

**VISTA UNIFIED SCHOOL DISTRICT**

---

**BUILDING FUND (PROPOSITION O)  
AUDIT REPORT**

---

**JUNE 30, 2013**

**VISTA UNIFIED SCHOOL DISTRICT**

---

**BUILDING FUND (PROPOSITION O)  
FINANCIAL AUDIT**

---

**JUNE 30, 2013**

**VISTA UNIFIED SCHOOL DISTRICT  
BUILDING FUND (PROPOSITION O)**

**TABLE OF CONTENTS  
JUNE 30, 2013**

---

***FINANCIAL SECTION***

Independent Auditors' Report	2
Building Fund (Proposition O)	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Notes to Financial Statements	6

***INDEPENDENT AUDITORS' REPORT***

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	11
--	----

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

Financial Statement Findings	14
Summary Schedule of Prior Audit Findings	15

---

*FINANCIAL SECTION*

---



## INDEPENDENT AUDITORS' REPORT

Governing Board and  
Citizens Oversight Committee  
Vista Unified School District  
Vista, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Vista Unified School District's (the District), Building Fund (Proposition O), and the related notes to the financial statements, as of and for the year ended June 30, 2013, 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 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 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 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 financial statements, whether due to error or fraud. 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 principles used and the reasonableness of significant accounting 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.

**VISTA UNIFIED SCHOOL DISTRICT  
BUILDING FUND (PROPOSITION O)**

**BALANCE SHEET  
JUNE 30, 2013**

---

**ASSETS**

Deposits and investments	\$ 126,628
Accounts receivable	116
<b>Total Assets</b>	<u>\$ 126,744</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	<u>\$ 3,788</u>
------------------	-----------------

**FUND BALANCES**

Restricted for capital projects	<u>122,956</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 126,744</u>

The accompanying notes are an integral part of these financial statements.

# VISTA UNIFIED SCHOOL DISTRICT BUILDING FUND (PROPOSITION O)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

---

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting policies of the Vista Unified School District (the District), Building Fund (Proposition O) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Vista Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

#### **Financial Reporting Entity**

The financial statements include only the Building Fund of the Vista Unified School District used to account for Proposition O projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2002. These financial statements are not intended to present fairly the financial position and results of operations of the Vista Unified School District in compliance with accounting principles generally accepted in the United States of America.

#### **Fund Accounting**

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

#### **Basis of Accounting**

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

#### **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 governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**VISTA UNIFIED SCHOOL DISTRICT  
BUILDING FUND (PROPOSITION O)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code Section 41001*). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool.

**Specific Identification**

The District maintains a building fund investment of \$126,628 with the San Diego County Investment Pool. The fair value of this investment is approximately \$126,508 with an average maturity of 393 days.



---

---

***INDEPENDENT AUDITORS' REPORT***

---

---



**INDEPENDENT AUDITORS' 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**

Governing Board and  
Citizens Oversight Committee  
Vista Unified School District  
Vista, 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 accompanying financial statements of the Vista Unified School District (the District) Building Fund (Proposition O), and the related notes of the financial statements as of and for the year ended June 30, 2013, and have issued our report thereon dated January 31, 2014.

As discussed in Note 1, the financial statements present only the Building Fund specific to Proposition O, and are not intended to present fairly the financial position and changes in financial position of Vista Unified School District in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Vista Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vista Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Vista Unified 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 a timely basis. *A material weakness* is a deficiency, or 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.

---

---

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

---

---

**VISTA UNIFIED SCHOOL DISTRICT  
BUILDING FUND (PROPOSITION O)**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2013**

---

None reported.

**VISTA UNIFIED SCHOOL DISTRICT**

---

**BUILDING FUND (PROPOSITION O)  
PERFORMANCE AUDIT**

---

**JUNE 30, 2013**

**VISTA UNIFIED SCHOOL DISTRICT  
BUILDING FUND (PROPOSITION O)**

**PERFORMANCE AUDIT  
TABLE OF CONTENTS  
JUNE 30, 2013**

---

Independent Auditors' Report	1
Authority for Issuance	2
Purpose of Issuance	2
Authority for the Audit	2
Objectives of the Audit	3
Scope of the Audit	3
Procedures Performed	3
Conclusion	3
Schedule of Findings and Questioned Costs	4
Summary Schedule of Prior Audit Findings	5



**INDEPENDENT AUDITORS' REPORT ON PERFORMANCE**

Governing Board and  
Citizens Oversight Committee  
Vista Unified School District  
Vista, California

We were engaged to conduct a performance audit of the Vista Unified School District (the District), Proposition O funds for the year ended June 30, 2013.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Proposition O funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
January 31, 2014

# VISTA UNIFIED SCHOOL DISTRICT BUILDING FUND (PROPOSITION O)

JUNE 30, 2013

---

4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

## **OBJECTIVES OF THE AUDIT**

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition O.
2. Determine whether salary transactions, charged to the Building Fund were in support of Proposition O and not for District general administration or operations.

## **SCOPE OF THE AUDIT**

The scope of our performance audit covered the period of July 1, 2012 to June 30, 2013. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2013, were not reviewed or included within the scope of our audit or in this report.

## **PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013, for the Building Fund (Proposition O). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Proposition O as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2012 and ending June 30, 2013, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$511,507. This represents 99.8 percent of the total expenditures for facilities acquisition and construction of \$512,465.
3. Based on the testing performed, we verified that funds from the Building Fund (Proposition O) were expended for the construction, renovation, furnishing, and equipping of District facilities constituting authorized bond projects.

## **CONCLUSION**

The results of our tests indicated that, in all significant respects, the Vista Unified School District has properly accounted for the expenditures held in the Building Fund (Proposition O) and that such expenditures were made for authorized Bond projects.



**VISTA UNIFIED SCHOOL DISTRICT  
BUILDING FUND (PROPOSITION O)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2013**

---

None reported.