bonds Outstanding
					July 01, 2016	Additions	Deletions	June 30, 2017
Election 2014, Series 2014A	September 25, 2014	August 1, 2044	3.00% - 5.00%	\$ 19,240,000	\$ 19,240,000	\$ -	\$ 35,000	\$ 19,205,000
Election 2014, Series 2014B	September 25, 2014	August 1, 2017	2.00%	1,830,000	1,830,000	-	905,000	925,000
Election 2014, Series 2016	April 27, 2016	September 1, 2017	3.00%	4,165,000	4,165,000	-	4,165,000	-
Election 2014, Series 2017	June 1, 2017	August 1, 2046	3.00% - 5.00%	12,380,000	-	12,380,000	-	12,380,000
					<u>\$ 25,235,000</u>	<u>\$ 12,380,000</u>	<u>\$ 5,105,000</u>	<u>\$ 32,510,000</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, 2017, the principal balance outstanding on the Series 2014A general obligation bonds was \$19,205,000.

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, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	330,000	746,556	1,076,556
2023 - 2027	1,375,000	3,488,656	4,863,656
2028 - 2032	1,850,000	3,196,722	5,046,722
2033 - 2037	3,360,000	2,744,213	6,104,213
2038 - 2042	5,705,000	1,681,500	7,386,500
2043 - 2047	4,870,000	302,600	5,172,600
Total	<u>\$ 19,205,000</u>	<u>\$ 15,368,746</u>	<u>\$ 34,573,746</u>

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2017**

NOTE 4 – MEASURE B GENERAL OBLIGATION BONDS (continued)

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, 2017, the principal balance outstanding on the Series 2014B general obligation bonds was \$925,000.

The annual requirements to amortize the outstanding Series 2014B general obligation bonds of the Measure B Bond Fund, as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 925,000	\$ 9,250	\$ 934,250
	\$ 925,000	\$ 9,250	\$ 934,250

Election of 2014, Series 2016 Bond Anticipation Notes

On April 27, 2016, the District issued Election of 2014, Series 2016 bond anticipation note 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, however the notes were refunded with the proceeds of the Election 2014, Series 2017 bonds.

Election of 2014, Series 2017

On June 1, 2017, the District issued Election 2104, Series 2017 general obligation bonds in the amount of \$12,380,000, a portion of the proceeds were used to pay back the outstanding Election 2014, Series 2016 bond anticipation notes. The Series 2017 issuance consists of current interest bonds with stated interest rate between 3.00% and 5.00%, and fully maturing on August 1, 2046. As of June 30, 2017, the principal balance outstanding on the Series 2017 general obligation bonds was \$12,380,000.

The annual requirements to amortize the outstanding Series 2017 general obligation bonds of the Measure B Bond Fund, as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ -	\$ 280,887	\$ 280,887
2019	275,000	441,931	716,931
2020	305,000	430,331	735,331
2021	350,000	417,231	767,231
2022	130,000	407,631	537,631
2023 - 2027	810,000	1,939,356	2,749,356
2028 - 2032	1,270,000	1,695,456	2,965,456
2033 - 2037	1,920,000	1,413,100	3,333,100
2038 - 2042	2,775,000	1,037,194	3,812,194
2043 - 2047	4,545,000	451,341	4,996,341
	\$ 12,380,000	\$ 8,514,458	\$ 20,894,458

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Notes to Financial Statements, continued
 For the Fiscal Year Ended June 30, 2017**

NOTE 5 – CONSTRUCTION COMMITMENTS

As of June 30, 2017, the Measure B Bond program had construction commitments with respect to unfinished capital projects of approximately \$3,950,241.

NOTE 6 – MEASURE B EXPENDITURES BY PROJECT

The following table presents the expenditure amounts by project for the fiscal year ended June 30, 2017:

Project	Amount
Beatty Modernization	\$ 231,896
Corey Modernization	168,909
Gilbert Modernization	1,700,966
Buena Park Junior High Modernization	2,549,649
Whitaker Modernization	1,411,725
Gilbert Roofing	437,257
Beatty Seismic	941,772
Corey Seismic	2,917
Emery Modernization Maintenance	4,429
Gilbert Portable	12,878
Whitaker Portables	36,641
Emery And Pendleton Technology updates	14,995
Whitaker Front Office	66,614
Emery Portables	13,415
Emery Furniture	35,882
Phone cutover, troubleshoot, support VOIP	5,716
Technology	120,462
DSA Fees	3,200
CDE Fees	652
Testing	26,895
Advertising	1,314
Design Fees	77,031
Program Manager/Construction Manager Fees	581,000
Cost Issuance/Underwriter Discount	362,818
Legal Fees	3,954
Bank Fees	18,697
Total Expenditures	\$ 8,831,684

**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 D. Ash, CPA

John Whitehouse, CPA

Heather Daud 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 (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Buena Park School District's basic financial statements of the Measure B Bond Building Fund, and have issued our report thereon dated February 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 of the Measure B Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of 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.

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 the 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 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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California

February 16, 2018

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

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

Report on Performance

We have audited Buena Park School District's compliance with the performance audit procedures described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on Buena Park School District's Measure B Bond Building Fund for the fiscal year ended June 30, 2017, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to local school construction bonds.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of Buena Park School District's Measure B Bond Building Fund based on our performance audit of the types of compliance requirements referred to above. We conducted our performance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the performance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the local school construction bonds noted on the following page occurred. An audit includes examining, on a test basis, evidence about Buena Park School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our performance audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Buena Park School District's compliance with those requirements.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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Opinion on Performance

In our opinion, Buena Park School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Measure B Bond Building Fund noted below for the year ended June 30, 2017.

