

HELENDALE SCHOOL DISTRICT

SAN BERNARDINO COUNTY
HELENDALE, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT
MEASURE X GENERAL OBLIGATION BOND
BUILDING FUND

JUNE 30, 2014

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
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Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees and Citizen’s Oversight Committee
Helendale School District
Helendale, California

Report on the Financial Statements

We have audited the accompanying balance sheet of the Helendale School District for Measure X General Obligation Bond Building Fund, as of June 30, 2014, and the related statements of revenues, expenditures and changes in fund balance for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

As discussed in Note 1, the financial statements present only the individual Measure X General Obligation Bond Building Fund of the Helendale School District and are not intended to present fairly the financial position of the Helendale School District in conformity with generally accepted accounting principles.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 opinions 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 from 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 the financial statements, 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 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Member:
American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the transactions of Measure X General Obligation Bond Building Fund of the Helendale School District, as of and for the year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of Helendale School District's 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 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 Helendale School District's internal control over financial reporting and compliance.



Redlands, California
December 12, 2014

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Accounts Receivable (Note 2)	\$ 1,737
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TOTAL ASSETS	<u>\$ 1,737</u>
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$ -
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Fund Balance

Assigned	<u>1,737</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,737</u>
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The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
 MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>REVENUES</u>	
Interest	\$ 6,359
Other Local Revenues	51,237
	<hr/>
Total Revenues	57,596
	<hr/>
<u>EXPENDITURES</u>	
Facilities Acquisition and Construction	439
Debt Service:	
Principal	1,889,177
Interest	256,929
	<hr/>
Total Expenditures	2,146,545
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,088,949)
<u>FUND BALANCE - JULY 1, 2013</u>	2,090,686
	<hr/>
<u>FUND BALANCE - JUNE 30, 2014</u>	\$ 1,737
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Helendale School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Reporting Entity

On November 4, 2008, the District voters authorized up to \$20,000,000 in General Obligation Bonds (Measure X) for the purpose of financing the construction, repair and improvement of classrooms and school facilities throughout the District and pay certain costs of issuance of the bonds. The measure was approved by more than 55% of the vote. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens' Oversight Committee, was established. The Committee's oversight goals include: informing the public on the expenditures of Bond proceeds, reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in Measure X, and ensuring compliance with conditions of Measure X.

In October 2009, the District issued General Obligation Bonds, 2008 Election, Series 2009, in the amount of \$4,001,670.65.

On August 12, 2010, the District issued 2010 General Obligation Bond Anticipation Notes in the amount of \$4,675,000. The notes bear an interest rate of 2.75% and were scheduled to mature on August 1, 2014. On June 16, 2014, the District paid off the notes with \$2,785,823 coming from the Capital Facilities Fund and the remaining \$1,889,177 coming from the Building Fund.

The bond proceeds and uses for the General Obligation Bonds, 2008 Election, Series 2009 and the 2010 Bond Anticipation Notes are accounted for in the District's Building Fund. The statements presented are for the individual Measure X General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

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.

The accompanying schedules are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of financial statements in conformity with generally accepted accounting principles 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 (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

Fund Balance Reserves and Designations

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

HELENDALE SCHOOL DISTRICT
 MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with County Treasury balances for purposes of the Statement of Cash Flows.

2. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consisted of the following:

Accounts Receivable

Local Sources:

Interest

\$ 1,737

3. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2014, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2013	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2014
2009 Series	11/4/09	8/1/34	2.00-12.00%	\$ 4,001,671	\$ 3,746,671	-	\$ 125,000	\$ 3,621,671

The annual requirement to amortize the 2009 Series, General Obligation Bonds Payable, outstanding at June 30, 2014, is as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 50,000	\$ 23,800	\$ 73,800
2016	170,000	19,400	189,400
2017	175,000	12,500	187,500
2018	225,000	4,500	229,500
2019	99,319	175,681	275,000
2020-24	174,788	1,815,337	1,990,125
2025-29	412,855	1,521,189	1,934,044
2030-34	-	789,375	789,375
2035	2,314,709	27,969	2,342,678
Total	<u>\$ 3,621,671</u>	<u>\$ 4,389,751</u>	<u>\$ 8,011,422</u>

4. COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2014, the District had no commitments with respect to unfinished capital projects.

