

**WHITTIER UNION HIGH SCHOOL DISTRICT**

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

**Fiscal Year Ended June 30, 2014**

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

**June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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

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

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, 2014, and have issued our report thereon dated December 9, 2014. We have also audited the accompanying financial statements for the Measure W Bond Building Fund of the Whittier Union High School District as of and for the fiscal year ended June 30, 2014, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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.

Board of Trustees  
The Citizens' Oversight Committee  
Whittier Union High School District

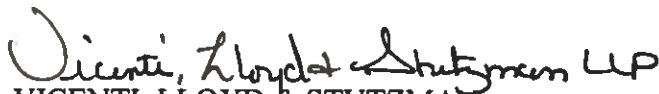
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure W Bond Building Fund of the Whittier Union High School District as of June 30, 2014, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 on our consideration of the Whittier Union High School District's internal control over the Measure W Bond Building Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over 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* in considering the Whittier Union High School District's internal control over the Measure W Bond Building Fund financial reporting and compliance.

  
VICENTI, LLOYD & STUTZMAN LLP  
Glendora, California  
December 9, 2014

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**BALANCE SHEET**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE W BOND BUILDING FUND**  
**June 30, 2014**

**ASSETS**

Cash in County Treasury	\$ 26,606,056
Accounts Receivable	<u>88,971</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 26,695,027</u></b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts Payable	\$ <u>1,384,980</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,384,980</u></b>

**Fund Balance**

Restricted	<u>25,310,047</u>
<b>TOTAL FUND BALANCE</b>	<b><u>25,310,047</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 26,695,027</u></b>

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, 2014**

**REVENUES**

Other Local Revenue	\$ 51,805
Interest Income	<u>146,819</u>
<b>TOTAL REVENUES</b>	<u>198,624</u>

**EXPENDITURES**

Materials and Supplies	95,120
Professional/Consulting Services and Other Expenditures	83,453
Capital Outlay	<u>14,027,885</u>
<b>TOTAL EXPENDITURES</b>	<u>14,206,458</u>
Deficiency of Expenditures Over Revenues	<u>(14,007,834)</u>

**OTHER FINANCING SOURCES**

Proceeds From Sale of Bond, net	<u>17,992,636</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>17,992,636</u>

Change in Fund Balance	3,984,802
Fund Balance at Beginning of Year	<u>21,325,245</u>
Fund Balance at End of Year	<u>\$ 25,310,047</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 - PROPOSITION 39 GENERAL OBLIGATION BONDS**

**MEASURE W BOND BUILDING FUND**

**For the Fiscal Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Other Local Revenue	\$	\$ 51,805	\$ 51,805
Interest Income	110,000	146,819	36,819
<b>TOTAL REVENUES</b>	<u>110,000</u>	<u>198,624</u>	<u>88,624</u>
<b>EXPENDITURES</b>			
Materials and Supplies	95,120	95,120	-
Professional/Consulting Services and Other Expenditures	83,453	83,453	-
Capital Outlay	14,027,885	14,027,885	-
<b>TOTAL EXPENDITURES</b>	<u>14,206,458</u>	<u>14,206,458</u>	<u>-</u>
Deficiency of Expenditures Over Revenues	<u>(14,096,458)</u>	<u>(14,007,834)</u>	<u>88,624</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds From Sale of Bonds, net	18,000,000	17,992,636	(7,364)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>18,000,000</u>	<u>17,992,636</u>	<u>(7,364)</u>
Change in Fund Balance	<u>\$ 3,903,542</u>	3,984,802	<u>\$ 81,260</u>
Fund Balance at Beginning of Year		<u>21,325,245</u>	
Fund Balance at End of Year		<u>\$ 25,310,047</u>	

See the accompanying notes to the financial statements.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**MEASURE W BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**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 (the 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 FINANCIAL STATEMENTS  
June 30, 2014**

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

**FUND BALANCE CLASSIFICATION**

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications available in governmental fund financial statements are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure W Bond Building Fund is restricted as described below:

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**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 and disclosed in these financial statements in Note 4, but are not reported as Debt in these financial statements.

**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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

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

**June 30, 2014**

**NOTE 2 - DEPOSITS – CASH IN COUNTY TREASURY:**

In accordance with Education Code Section 41001, the District maintains all of the Measure W Bond Building Fund cash in the Los Angeles County Treasury as part of the common investment pool. These pooled funds are carried at amortized 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, 2014, as provided by the pool sponsor, was \$26,546,879, as based upon the District's pro-rata share of the fair value for the entire portfolio (in relation to the amortized cost of the portfolio).

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.

**NOTE 3 – PURCHASE COMMITMENTS:**

As of June 30, 2014, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling \$10,384,261 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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**MEASURE W BOND BUILDING FUND  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 4 – BONDED DEBT: (continued)**

The Capital Appreciation Bonds were issued with maturity dates of August 1, 2014 through August 1, 2034. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On February 27, 2014, the District offered for sale \$18,000,000 in general obligation bonds. The bonds were issued as Current Interest Bonds. Proceeds received in the Measure W Bond Building Fund were net of issuance costs.

The outstanding related bonded debt for the Whittier Union High School District at June 30, 2014 is:

	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2013	Issued Current Year	Principal Payment Current Year	Outstanding June 30, 2014
Series 2009A Bond	9/22/2009	3.25-12.00	8/1/13-8/1/34	\$ 38,001,949	\$ 38,001,949	\$	\$ 13,232	\$ 37,988,717
Series 2014B Bond	2/27/2014	2.00-4.00	8/1/15-8/1/23	18,000,000		18,000,000		18,000,000
				<u>\$ 56,001,949</u>	<u>\$ 38,001,949</u>	<u>\$ 18,000,000</u>	<u>\$ 13,232</u>	<u>\$ 55,988,717</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2014, are as follows:

Fiscal Year Ended June 30,	Principal	Accreted Interest Component	Interest Payment	Total
2015	\$ 25,237	\$ 4,764	\$ 26,400	\$ 56,401
2016	1,879,887	10,111	783,479	2,673,477
2017	2,065,000		518,631	2,583,631
2018	1,805,000		475,988	2,280,988
2019	1,845,000		438,231	2,283,231
2020-2024	11,526,664	308,336	1,246,275	13,081,275
2025-2029	18,784,113	31,530,887		50,315,000
2030-2034	15,713,202	46,057,661		61,770,863
2035	2,344,614	11,605,386		13,950,000
Totals	<u>\$ 55,988,717</u>	<u>\$ 89,517,145</u>	<u>\$ 3,489,004</u>	<u>\$ 148,994,866</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**MEASURE W BOND BUILDING FUND  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 4 – BONDED DEBT: (continued)**

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 District's basic financial statements. The recognition of premiums and accrued interest on bonds is recorded as long-term liabilities in the basic financial statements of the District. Issuance costs are expensed in the year incurred.

**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.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, 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, the financial statements of the Measure W Bond Building Fund of the Whittier Union High School District (the District), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements and have issued our report thereon dated December 9, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over the Measure W Bond Building Fund financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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 the 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*.

**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.

  
VICENTI, LLOYD & STUTZMAN LLP

Glendora, California

December 9, 2014

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**MEASURE W BOND BUILDING FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2014**

There were no findings related to the financial audits of the Measure W Bond Building Fund for the fiscal years ended June 30, 2014 or 2013.