

WHITTIER UNION HIGH SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
(MEASURE W, NOVEMBER 2008)
FINANCIAL AUDIT**

Fiscal Year Ended June 30, 2010

WHITTIER UNION HIGH SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
(MEASURE W, NOVEMBER 2008)
FINANCIAL AUDIT

June 30, 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Education
The Citizens' Oversight Committee
Whittier Union High School District
9401 S. Painter Avenue
Whittier, CA 90605

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Whittier Union High School District, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure W Bond Building Fund of the Whittier Union High District as of June 30, 2010. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Measure W Bond Building Fund 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements for the Measure W Bond Building Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Measure W Bond Building Fund financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Measure W Bond Building Fund of the Whittier Union High School District as of June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010 on our consideration of the Whittier Union High School District's internal control over the Measure W Bond Building Fund financial reporting and 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 the Measure W Bond Building Fund financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

December 3, 2010

WHITTIER UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE W BOND BUILDING FUND
June 30, 2010

ASSETS

Cash in County Treasury	\$	38,251,241
Accounts Receivable		129,144
TOTAL ASSETS	\$	38,380,385

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$	3,848
TOTAL LIABILITIES		3,848

Fund Balance

Designated for Special Purposes		38,376,537
TOTAL FUND BALANCE		38,376,537
TOTAL LIABILITIES AND FUND BALANCE	\$	38,380,385

See the accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

PROPOSITION 39 GENERAL OBLIGATION BONDS

MEASURE W BOND BUILDING FUND

For the Fiscal Year Ended June 30, 2010

REVENUES	
Interest Income	\$ 376,700
TOTAL REVENUES	<u>376,700</u>
EXPENDITURES	
Capital Outlay	<u>659,924</u>
TOTAL EXPENDITURES	<u>659,924</u>
Excess of Expenditures Over Revenues	<u>(283,224)</u>
OTHER FINANCING SOURCES	
Proceeds from Sale of Bond	38,016,567
Proceeds from Bond Premium	<u>643,194</u>
TOTAL OTHER FINANCING SOURCES	<u>38,659,761</u>
Net Change in Fund Balance	38,376,537
Fund Balance at Beginning of Year	<u>-</u>
Fund Balance at End of Year	<u>\$ 38,376,537</u>

See the accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS
MEASURE W BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$ -	\$ 376,700	\$ 376,700
TOTAL REVENUES	<u>-</u>	<u>376,700</u>	<u>376,700</u>
EXPENDITURES			
Capital Outlay	7,500,000	659,924	6,840,076
TOTAL EXPENDITURES	<u>7,500,000</u>	<u>659,924</u>	<u>6,840,076</u>
Excess of Expenditures Over Revenues	(7,500,000)	(283,224)	7,216,776
OTHER FINANCING SOURCES			
Proceeds from Sale of Bonds	38,002,000	38,016,567	14,567
Proceeds from Bond Premium	-	643,194	643,194
TOTAL OTHER FINANCING SOURCES	<u>38,002,000</u>	<u>38,659,761</u>	<u>657,761</u>
Net Change in Fund Balance	<u>\$ 30,502,000</u>	38,376,537	<u>\$ 7,874,537</u>
Fund Balance at Beginning of Year		<u>-</u>	
Fund Balance at End of Year		<u>\$ 38,376,537</u>	

See the accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**MEASURE W BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

FUND STRUCTURE

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure W Bond Building Fund related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, this statement does not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

BASIS OF ACCOUNTING

The Measure W Bond Building Fund of the Whittier Union High School District is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

BUDGET

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

WHITTIER UNION HIGH SCHOOL DISTRICT

**MEASURE W BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

CAPITAL ASSETS AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure W Bond Building Fund are determined by its measurement focus. The Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure W Bond Building Fund are accounted for in the basic financial statements of the Whittier Union High School District.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS – CASH IN COUNTY TREASURY:

In accordance with Education Code Section 41001, the District maintains all of its cash in the Los Angeles County Treasury as part of the common investment pool. These pooled funds are carried at cost which may differ from fair value. The fair market value of the District’s deposits for the Measure W Bond Building Fund in this pool as of June 30, 2010, as provided by the pool sponsor, was \$38,337,581.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

WHITTIER UNION HIGH SCHOOL DISTRICT

**MEASURE W BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

NOTE 3 – PURCHASE COMMITMENTS:

As of June 30, 2010, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$1.6 million to be funded with bond proceeds.

NOTE 4 – BONDED DEBT:

On November 4, 2008, \$75 million in general obligation bonds were authorized by an election held within the Whittier Union High School District. The bonds were authorized to finance new construction and additions to and modernization of school facilities for the District.

On September 22, 2009, the District offered for sale \$38,001,949 in general obligation bonds. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$735,000 and as Capital Appreciation Bonds in aggregate principal amount of \$37,266,949.

The capital appreciation bonds were issued with maturity dates of August 1, 2013 through August 1, 2034. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2010, \$729,207 in accreted interest has been accrued and included in long-term debt.

The outstanding related bonded debt for the Whittier Union High School District at June 30, 2010 is:

	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2009</u>	<u>Issued Current Year</u>	<u>Principal Payment Current Year</u>	<u>Outstanding June 30, 2010</u>
Series 2009A Bond	9/22/2009	3.25-12.00	8/1/13-8/1/34	\$ 38,001,949	\$	\$ 38,001,949	\$	\$ 38,001,949
				\$ 38,001,949	\$ -	\$ 38,001,949	\$ -	\$ 38,001,949

WHITTIER UNION HIGH SCHOOL DISTRICT

**MEASURE W BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

NOTE 4 – BONDED DEBT: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2010, are as follows:

Fiscal Year Ended June 30,	Principal	Interest Payment	Accreted Interest Component	Total
2011	\$	\$ 26,400	\$	\$ 26,400
2012		26,400		26,400
2013		26,400		26,400
2014	13,232	26,400	1,768	41,400
2015	25,236	26,400	4,764	56,400
2016-2020	489,889	106,625	10,111	606,625
2021-2025	4,626,677	39,900	5,568,323	10,234,900
2026-2030	18,182,559		34,237,441	52,420,000
2031-2035	14,664,356		49,696,506	64,360,862
Totals	\$ 38,001,949	\$ 278,525	\$ 89,518,913	\$ 127,799,387

The payment of debt related to the Measure W general obligation bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the Whittier Union High School District's basic financial statements. The recognition of premiums on bonds is recorded as long-term liabilities and the recognition of issuance costs is recognized as capitalized fees in the basic financial statements of the Whittier Union High School District's basic financial statements.

NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excess of expenditures over appropriations, by major object accounts, that occurred in the Measure W Bond Building Fund.



**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***

The Board of Trustees
The Citizens' Oversight Committee
Whittier Union High School District
9401 S. Painter Avenue
Whittier, CA 90605

We have audited the Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure W Bond Building Fund of the Whittier Union High School District as of and for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contain in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Whittier Union High School District's internal control over the Measure W Bond Building Fund financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over fund 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whittier Union High School District's Measure W Bond Building Fund 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, and the Citizens' Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

December 3, 2010

WHITTIER UNION HIGH SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2010

There were no findings related to the financial audit of the Measure W Bond Building Fund for the fiscal year ended June 30, 2010.