Supplementary Information

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALLOT MEASURE

EXHIBIT A

“To maintain quality education, qualify for State matching funds, improve Helendale schools by upgrading security systems/electrical wiring/plumbing/technology, improving school pick-up/drop-off zone safety, building computer/science labs, middle school, kindergarten classrooms, fixing roofs, repairing/upgrading aging/outdated schools, acquiring property and improving Helendale Charter High School, shall Helendale School District issue \$20,000,000 in bonds, at legal interest rates, requiring Citizens’ Oversight, independent annual audits, and no money for administrators’ salaries?”

Bonds - Yes

Bonds – No

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALLOT MEASURE

EXHIBIT B
HELENDALE SCHOOL DISTRICT BOND PROJECT LIST

The Board of Trustees of the Helendale School District has determined that there are critical safety upgrades necessary at all of its schools, such as security cameras, fencing, lighting and repairs needed for the health and safety of students and teachers. In addition, as Riverview Middle School is being converted into a Charter High School, an additional Helendale middle school is needed, providing local students with up-to-date science and computer labs, additional classrooms and the replacement of aging portables. After carefully reviewing the needs, the following projects were deemed to be essential priorities by the Board, and are proposed to be financed with bond proceeds.

HELENDALE SCHOOL DISTRICT
CLASSROOM SAFETY AND REPAIR MEASURE

PROJECT LIST

UPGRADES AND MAJOR REPAIRS OF CURRENT HELENDALE SCHOOLS

As sufficient funds are available, bond funds, in conjunction with eligible state funds and other future District funding/revenue sources, will be used to make the following repairs, improvements and upgrades to existing neighborhood school campuses and support sites as needed for the health, safety and academic objectives of students:

- Renovate, replace, upgrade, acquire and install major building systems, including lighting, electrical, heating, cooling and ventilation, sewer, water, pipe, plumbing, gas, irrigation and energy efficiency monitoring systems.
- Construct and/or acquire and install additional classrooms and student support space to accommodate growth, and furnish and equip such classrooms.
- Replace aging portable buildings with permanent or modular buildings, and furnish and equip such buildings.
- Upgrade, replace, acquire and/or install school and district-wide security systems, including security cameras and monitoring systems, exterior and interior lighting, fencing and communication systems, including public address, clock, bell and fire alarms.
- Renovate, reconfigure, upgrade, expand and/or construct interior building space to accommodate new technology and provide computer labs as needed, replace, upgrade, acquire and/or install wiring and related equipment and fixtures for such technology.
- Upgrade, acquire and install voice and data communication systems, including network and electrical infrastructure and wiring to accommodate computer technology upgrades.
- Renovate, rehabilitate, repair, replace and construct multipurpose rooms, physical education facilities and food service, preparation and support facilities, and furnish and equip such facilities. All or portions of these facilities may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Repair, rehabilitate, replace and/or upgrade restrooms, including fixtures, walls, wall coverings, floor coverings, pipes, plumbing and electrical.
- Repair, replace renovate, upgrade, acquire, install, resurface, construct, re-construct and/or remove potholes, fencing, drainage and erosion control systems, ingress and egress areas, hardscapes, walkways, fields, play structures, equipment and surfaces, sport diamonds and backstops and related facilities.
- Improve, rehabilitate, modify, upgrade and/or construct walkways, overhangs and lunch and shade shelters.
- Construct kindergarten facilities with classrooms, restrooms, teacher workrooms, storage and outdoor play areas to allow for extended day kindergarten, and furnish and equip such facilities.

