

**LAS LOMITAS ELEMENTARY
SCHOOL DISTRICT**

PROPOSITION 39/MEASURE S BOND

AUDIT REPORT

For the Fiscal Year Ended June 30, 2017

* * *



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**LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE S BOND
For the Fiscal Year Ended June 30, 2017**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Measure S Citizens' Oversight Committee and
Governing Board Members
Las Lomas Elementary School District

Report on the Program Statement

We have audited the accompanying Proposition 39/Measure S Bond program statement of the Las Lomas Elementary School District, as of and for the fiscal year ended June 30, 2017 and the related notes to the program statement as listed in the table of contents.

Management's Responsibility for the Program Statement

The Las Lomas Elementary School District's management is responsible for the preparation and fair presentation of this statement 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 this statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this statement 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 program statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the program statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the program statement, 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 program statement 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 program statement.

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 program statement referred to above present fairly, in all material respects, the approved budget, cumulative expenditures and allowable costs for the Proposition 39/Measure S Bond proceeds for the period audited.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated November 20, 2017 on our consideration of the Proposition 39/Measure S Bond of Las Lomas Elementary School District's internal control over 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Las Lomas Elementary School District's internal control over financial reporting and compliance.

C & A LLP

November 20, 2017
San Jose, California

PROGRAM STATEMENT

**LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE S BOND
Statement of Approved Budget and Cumulative Expenditures
For the Fiscal Year Ended June 30, 2017**

	Fiscal Year Ended June 30, 2017	From Inception Through June 30, 2017
Program Budget	\$ 19,082,483	\$ 51,665,811
Site/Project Description:		
Bond Management	281,937	802,385
Preconstruction Planning/Master Plan	29,394	177,180
Temporary Housing	3,566	1,914,386
New Construction	3,395,487	4,252,155
Site Development	2,332,386	2,782,937
Land Acquisition	-	3,004,751
Total Expenditures	<u>6,042,770</u>	<u>12,933,794</u>
 (Over) Under Budget/Remaining Budget	 <u><u>\$ 13,039,713</u></u>	 <u><u>\$ 38,732,017</u></u>

The notes to the program statement are an integral part of this statement.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE S BOND
Notes to the Program Statement
For the Fiscal Year Ended June 30, 2017

NOTE 1 - THE PROGRAM

Proposition 39 was enacted by the voters on November 7, 2000, and changed the required majority for local voter approval of public school and community college general obligation bonds from two thirds to fifty-five percent of votes.

Passed by voters in the November 5, 2013 election, Measure S authorized the District to issue bonds totaling \$60 million in order to fund needed repairs, upgrades, and new construction projects to the District's schools. Measure S was designed to require district residents to pay off the bonds over a maximum of 30 years through a property tax of approximately \$30 per \$100,000 of assessed home value.

NOTE 2 - CITIZEN'S OVERSIGHT COMMITTEE

In accordance with Education Code Section 15278(b), the Citizen's Oversight Committee shall: Inform the public concerning the District's expenditure of Measure S bond proceeds; Review expenditure reports produced by the District to ensure that Measure S bond proceeds were expended only for the purposes set forth in Measure S; and Present to the Board of Trustees in public session, an annual written report outlining their activities and conclusions regarding the expenditure of Measure S bond proceeds.

Furthermore, the committee is authorized to receive and review copies of the annual independent performance audit and the annual independent financial audit required by Article XIII A, Section 1(b)(3)(C) and Article XIII A, Section 1(b)(3)(D), respectively, of the California Constitution.

The Committee was formed by the Board of Trustees, which met three times in the last fiscal year. The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2017:

<u>Name</u>	<u>Title/Function</u>	<u>Term Expiration</u>
Eric Ver Ploeg	Chairman	September 2017
Mike Spath	Vice Chairman	September 2017
Bob Lutticken	Business Representative	September 2017
John MacDonald	At-Large Community Member	September 2017
Matthew Tinsley	Taxpayer Organization Member	September 2017
Kristin Smith	Senior Citizen Group Representative	September 2016
Stephanie Peters	Parent/Gaurdian of Child Enrolled and Active in Parent-Teacher Organization	September 2016

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE S BOND
Notes to the Program Statement
For the Fiscal Year Ended June 30, 2017

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of accounting utilized in preparation of this report may differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying program statement is not intended to present the financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America

Revenue and expenditures incurred for Proposition 39/Measure S Bond proceeds are recorded on an accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when it is earned, not when the payment is received. Similarly, expenses are recognized when they are incurred, not when they are paid.

**SCHEDULE OF FINDINGS
AND
RECOMMENDATIONS**

**LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE S BOND
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2017**

**** No findings or exceptions noted ****

**OTHER INDEPENDENT
AUDITOR'S REPORTS**



**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***

Measure S Citizens' Oversight Committee and
Governing Board Members
Las Lomas Elementary School District

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 accompanying Proposition 39/Measure S Bond program statement of the Las Lomas Elementary School District as of and for the fiscal year ended June 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Las Lomas Elementary 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 program statement, but not for the purpose of expressing an opinion on the effectiveness of the Las Lomas Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Las Lomas Elementary 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 over 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Proposition 39/Measure S Bond of Las Lomas Elementary School District's program statement is 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 program 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.

C & A LLP

November 20, 2017
San Jose, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE
MEASURE S BOND PROGRAM**

Measure S Citizens' Oversight Committee and
Governing Board Members
Las Lomas Elementary School District

Compliance

We have audited Las Lomas Elementary School District's (the District) compliance with Proposition 39/Measure S Bond of the November 5, 2013 presidential primary election, as approved under Proposition 39, and with the performance requirements referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the laws and regulations identified above based on our audit. We conducted our audit of compliance 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 noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the laws and regulations have occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. The following summarizes specific procedures performed during our audit, but is not intended to be an all-inclusive list:

1. We verified that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.
2. We tested payments made to the architectural service companies and reviewed the terms of the contract.
3. We tested approximately 84% of the 2016-17 expenditures to ensure they were valid, allowable and accurate.

We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.



Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Proposition 39/Measure S Bond program for the fiscal year ended June 30, 2017.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing over compliance and the results of that testing based on the standards referred to above. Accordingly, this report is not suitable for any other purpose.

C & A LLP

November 20, 2017
San Jose, California