

**SANTEE SCHOOL DISTRICT**

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**BUILDING FUND (ELECTION 2006)  
FINANCIAL AND PERFORMANCE AUDITS**

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**FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2014**



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

Certified Public Accountants

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

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FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Governing Board and  
Citizens Oversight Committee  
Santee School District  
Santee, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Santee School District's (the District), Building Fund (Election 2006), as of and for the six months ended December 31, 2014, and the related notes to the financial statements, 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects of the Building Fund (Election 2006) of the Santee School District at December 31, 2014, and the respective changes in financial position for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Building Fund specific to Election 2006, and are not intended to present fairly the financial position and changes in financial position of Santee School District in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santee School District's basic financial statements. The Schedule of Long-Term Obligations and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Long-Term Obligations and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, on our consideration of the District Building Fund's (Election 2006) 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 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 District's Building Fund's (Election 2006) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
January 27, 2015

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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**EXPENDITURES**

Current

Facilities Acquisition and Construction

\$ 9,000

**DEFICIENCY OF REVENUES OVER EXPENDITURES**

(9,000)

**OTHER FINANCING SOURCES**

Transfers In

9,000

**NET CHANGE IN FUND BALANCE**

-

**FUND BALANCE, BEGINNING OF YEAR**

-

**FUND BALANCE, BEGINNING OF YEAR**

\$ -

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



**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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

The accounting policies of the Santee School District (the District) Building Fund (Election 2006) 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 Santee 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 audited financial statements include only the Election 2006 portion of the Building Fund of the Santee School District that was established to account for the expenditures of the general obligation bonds issued in April 2007, August 2008, and May 2011. These financial statements are not intended to present fairly the financial position and the changes in financial position of the Santee School District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Election 2006 portion 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**

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.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on long-term obligations, which 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 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. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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**Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at December 31 since they do not constitute expenditures or liabilities.

**Fund Balance - Building Fund**

As of December 31, 2014, fund balances of the Building Fund are classified as follows:

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Property Tax**

Secured property taxes attach an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District. The District recognizes tax revenues when received.

**Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Use of Estimates**

The preparation of financial statements in accordance 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 during the reporting period. Actual results could differ from those estimates.

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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***NOTE 2 - INTERFUND TRANSACTIONS***

**Operating Transfers**

A balance of \$9,000 was transferred to the Building Fund from the Capital Facilities Fund for expenses.

***NOTE 3 - COMMITMENTS AND CONTINGENCIES***

**Litigation**

The District is not currently a party to any legal proceedings.

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***SUPPLEMENTARY INFORMATION***

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**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

**Summary**

A schedule of changes in long-term obligations for the six months ended December 31, 2014, is shown below:

	Balance July 1, 2014	Additions	Deductions	Balance December 31, 2014	Due in One Year
General Obligation Bonds	\$ 49,031,966	\$ 673,931	\$ 430,000	\$ 49,275,897	\$ -
Premium on bonds	1,331,204	-	59,066	1,272,138	-
	<u>\$ 50,363,170</u>	<u>\$ 673,931</u>	<u>\$ 489,066</u>	<u>\$ 50,548,035</u>	<u>\$ -</u>

**General Obligation Bonds**

The general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2014	Accretion	Redeemed	Outstanding December 31, 2014
April-07	August-31	3.50-5.00%	\$ 18,000,000	\$ 17,455,000	\$ -	\$ 130,000	\$ 17,325,000
August-08	August-48	4.00-5.00%	12,385,077	12,122,018	40,209	190,000	11,972,227
August-08	August-33	3.01-5.90%	2,869,039	3,763,594	98,018	110,000	3,751,612
August-08	August-48	5.90-6.20%	7,840,155	11,133,436	344,985	-	11,478,421
May-11	May-51	6.90-8.10%	3,534,307	4,557,918	190,719	-	4,748,637
				<u>\$ 49,031,966</u>	<u>\$ 673,931</u>	<u>\$ 430,000</u>	<u>\$ 49,275,897</u>

**2006 General Obligation Bonds**

In November 2006, the qualified electorate of the Santee School District approved the issuance and sale of General Obligation Bonds of \$60,000,000. The first issuance of Current Interest Bonds Series A in the amount of \$18,000,000 occurred in April 2007. The proceeds were used to finance the addition and modernization of school facilities. Taxes are collected by the San Diego County Tax Assessor for payment of principal and interest. The bonds mature each August 1 through August 2031, with semi-annual interest payments due February 1 and August 1 each year, commencing February 1, 2008. At December 31, 2014, the principal balance outstanding was \$17,325,000.

**2008 Series B, General Obligation Bonds**

In August 2008, the District issued \$1,145,077 of Capital Appreciation Bonds Series B and \$11,240,000 of Current Interest Bonds Series B. The proceeds were used to finance the addition and modernization of school facilities. Taxes are collected by the San Diego County Tax Assessor for payment of principal and interest. The bonds mature each August 1 through August 2048, with semi-annual interest payments due February 1 and August 1 each year, commencing February 1, 2009. At December 31, 2014, the principal balance outstanding was \$11,972,227.

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

**2008 Series C, General Obligation Bonds**

In August 2008, the District issued \$2,869,039 of Capital Appreciation Bonds Series C. The proceeds were used to finance the addition and modernization of school facilities. Taxes are collected by the San Diego County Tax Assessor for payment of principal and interest. The bonds mature each August 1 through August 2033, with semi-annual interest payments due February 1 and August 1 each year, commencing February 1, 2009. At December 31, 2014, the principal balance outstanding was \$3,751,612.