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALLOT MEASURE

- Renovate, improve, reconfigure, expand and/or construct libraries and computer labs, including infrastructure for technology, and furnish and equip such libraries and labs. All or portions of these facilities may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Construct district support/service facility including offices, reception, restrooms, conference and group meeting rooms and storage, with centralized security, voice and data communication systems, parking and landscaping.
- Repair, replace, upgrade and/or improve existing classroom interiors as needed, including walls, wall coverings, window coverings, ceilings, floors, floor coverings and casework and acquire and install classroom furniture and equipment as needed, including teaching walls, computers and instructional media and presentation equipment.
- Construct and/or install access improvements for disabled persons, as required by state and federal law.
- Repair, replace, upgrade and/or rehabilitate existing school building exteriors as needed, including roofs, weather protection systems and fixtures, gutters, downspouts, doors, windows, door and window hardware, window glazing and exterior paint.
- Remove hazardous materials such as asbestos and lead paint from school facilities as needed.
- Purchase land and any rights-of-way and/or easements made necessary by listed bond projects.
- Associated onsite and offsite development, demolition and other improvements made necessary by listed bond projects.
- Planning, designing, and providing temporary housing necessary for listed bond projects.
- Acquire and install furnishings and equipment related to listed bond projects, including desks and tables, window and floor coverings (including tiles and carpeting), computers, instructional media and presentation equipment, food service equipment, healthcare training equipment, and science/laboratory equipment.

DISTRICT-WIDE PRIORITY UPGRADE AND MAJOR REPAIR PROJECTS

As needed and as sufficient funds are available, the District will complete the following priority upgrade and major repair projects on each campus or school site highlighted below.

HELENDALE ELEMENTARY SCHOOL

Health and Safety

- Acquire and install fencing around perimeter of campus and parking areas and acquire and install security cameras and lighting on campus and grounds.
- Resurface, repair, replace, reconfigure and/or upgrade cracking concrete and asphalt on school grounds, parking areas, walkways, other path of travel zones and student pick-up and drop-off zones, and repair, refurbish, reconstruct, resurface, improve and/or remove potholes in playfield and hard court areas.
- Reconfigure and/or improve traffic flow in parent/bus pick-up and drop-off zones and improve and/or expand parking to alleviate congestion and improve safety, and acquire land to expand parking and pick-up and drop-off zones.
- Upgrade, replace, acquire and/or install public address, bell and alarm systems with school wide integrated systems.
- Rehabilitate, repair, renovate, improve, upgrade, construct and/or re-construct restrooms.
- Replace, upgrade, acquire and/or install lighting, heating, cooling and ventilation systems, and energy efficiency monitoring systems.

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALLOT MEASURE

Improvements for Education: Classrooms and Support Spaces

- Improve and/or upgrade classrooms to accommodate technology upgrades, including acquiring and installing wiring and additional electrical outlets, and acquire and install technology fixtures and equipment including ceiling mounted projectors, teaching walls and data drops or connections for internet access, and repair, replace, improve and/or expand casework and storage.
- Construct and/or renovate, repair, upgrade and/or replace library and computer labs, replace, upgrade, acquire and/or install network and electrical systems for such library and labs, and furnish and equip such library and labs. All or portions of these facilities may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Upgrade, acquire and install voice and data communication systems, including network and electrical infrastructure and wiring to accommodate computer technology upgrades.
- Construct kindergarten complex including classrooms, restrooms, teacher workroom, storage and outdoor play area to allow for extended day kindergarten, and furnish and equip such facility.
- Construct computer labs, including infrastructure for technology, and furnish and equip such facilities.
- Renovate, repair, replace, construct, upgrade and/or modernize permanent classrooms and student support/service facilities, including food service, preparation and support facilities, shade and shelter structures and student service facilities, and furnish and equip such facilities.
- Construct and/or acquire and install additional classrooms to accommodate growth, and furnish and equip such classrooms.
- Replace aging portable buildings with permanent or modular buildings, and furnish and equip such buildings.

