

SOUTHERN KERN UNIFIED SCHOOL DISTRICT

KERN COUNTY
ROSAMOND, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND

JUNE 30, 2018

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
 2008 ELECTION GENERAL OBLIGATION BOND
 BUILDING FUND
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Financial Section



Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees and Citizens’ Oversight Committee
Southern Kern Unified School District
Rosamond, California

Report on the Financial Statements

We have audited the accompanying balance sheet of the Southern Kern Unified School District 2008 Election General Obligation Bond Building Fund, as of June 30, 2018, and the related statement of revenues, expenditures and changes in fund balance for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

As discussed in Note 1, the financial statements present only the individual 2008 Election General Obligation Bond Building Fund of the Southern Kern Unified School District and are not intended to present fairly the financial position of the Southern Kern Unified School District in conformity with generally accepted accounting principles.

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 opinions 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.

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

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the transactions of the 2008 Election General Obligation Bond Building Fund of the Southern Kern Unified School District, as of and for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the balance sheet of the Southern Kern Unified School District 2008 Election General Obligation Bond Building Fund, the related statement of revenues, expenditures and changes in fund balance, and the related notes to the financial statements. The supplementary exhibits are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary exhibits have not been subjected to the auditing procedures applied in the audit of the balance sheet of the Southern Kern Unified School District 2008 Election General Obligation Bond Building Fund, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Southern Kern Unified School 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. 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 Southern Kern Unified School District's internal control over financial reporting and compliance.



San Bernardino, California
December 17, 2018

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
 2008 ELECTION GENERAL OBLIGATION BOND
 BUILDING FUND
BALANCE SHEET
 JUNE 30, 2018

ASSETS

Accounts Receivable (Note 2)	\$	2,481
Due From Other Funds (Note 3A)		894,572

TOTAL ASSETS

	\$	897,053
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$	393,300
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Fund Balance

Assigned		503,753
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TOTAL LIABILITIES AND FUND BALANCE

	\$	897,053
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The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
 2008 ELECTION GENERAL OBLIGATION BOND
 BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGE IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>REVENUES</u>	
Interest	\$ 22,932
 <u>EXPENDITURES</u>	
Facilities Acquisition and Construction	6,366,379
Other Outgo	275,225
Total Expenditures	6,641,604
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (6,618,672)
 OTHER FINANCING SOURCES (USES)	
Interfund Transfers In (Note 3B)	128,862
Interfund Transfers Out (Note 3B)	(861)
Proceeds from Sale of Bonds	6,919,199
Other Sources	75,225
Total Other Financing Sources (Uses)	7,122,425
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	 503,753
 <u>FUND BALANCE - JULY 1, 2017</u>	 -
 <u>FUND BALANCE - JUNE 30, 2018</u>	 \$ 503,753

The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Southern Kern Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Reporting Entity

On November 4, 2008, the District voters authorized up to \$24 million in General Obligation Bonds for the purpose of financing only specific school facilities projects listed in the Bond Project List. The measure was approved by more than 55% of the vote. In response, an advisory committee to the District's Board of Trustees and Superintendent, the Citizens' Bond Oversight Committee, was established. The Committee's oversight goals include: informing the public on the expenditures of Bond proceeds, reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in the ballot measure, and ensuring compliance with conditions of the ballot measure.

On December 18, 2008, the District issued and sold \$4,056,633.15 aggregate principal amount of its Election of 2008 General Obligation Bonds, Series 2008A under and pursuant to the Authorization.

On May 27, 2010, the District issued and sold \$6,960,719 aggregate principal amount of its General Obligation Bonds, Election of 2008, Series 2010B.

On June 28, 2012, the District issued and sold \$3,819,839.30 aggregate principal amount of its 2008 Election General Obligation Refunding Bonds 2012 Series B, leaving the amount of \$9,162,808.55 authorized but unissued thereunder.

On February 6, 2014, the District issued 2008 Election General Obligation Bond Series 2014A in the amount of \$3,000,000. A portion of the proceeds, in the amount of \$70,508, was deposited in the Bond Interest and Redemption Fund (at Kern County Treasury) to pay the first two bond payments.

On September 20, 2017, the District issued and sold \$6,919,199 aggregate principal amount of its Election 2008 General Obligation Bonds 2017 Series B under pursuant to the Authorization.

The proceeds and uses of the bonds are accounted for in the District's Building Fund. The statements presented are for the individual 2008 Election General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, 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.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The accompanying 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 collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2018.

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

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

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 outstanding encumbrances were liquidated at June 30.

