
**LAKESIDE UNION SCHOOL DISTRICT
COUNTY OF KERN
BAKERSFIELD, CALIFORNIA**

**GENERAL OBLIGATION BONDS
2008 ELECTION – SERIES A**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

**LAKESIDE UNION SCHOOL DISTRICT
COUNTY OF KERN
BAKERSFIELD, CALIFORNIA**

**GENERAL OBLIGATION BONDS
2008 ELECTION – SERIES A**

AUDIT REPORT

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GENERAL OBLIGATION BONDS, 2008 ELECTION - SERIES A
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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Lakeside Union School District
Bakersfield, California**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Schedule of Revenues and Expenditures of the Lakeside Union School District's General Obligation Bonds, 2008 Election, Series A for the year ended June 30, 2010. This schedule is the responsibility of the Lakeside Union School District's management. Our responsibility is to express an opinion on the Schedule of Revenues and Expenditures 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 Schedule of Revenues and Expenditures is 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.

As discussed in Note 1, the statement is intended to present the Schedule of Revenues and Expenditures of the General Obligation Bonds, 2008 Election, Series A, prepared from the activity of the bond proceeds and, therefore, does not present the financial position or results of operations of the Lakeside Union School District.

In our opinion, the Schedule of Revenues and Expenditures referred to above present fairly, in all material respects, the revenues and expenditures of the Lakeside Union School District's General Obligation Bonds, 2008 Election, Series A, for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, and California's Proposition 39 for General Obligation Bonds, we have also issued our report dated February 11, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. 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* and important for assessing the results of our audit.

MPM Certified Public Accountants

**MPM Certified Public Accountants
February 11, 2011**

**LAKESIDE UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION - SERIES A
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

REVENUES

Property Taxes	\$	1,921
Investment Earnings		<u>327</u>
Total Revenues of General Obligation Bonds, 2008 Election - Series A		<u>2,248</u>

EXPENDITURES

Capital Outlay		
Professional Services		225,430
Buildings and Improvements		677,278
Equipment		<u>141,653</u>
Total Expenditures of General Obligation Bonds, 2008 Election - Series A		<u>1,044,361</u>

Deficiency of Revenues Under Expenditures		<u>(1,042,113)</u>
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OTHER FINANCING SOURCES (USES)

Operating Transfer in from Special Assessment Fund		282,910
Operating Transfer Out for Debt Service		(1,936)
2008 COP Cost of Issuance Refund		<u>74,129</u>

Total Other Financing Sources (Uses)		<u>355,103</u>
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Net Change in Fund Balance		(687,010)
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Fund Balance, Beginning		<u>1,864,831</u>
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Fund Balance, Ending	\$	<u><u>1,177,821</u></u>
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See Accompanying Note to Schedule of Revenues and Expenditures of General Obligation Bonds, 2008 Election - Series A

**LAKESIDE UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION - SERIES A
NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Summary of significant accounting policies

A) Basis of accounting

The Lakeside Union School District General Obligation Bonds, Election of 2008, Series 2009A (the "Bond") were authorized at an election of the registered voters of the Lakeside Union School District held on November 4, 2008, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$22,500,000 principal amount of General Obligation Bonds of the District. The Bonds are being issued under the laws of the State of California and pursuant to resolutions of the District and the Board of Supervisors of the County of Kern, California. The initial issuance, in the principal amount of \$3,637,362 (Series A), was made on May 14, 2009.

The proceeds of the Bonds will be used to prepay certain lease obligations of the District and to finance or refinance the construction, acquisition, furnishing and equipping of the District facilities.

The bonds are general obligations of the District, payable solely from ad valorem property taxes. The Board of Supervisors of the County are empowered and obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on and principal or accreted value of the Bonds when due.

The accompanying Schedule of Revenues and Expenditures includes bond activity of the Lakeside Union School District's General Obligation Bonds, 2008 Election, Series A and is presented on the accrual basis of accounting.

B. Schedule of Revenues and Expenditures

The Schedule of Revenues and Expenditures of the General Obligation Bonds, 2008 Election, Series A is prepared from the activity of the bond proceeds and, therefore, does not present the financial position or results of operations of the Lakeside Union School District.

OTHER INDEPENDENT AUDITOR'S REPORT



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**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**

We have audited the Schedule of Revenues and Expenditures of the Lakeside Union School District's General Obligation Bonds, 2008 Series A for the year ended June 30, 2010, and have issued our report thereon dated February 11, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lakeside Union School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule of Revenues and Expenditures of the Lakeside Union School District's General Obligation Bonds, 2008 Series A, but not for the purpose of expressing an opinion on the effectiveness of the Lakeside Union School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lakeside Union School 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 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.

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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeside Union School District's Schedule of Revenues and Expenditures of the Lakeside Union School District's General Obligation Bonds, 2008 Series A are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement, 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*.

This report is intended solely for the information and use of management and the oversight committee, and is not intended to be and should not be used by anyone other than these specified parties.

MPM Certified Public Accountants

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February 11, 2011

**LAKESIDE UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION - SERIES A
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2010**

SECTION I – Financial Statement Findings

No matters were reported

SECTION II – Proposition 39 Findings and Recommendations

No matters were reported