Improvements to Physical Education, Support Space, Exterior, and Community Use Facilities

- Construct multipurpose room and related facilities, and furnish and equip such facilities. All or portions of these facilities may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Repair, replace, upgrade, acquire and/or install drinking fountains.
- Paint/resurface exteriors, repair and/or replace roofs and windows as needed, repair and/or replace utility lines and systems and improve or replace drainage and irrigations systems.

CONVERT RIVERVIEW MIDDLE SCHOOL TO NEW A.C.E. HIGH SCHOOL

Health and Safety

- Acquire and install fencing around perimeter of campus and parking areas and acquire and install security cameras and lighting on campus and grounds.
- Resurface, repair, replace, reconfigure and/or upgrade cracking concrete and asphalt on school grounds, parking areas, walkways, other path of travel zones and student pick-up and drop-off zones, and repair, refurbish, reconstruct, resurface, improve and/or remove potholes in playfield and hard court areas.
- Reconfigure and/or improve traffic flow in parent/bus pick-up and drop-off zones and improve and/or expand parking to alleviate congestion and improve safety, and acquire land to expand parking and pick-up and drop-off zones.
- Upgrade, replace, acquire and/or install public address, bell and alarm systems with school wide integrated systems.
- Rehabilitate, repair, renovate, improve, upgrade, construct and/or re-construct restrooms.
- Replace, upgrade, acquire and/or install lighting, heating, cooling and ventilation systems, and energy efficiency monitoring systems, and improve, replace, renovate, upgrade, acquire and/or install water system to meet pressure standards for fire emergencies.

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALLOT MEASURE

Improvements for Education: Classrooms and Support Spaces

- Improve and/or upgrade classrooms to accommodate technology upgrades, including acquiring and installing wiring and additional electrical outlets, and acquire and install technology fixtures and equipment including ceiling mounted projectors, teaching walls and data drops or connections for internet access, and repair, replace, improve and/or expand casework and storage.
- Construct and/or renovate, repair, upgrade and/or replace library and computer labs, replace, upgrade, acquire and/or install network and electrical systems for such library and labs, and furnish and equip such library and labs. All or portions of these facilities may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Construct science labs and storage, student support and teacher preparation spaces, and furnish and equip such facilities.
- Upgrade, acquire and install voice and data communication systems, including network and electrical infrastructure and wiring to accommodate computer technology upgrades.
- Construct and/or acquire and install additional classrooms to accommodate growth, and furnish and equip such classrooms.
- Replace aging portable buildings with permanent or modular buildings, and furnish and equip such buildings.

Improvements to Physical Education, Support Space, Exterior, and Community Use Facilities

- Renovate, repair, improve and/or expand playfields for student and community use.
- Repair, replace, upgrade, acquire and/or install drinking fountains.
- Construct, acquire and/or install shade and shelter structures to protect from wind, cold, and heat.
- Paint/resurface exteriors, repair and/or replace roofs and windows as needed, repair and/or replace utility lines and systems and improve or replace drainage and irrigation systems.

ADDITIONAL HELENDALE SCHOOLS

(Additional Helendale school construction is dependent on matching State funding availability. Matching funds are only potentially available with passage of a local bond.)

REPLACEMENT OF MIDDLE SCHOOL

Acquisition, construction and furnishing of an additional middle school and support facilities, designed to house approximately 400 students, and replace Riverview Middle School, which is being converted into a new Helendale charter high school, including:

- Construction of classrooms, library, science, technology and computer labs, restrooms, student support/service facilities, food service, preparation and support facilities, multipurpose room and/or physical education and related facilities and grounds. All or portions of these facilities, including the library, multipurpose room or physical education facilities, may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Construction of centralized food service, preparation and support facilities to provide food service to all District school sites.
- Acquisition of any land for right-of-ways and easements made necessary for construction of such facilities.
- Planning, designing, and constructing the school and related facilities, including costs related to construction services, design, engineering, site inspection and testing services and plan review fees.