Fund Balance Reserves and Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
 2008 ELECTION GENERAL OBLIGATION BOND
 BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

2. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, with regards to the 2008 Election consists of the following:

Accounts Receivable	
Local Sources:	
Interest	<u>\$ 2,481</u>

3. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2018, are as follows:

	<u>DUE TO</u>
	<u>BUILDING</u>
	<u>FUND</u>
<u>DUE FROM</u>	
General Fund	<u>\$ 894,572</u>

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
 2008 ELECTION GENERAL OBLIGATION BOND
 BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2017-18 fiscal year were as follows:

TRANSFERS FROM	TRANSFERS TO BUILDING FUND
General Fund	\$ 128,862
Building Fund	861
Total	\$ 129,723

4. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2018, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2017	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2018
Series 2008A	12/18/2008	2034	3.00-6.80%	\$ 4,056,633	\$ 1,651,633	-	\$ 125,000	\$ 1,526,633
Series 2010B	5/27/2010	2050	2.00-6.95%	6,960,719	6,140,719	-	50,000	6,090,719
2012 Series B	6/28/2012	2032	1.52-4.50%	3,819,839	3,291,789	-	154,550	3,137,239
Series 2014A	2/6/2014	2024	3.15%	3,000,000	2,475,000	-	290,000	2,185,000
2008 Series D	9/20/2017	2042	1.41-4.02%	6,919,199	-	6,919,199	-	6,919,199
Total				\$ 24,756,390	\$ 13,559,141	\$ 6,919,199	\$ 619,550	\$ 19,858,790

The annual requirement to amortize the Series 2008A general obligation bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 155,000	\$ 11,266	\$ 166,266
2020	180,000	3,938	183,938
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024-28	142,974	348,348	491,322
2029-33	699,247	3,811,159	4,510,406
2034	349,412	1,905,588	2,255,000
Total	\$ 1,526,633	\$ 6,080,299	\$ 7,606,932

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The annual requirement to amortize the Series 2010B general obligation bonds payable, outstanding at June 30, 2018, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 60,000	\$ 66,050	\$ 126,050
2020	65,000	63,550	128,550
2021	75,000	60,750	135,750
2022	60,000	57,750	117,750
2023	65,000	54,625	119,625
2024-28	470,000	211,250	681,250
2029-33	590,000	62,750	652,750
2034-38	950,828	7,342,300	8,293,128
2039-43	1,678,126	10,938,047	12,616,173
2044-48	1,439,276	14,248,254	15,687,530
2049-50	637,489	8,602,765	9,240,254
Total	<u>\$ 6,090,719</u>	<u>\$ 41,708,091</u>	<u>\$ 47,798,810</u>

The annual requirement to amortize the 2012 Series B general obligation bonds payable, outstanding at June 30, 2018, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 143,861	\$ 138,170	\$ 282,031
2020	145,177	146,854	292,031
2021	145,316	156,715	302,031
2022	139,725	167,306	307,031
2023	137,631	179,400	317,031
2024-28	1,182,037	532,419	1,714,456
2029-32	1,243,492	226,583	1,470,075
Total	<u>\$ 3,137,239</u>	<u>\$ 1,547,447</u>	<u>\$ 4,684,686</u>

The annual requirement to amortize the 2008 Series 2014A general obligation bonds payable, outstanding at June 30, 2018, is as follows:

<u>Year Ending June 30</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 325,000	\$ 67,289	\$ 392,289
2020	350,000	56,752	406,752
2021	385,000	45,258	430,258
2022	425,000	32,726	457,726
2023	460,000	18,838	478,838
2024	240,000	3,831	243,831
Total	<u>\$ 2,185,000</u>	<u>\$ 224,694</u>	<u>\$ 2,409,694</u>

*Mandatory Sinking Fund Payment

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The annual requirement to amortize the 2008 Series D general obligation bonds payable, outstanding at June 30, 2018, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 29,465	\$ 29,465
2020	80,000	27,600	107,600
2021	148,445	33,355	181,800
2022	163,730	38,070	201,800
2023	145,504	41,296	186,800
2024-28	2,562,523	526,275	3,088,798
2029-33	2,124,005	1,040,995	3,165,000
2034-38	900,837	924,163	1,825,000
2039-42	794,155	1,145,845	1,940,000
Total	<u>\$ 6,919,199</u>	<u>\$ 3,807,064</u>	<u>\$ 10,726,263</u>

The annual requirement to amortize the general obligation bonds payable, outstanding at June 30, 2018, is summarized as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 683,861	\$ 312,240	\$ 996,101
2020	820,177	298,694	1,118,871
2021	753,761	296,078	1,049,839
2022	788,455	295,852	1,084,307
2023	808,135	294,159	1,102,294
2024-28	4,597,534	1,622,123	6,219,657
2029-33	4,656,744	5,141,487	9,798,231
2034-38	2,201,077	10,172,051	12,373,128
2039-43	2,472,281	12,083,892	14,556,173
2044-48	1,439,276	14,248,254	15,687,530
2049-50	637,489	8,602,765	9,240,254
Total	<u>\$ 19,858,790</u>	<u>\$ 53,367,595</u>	<u>\$ 73,226,385</u>

5. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The construction of the new elementary school is 95% completed as of June 30, 2018, with a total cost estimate of \$24,000,000.