Procedures Performed

In connection with the performance audit referred to above, we selected and tested transactions and records to determine Buena Park School District's compliance with the state laws and regulations applicable to the Financial Audit Procedures and Performance Audit Procedures over the Measure B Bond Building Fund. Additional agreed upon procedures relating the Measure B Bond Building Fund may also be included.

The results of the procedures performed and the related results are further described in the accompanying performance audit results following this Report on Performance.

Christy White Associates

San Diego, California
February 16, 2018

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Audit Procedures and Results
For the Fiscal Year Ended June 30, 2017**

SECTION I – FINANCIAL AUDIT PROCEDURES AND RESULTS

Financial Statements

As mentioned in the Report on Financial Statements, we have issued an unmodified opinion over the financial statements of the Measure B Bond Building Fund as of and for the fiscal year ended June 30, 2017.

Internal Control Evaluation

We tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of District processes that no significant deficiencies were noted.

SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS

Facility Project Expenditures

We selected a representative sample of expenditures charged to the Measure B Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure B ballot.

We tested approximately \$6.1 million of non-personnel expenditures or 69% of total 2016-17 Measure B Bond Building Fund expenditures for validity, allowability and accuracy and concluded that the sampled expenditures were in compliance with the terms of Measure B ballot language, the District approved facilities plan, and applicable state laws and regulations.

Personnel Expenditures

Based on review of expenditure information, we noted that there were no salaries or benefits charged to the Measure B Bond Building Fund during the fiscal year ended June 30, 2017. Audit procedures over personnel expenditures was not applicable.

Facilities Site Walk

We verified that funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects by review of supporting documentation as previously noted under Facility Project Expenditures but also through performance of facilities site walks.

A facilities site walk was performed with assistance from the Bond Project Manager at Buena Park School District. We visited Whitaker Elementary School and viewed the twenty-four newly renovated classrooms. Each classroom was newly equipped with a class interactive screen, a projector, and Apple TV. All classrooms were repainted and new carpet was added. We also toured Carl E. Gilbert Elementary School and viewed the newly renovated classrooms. New technology was added in these classrooms as well. We also viewed some roof replacements. Based on our site walk, the projects at Whitaker Elementary School and Carl E. Gilbert Elementary School appear to be successfully advancing as expected and funds appear expended for authorized bond projects.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Audit Procedures and Results, continued
For the Fiscal Year Ended June 30, 2017**

SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS (continued)

Contract and Bid Procedures

We reviewed a listing of contracts awarded during the fiscal year ended June 30, 2017 and selected a sample to ensure that contracts for public projects followed appropriate bidding procedures per applicable Public Contract Code. Additionally, we reviewed overall expenditures by vendor in order to determine if multiple projects under the applicable bidding threshold were identified to suggest any possible bid-splitting.

We noted that applicable bidding procedures were followed and that contracts were appropriately awarded to the lowest responsible bidder for the following projects:

- Buena Park Junior High School Exterior Painting
- Buena Park Junior High School Roofing Installation
- Gilbert & Whitaker Modernization

Based on our review of overall expenditures and projects by vendor, no instances or possible indications of bid-splitting were identified. The District appears to be properly reviewing projects and applying appropriate procedures over contract and bidding procedures.

Contracts and Change Orders

We reviewed a listing of contracts and change orders during the fiscal year ended June 30, 2017 and selected a sample to ensure that change orders were properly approved and in accordance with District policies. Additionally, cumulative change orders for any given contract were reviewed to ensure that total change orders did not exceed ten percent of the total original contract.

We reviewed one (1) change order for the BPJH Modernization Project and verified that the total of the change orders did not exceed ten percent of the total contract with Construct 1 One. All change orders were properly reviewed and approved by management and the governing board in accordance with District policy.

Citizens' Oversight Committee (COC)

In accordance with Assembly Bill (AB) 1908 and Education Code (Ed Code) Section 15278, the District is required to establish a bond oversight committee for Proposition 39 bonds to include one active member from each of the following sectors: a business organization, senior citizens organization, bona fide taxpayers' association, parent/guardian of a child enrolled in the District and a parent/guardian of a child enrolled in the District who is also a member of a parent teacher association. Additionally, no employee or official of the District shall be appointed to the citizens' oversight committee.

We found that the District has made attempts to compile a COC with all required representatives but has not yet been successful in recruiting an active member of the senior citizens community. The District appears to have been making ongoing efforts to fill the vacancy and has exercised due diligence with regard to the requirements of AB 1908 and Ed Code 15278. Refer to the Introduction and COC Member Listing for current members and the noted vacancy as of June 30, 2017.

**MEASURE B BOND BUILDING FUND
 BUENA PARK SCHOOL DISTRICT
 Schedule of Findings and Recommendations
 For the Fiscal Year Ended June 30, 2017**

PART I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS	<u>Unmodified</u>
Type of auditors’ report issued	
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to the financial statements?	<u>No</u>
 PERFORMANCE AUDIT	
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor’s report issued on performance for local school construction bonds:	<u>Unmodified</u>

PART II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the fiscal year ended June 30, 2017.

PART III – PERFORMANCE AUDIT FINDINGS

There were no findings or recommendations related to local school construction bonds for the fiscal year ended June 30, 2017.

**MEASURE B BOND BUILDING FUND
BUENA PARK SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017**

PART IV – PRIOR AUDIT FINDINGS

There were no findings and recommendations for the fiscal year ended June 30, 2016.