**2008 Series D, General Obligation Bonds**

In August 2008, the District issued \$7,840,155 of Capital Appreciation Bonds Series D. The proceeds were used to finance the addition and modernization of school facilities. Taxes are collected by the San Diego County Tax Assessor for payment of principal and interest. The bonds mature each August 1 through August 2048, with semi-annual interest payments due February 1 and August 1 each year, commencing February 1, 2009. At December 31, 2014, the principal balance outstanding was \$11,478,421.

**2011 Series E, General Obligation Bonds**

In May 2011, the District issued \$3,534,307 of Capital Appreciation Bonds Series E. The proceeds were used to finance the addition and modernization of school facilities. Taxes are collected by the San Diego County Tax Assessor for payment of principal and interest. The bonds mature each August 1 through August 2046, with the final maturity payment being made on May 1, 2051. At December 31, 2014, the principal balance outstanding was \$4,748,637.

The General Obligation Bonds, Series A, B, C, D, and E, mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Principal Accretion	Total
2015	\$ -	\$ 1,381,780	\$ 1,347,859	\$ 3,153,259
2016	524,557	1,375,380	1,374,050	3,273,987
2017	548,586	1,366,480	1,485,041	3,400,107
2018	617,515	1,354,880	1,558,946	3,531,341
2019	690,906	1,340,380	1,636,082	3,667,368
2020-2024	5,189,116	6,284,143	9,752,739	21,225,998
2025-2029	8,631,096	4,899,165	13,277,735	26,807,996
2030-2034	9,970,790	2,603,275	17,509,393	30,083,458
2035-2039	6,986,859	1,681,750	20,807,565	29,476,174
2040-2044	6,995,755	1,126,375	19,928,535	28,050,665
2045-2049	6,963,330	416,126	18,515,406	25,894,862
2050-2051	2,157,387	-	7,327,132	9,484,517
Total	<u>\$ 49,275,897</u>	<u>\$ 23,829,734</u>	<u>\$ 114,520,483</u>	<u>\$ 188,049,731</u>

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED GENERAL OBLIGATION BOND FUND  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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There were no adjustments to the Unaudited Actual General Obligation Bond Fund, which required reconciliation to the audited financial statements at December 31, 2014.



**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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***NOTE 1 - PURPOSE OF SCHEDULES***

**Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of the Building Fund (Election 2006) reported on the Unaudited Actual Financial Report to the audited financial statements.

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***INDEPENDENT AUDITOR'S REPORT***

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**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***

Governing Board and  
Citizens Oversight Committee  
Santee School District  
Santee, 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 Santee School District (the District) Building Fund (Election 2006), as of and for the six months ended December 31, 2014, and the related notes of the financial statements and have issued our report thereon dated January 27, 2015.

As discussed in Note 1, the financial statements present only the Building Fund specific to Election 2006, and are not intended to present fairly the financial position and changes in financial position of Santee School District in accordance with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Santee 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 Santee School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Santee 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.

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, significant deficiencies, or material weaknesses. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Santee School District's Building Fund (Election 2006) financial statements are free of 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 District's Building Fund (Election 2006) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Building Fund (Election 2006) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
January 27, 2015

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

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**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**FINANCIAL STATEMENT FINDINGS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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None reported.



**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

**SANTEE SCHOOL DISTRICT**

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**BUILDING FUND (ELECTION 2006)  
PERFORMANCE AUDIT**

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**FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2014**



**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

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**INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE**

Governing Board and  
Citizens' Oversight Committee  
Santee School District  
Santee, California

We were engaged to conduct a performance audit of the Santee School District (the District), Building Fund General Obligation Bonds, Election 2006 funds for the six months ended December 31, 2014.

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 General Obligation Bonds, Election 2006 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 27, 2015

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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***AUTHORITY FOR ISSUANCE***

The General Obligation Bonds, Election 2006 bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County pursuant to a request of the District made by a resolution adopted by the Board of Education of the District in November 2006.

The District received authorization at an election held on November 7, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$60,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2006 Authorization).

***PURPOSE OF ISSUANCE***

The net proceeds of the bonds and any other series of general obligation bonds issued under the Authorization will be used for the purpose specified in the District bond proposition submitted at the Election, which include the repair and replacement of lighting and electrical systems, heating, air and ventilation systems, flooring, roofs, windows, wall systems, plumbing, painting, fixtures, communication, bell and fire alarm systems, security systems, fencing, site improvements, walkways, parking lots, landscaping, athletic facilities, and handicap accessibility improvements.

***AUTHORITY FOR THE AUDIT***

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens' oversight committee.

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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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 General Obligation Bonds, Election 2006.
2. Determine whether salary transactions, charged to the Building Fund were in support of General Obligation Bonds, Election 2006 and not for District general administration or operations.

***SCOPE OF THE AUDIT***

The scope of our performance audit covered the six month period of July 1, 2014 to December 31, 2014. 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 December 31, 2014, 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 six months ended December 31, 2014, for the Building Fund (General Obligation Bonds, Election 2006). 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 General Obligation Bonds, Election 2006 as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the six month period starting July 1, 2014 and ending December 31, 2014, 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 one transaction totaling \$9,000. This represents 100 percent of the total expenditures of \$9,000, including expenditures related to transferred funds.
3. We verified that funds from the Building Fund (General Obligation Bonds, Election 2006) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.



**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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***CONCLUSION***

The results of our tests indicated that, in all significant respects, the Santee School District has properly accounted for the expenditures held in the Building Fund (General Obligation Bonds, Election 2006) and that such expenditures were made for authorized bond projects.

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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None reported.

**SANTEE SCHOOL DISTRICT  
BUILDING FUND (ELECTION 2006)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

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There were no audit findings reported in the prior year's schedule of financial statement findings.