Supplementary Information

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
BALLOT MEASURE

EXHIBIT A

“To provide excellent schools for all local students, shall the Southern Kern Unified School District be authorized to acquire, construct and improve school facilities, including classrooms to reduce student overcrowding, replacing portables with permanent classrooms, adding libraries, science and computer labs, improving school safety and becoming eligible for additional state funding by issuing \$24,000,000 in bonds at legal interest rates, with annual audits, and independent citizens' oversight committee, and no money for administrative salaries?”

Bonds - Yes

Bonds - No

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
BALLOT MEASURE (FULL TEXT)

Exhibit B

**BALLOT MEASURE
(FULL TEXT)**

This measure may be known and referred to as the Southern Kern Unified School District School Construction and Improvement Measure H.

FINDINGS

The Southern Kern Unified School District (the "District") was organized in 1962 to educate the children of Rosamond. Southern Kern Unified School District schools educate approximately 3,600 students in grades K-12, a number projected to grow by over 2,300 students in the next five years. Currently, there are over 3,200 approved subdivision lots awaiting construction within the District's boundaries. Many of the District's schools are close to their maximum capacity and many students attend classes in portable facilities. We now need to invest in our local schools so we can keep up with growth in our area.

The bond will qualify the District for \$58 million in State Aid to fund new classrooms, libraries, computer labs and other improvements so that every child in our schools will have access to a quality education.

Rosamond High and Hamilton Elementary have shared the same plot of land since 1965. The high school's enrollment growth requires expansion and resulted in the temporary closure of Hamilton Elementary School. This measure would allow for the expansion of the high school and the construction of a new Hamilton Elementary School. Over half the students in Rosamond attend classes in portables. This bond measure will provide permanent classrooms and expanded facilities to reduce overcrowding. Tropic Middle School is overcrowded. Now is the time to expand it to provide enough space and facilities for students.

In 2002, voters in Southern Kern Unified School District passed Measure "H" to improve local schools. The District kept its promises with the previous bond measure approved by voters, completing Westpark Elementary School, purchasing back district property, maintaining class-size reduction, improving the cafeteria at Rosamond High School and improving technology throughout the district.

This measure requires an independent citizens' oversight committee, and guaranteed annual audits to ensure the money is spent as promised, and no money will be spent on administrator's salaries.

The District continues to seek all available outside sources of funding to improve our school buildings, including local, state, and federal grants. However, these sources are not sufficient to meet our facilities needs and require local funding to secure State eligibility. It is necessary to seek voter approval of a bond measure in order to provide the local funding for the identified school facilities.

BOND AUTHORIZATION

By approval of this measure by at least fifty-five percent (55%) of the registered voters voting on this measure, the District shall be authorized to issue and sell bonds in an amount of up to \$24,000,000 in principal, with interest at or below the legal limit. The bond proceeds shall be used to provide financing only for specific school facilities projects listed in the Bond Project List attached hereto as Attachment A-1, subject to the accountability requirements specified below.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
BALLOT MEASURE (FULL TEXT)

TAX RATES

The Board hereby states its intention to structure each bond sale of this authorization so that the combined tax rate for general obligation bonds of the District issued under the 2002 election and this authorization will not exceed \$60.00 per \$100,000 of assessed valuation.

BOND PROJECT LIST

The Bond Project List attached to this resolution as Attachment A-1 shall be considered a part of the ballot proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition.

Approval of this Bond Measure (the "Measure") does not guarantee that the proposed projects will be funded beyond the local revenues generated by the Measure. The District's capital needs exceed the amount of bonds the voters are being asked to authorize. The District will seek funds from other sources to advance the project list as far as possible. If matching funds from the State or any other source become available, they will be used for and applied to the Bond Project List.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this Measure in order that the voters and taxpayers in the District may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following), which was adopted following the passage of Proposition 39.

Evaluation of Needs. The Governing Board has prepared an updated facilities plan in order to identify all current and anticipated facilities needs of the District and determine which projects to finance from a local bond and other sources at this time.

The Governing Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List contained in Attachment A-1.