HELENDALE SCHOOL DISTRICT
MEASURE X GENERAL OBLIGATION BOND BUILDING FUND
BALLOT MEASURE

- Associated onsite and offsite development and other improvements made necessary by construction of such facilities.
- Acquisition and installation of furnishings and equipment related to the newly constructed facilities.

ADDITIONAL HELENDALE ELEMENTARY SCHOOL

Acquisition, construction and furnishing of an additional Helendale elementary school and support facilities, designed to house approximately 400 students, including:

- Construction of classrooms, library, science, technology and computer labs, restrooms, student support/service facilities, food service, preparation and support facilities, multipurpose room and/or physical education and related facilities and grounds. All or portions of these facilities, including the library, multipurpose room or physical education facilities, may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).
- Acquisition of any land for right-of-ways and easements made necessary for construction of the school.
- Planning, designing, and constructing the school and related facilities, including costs related to construction services, design, engineering, site inspection and testing services and plan review fees.
- Associated onsite and offsite development and other improvements made necessary by construction of the school.
- Acquisition and installation of furnishings and equipment related to the newly constructed school.

HELENDALE DISTRICT SUPPORT/SERVICE FACILITIES

- Construct, acquire and/or install district support/service facilities, including offices, reception, restrooms, conference, large group meeting room, storage parking, driveway and landscaping, with centralized security and voice and data communication systems and networking to all schools.
- Acquisition of any land, right-of-ways and easements made necessary for construction, acquisition and/or installation of such facilities. The District may acquire land, right-of-ways and/or easements for a future school site and temporarily locate such facilities on such land in order to manage growth and land resources.
- Planning, designing, constructing, acquiring and installing the facilities, including costs related to construction services, design, engineering, site inspection and testing services and plan review fees.
- Associated onsite and offsite development and other improvements made necessary by construction of such facilities.
- Acquisition and installation of furnishings and equipment related to such facilities.

MISCELLANEOUS

The above projects are the priorities that have been identified by the Board of Trustees of the Helendale School District. Projects are not listed in priority order and may be enhanced, supplemented or expanded to the extent unexpected funds are available for such projects from non-bond sources. As used in the bond project list, the term “physical education facilities” means gymnasiums, sport and play fields, hard courts and related equipment and fixtures as needed at each school site as determined by the Board of Trustees of the Helendale School District. The bond project list also includes the acquisition of all or a portion of any school site or facility, or an interest therein, encumbered in order to finance or refinance the listed school projects.



Jeanette L. Garcia,
CPA

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

Independent Auditor's Report

To the Board of Trustees and Citizen's Oversight Committee
Helendale School District
Helendale, 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 financial statements of the Helendale School District (the District) for the Measure X, General Obligation Bond Building Fund, as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered Helendale 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Helendale Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Helendale 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Helendale School District's financial statements are 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 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 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.



Redlands, California
December 12, 2014



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AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,
CPA

To the Board of Trustees and Citizen's Oversight Committee
Helendale School District
Helendale California

We have audited the accompanying financial statements of the Helendale School District (the District) for the Measure X General Obligation Bond Building Fund, for the year ended June 30, 2014. Our audit was made in accordance with auditing standards generally accepted in the United States of America; and the standards for financial and compliance 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 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. Our audit does not provide a legal determination on the District's compliance with specified requirements.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following requirements:

Proceeds from the sale of the bonds are used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Proper bidding procedures have been observed/met.

The District is in compliance with budget constraints per the Oversight Committee.

Bond monies are used only on projects which were voter approved.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2014.

This report is intended solely for the information and use of Helendale School District's management, Board of Trustees and the Citizen's Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Member:

American
Institute of
Certified Public
Accountants

Redlands, California
December 12, 2014

California
Society of
Certified Public
Accountants