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**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, 2009**

**RICHARD J. PHILLIPS  
CERTIFIED PUBLIC ACCOUNTANT**

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Richard J. Phillips

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of Certified Public Accountants

Citizens' Bond Oversight Committee  
Lakeside Union School District  
Bakersfield, California

INDEPENDENT AUDITOR'S REPORT

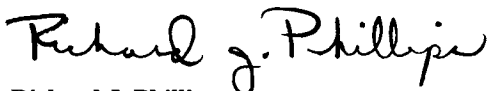
I have audited the accompanying Schedule of Revenues and Expenditures of the Lakeside Union School District's General Obligation Bonds, 2008 Election, Series A for the year ended June 30, 2009. This schedule is the responsibility of the Lakeside Union School District's management. My responsibility is to express an opinion on the Schedule of Revenues and Expenditures based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my 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 my 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, 2009, 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, I have also issued my report dated February 8, 2010 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations. The purpose of that report is to describe the scope of my 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 my audit.



Richard J. Phillips  
Certified Public Accountant  
February 8, 2010

**LAKESIDE UNION SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2008 ELECTION - SERIES A  
SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2009**

**REVENUES**

<b>Property Taxes</b>	\$ -
<b>Investment Earnings</b>	<u>1,368</u>
 <b>Total Revenues of General Obligation Bonds, 2008 Election - Series A</b>	 <u>1,368</u>

**EXPENDITURES**

<b>Debt Service:</b>	
Interest	-
Principal – 2005 COP Payment	1,755,220
 <b>Capital Outlay</b>	 <u>18,679</u>
 <b>Total Expenditures of General Obligation Bonds, 2008 Election - Series A</b>	 <u>1,773,899</u>
 <b>Deficiency of Revenues Under Expenditures</b>	 (1,772,531)

**OTHER FINANCING SOURCES**

<b>General Obligation Bond Proceeds – Series A</b>	<u>3,637,362</u>
 <b>Net Change in Fund Balance</b>	 1,864,831
 <b>Fund Balance, Beginning</b>	 <u>-</u>
 <b>Fund Balance, Ending</b>	 <u>\$ 1,864,831</u>

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, 2009**

**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**

**Richard J. Phillips**

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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**

I 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, 2009, and have issued my report thereon dated February 8, 2010. I conducted my 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 my audit, I considered Lakeside Union School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the Lakeside Union School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Lakeside Union School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Lakeside Union School District's financial statements that is more than inconsequential will not be prevented or detected by the Lakeside Union School District's internal control.

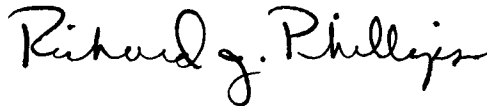
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Lakeside Union School District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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.

A handwritten signature in black ink that reads "Richard J. Phillips". The signature is written in a cursive style with a large, prominent initial "R".

Richard J. Phillips  
Certified Public Accountant

February 8, 2010

**LAKESIDE UNION SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2008 ELECTION - SERIES A  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2009**

**SECTION I – Financial Statement Findings**

**No matters were reported**

**SECTION II – Proposition 39 Findings and Recommendations**

**No matters were reported**