Independent Citizens' Oversight Committee. The Governing Board shall establish an Independent Citizens' Bond Oversight Committee pursuant to the provisions of the Education Code, commencing with section 15278, to ensure bond proceeds are expended only on the school facilities and on the projects listed in Attachment A-1. The Independent Citizens' Bond Oversight Committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Governing Board. The District shall, without expending bond funds, provide the Independent Citizens' Bond Oversight Committee with any necessary technical and administrative support in furtherance of its purpose, and sufficient resources to publicize the conclusions of the committee.

Performance Audits. The Governing Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in Attachment A-1.

Financial Audits. The Governing Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in Attachment A-1.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
BALLOT MEASURE (FULL TEXT)

Special Bond Proceeds Account: Annual Report to Governing Board. Upon approval of this Measure and a subsequent sale of authorized bonds, the Governing Board shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent shall cause a report to be filed with the Governing Board annually, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent shall determine and may be incorporated in the annual budget, audit, or another appropriate routine report to the Governing Board.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction and/or rehabilitation of school facilities including the furnishing and equipping of school facilities or acquisition or lease of real property for school facilities and construction management by district personnel and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

The proceeds of the bonds will be deposited into a fund to be held by the Kern County Treasurer, as required by the California Education Code.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
2008 ELECTION GENERAL OBLIGATION BOND
BUILDING FUND
PROJECT LIST

ATTACHMENT A-1

BOND PROJECT LIST

The District intends to undertake the following projects using a combination of funding sources. It is anticipated that bond proceeds will contribute \$24,000,000 to said total cost. As required by the California Constitution, the proceeds from the sale of bonds will be used only to acquire or improve real property, and for furnishing and equipping school facilities and not for any other purposes, including teacher and administrator salaries or other school operating expenses. This Bond Project List assumes that additional funding, which could include State funds, or other funds of the District and/or other sources, will be available to the District. To the extent funds are available, the District intends to acquire, construct, modernize, and improve District schools, including but not limited to the improvements described below.

SCHOOL PROJECTS

Rosamond High School:

- Replace portable classrooms with permanent classrooms
- Build additional new permanent classrooms
- Provide gymnasium facilities for joint school and community use
- Provide a cafeteria/multipurpose building for joint school and community use

Tropico Middle School:

- Replace portable buildings with permanent classrooms
- Build additional new permanent classrooms
- Build a library and computer lab to improve student access to information and technology
- Provide gymnasium facilities for joint school and community use
- Land Acquisition

Hamilton Elementary School:

- Build a new Hamilton Elementary School for existing students and enrollment growth

District-wide Additional Projects:

- Improve energy systems and student access to computers and technology
- Construct and improve student support facilities
- Purchase land required to build new facilities
- Purchase leased facilities
- Furnish and equip school facilities
- Perform necessary site preparation/restoration in connection with new construction, renovation or deferred maintenance of school facilities
- Address unforeseen conditions revealed by construction or emergency repairs (e.g., plumbing or gas line breaks, seismic, structural, asbestos and other hazardous materials)



Jeanette L. Garcia,
CPA

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

Independent Auditors Report

To the Board of Trustees and Citizens' Oversight Committee
Southern Kern Unified School District
Rosamond, 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 Southern Kern Unified School District 2008 Election General Obligation Bond Building Fund, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern Kern Unified 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, but not for the purpose of expressing an opinion on the effectiveness of Southern Kern Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Kern Unified 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.

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.

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Kern Unified School District's financial statements are free from 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 black ink that reads "Jeanette L. Garcia + Associates". The signature is written in a cursive, flowing style.

San Bernardino, California
December 17, 2018



Jeanette L. Garcia & Associates

202 East Airport Drive, Suite 160

San Bernardino, CA 92408

Phone: (909) 763-2100

Fax: (909) 763-2330

www.jlgcpa.net

AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,
CPA

Board of Trustees and Citizens' Oversight Committee
Southern Kern Unified School District
Rosamond, California

We have audited the accompanying financial Statements of the 2008 Election General Obligation Bond, Building Fund, of the Southern Kern Unified School District (the District) as of and for the year ended June 30, 2018. Our audit was made in accordance with auditing standards generally accepted in the United States of America; and the standards for financial and compliance 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following requirements:

Proceeds from the sale of the bonds are used only to finance and refinance the construction, acquisition, furnishing and equipping of District property and facilities, as authorized at the November 4, 2008 Election.

Proper bidding procedures have been observed/met.

The District is in compliance with budget constraints per the Oversight Committee.

Bond monies are used only on projects which were voter approved.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2018.

This report is intended solely for the information and use of the Citizens' Oversight Committee, Board of Trustees, management, and taxpayers of the Southern Kern Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

San Bernardino, California
December 17, 2018

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