2010 MEASURE D AND 2012 MEASURE E
BOND BUILDING FUND

WEST CONTRA COSTA SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

San Diego
Los Angeles
San Francisco Bay Area

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
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2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Introduction and Citizens' Bond Oversight Committee Member Listing
June 30, 2016

The West Contra Costa Unified School District was established as the Richmond Unified School District on July 1, 1985, with the passage of AB 535, was renamed the West Contra Costa Unified School District School District on March 17, 1993. The District is comprised of an area of approximately 112 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District is operating one special education pre-school, thirty-four elementary schools, two kindergarten through eighth, six middle schools, one middle-college high and six high schools. The District also maintains two alternative high schools, an elementary community day school and a school for continuing adult education.

The general obligation bonds associated with Measure D were 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 Education Code Sections 15264 - 15288 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 Education of the District on March 3, 2010.

The District received authorization from an election held on June 8, 2010, to issue bonds of the District in an aggregate principal amount not to exceed $380,000,000 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 2010 Authorization). The bonds represent the first and second series of the authorized bonds to be issued under the 2010 Authorization.

The general obligation bonds associated with Measure E were 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 Board of Education of the District on August 1, 2012.

The District received authorization from an election held on November 6, 2012, to issue bonds of the District in an aggregate principal amount not to exceed $360,000,000 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 2012 Authorization). The bonds represent the first series of the authorized bonds to be issued under the 2012 Authorization.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Measure D and E including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Introduction and Citizens' Bond Oversight Committee Member Listing, continued
June 30, 2016

The Governing Board and the Citizens' Bond Oversight Committee are as follows:

Governing Board

Member	Office	Term Expires
Elizabeth Block	President	December 2018
Valarie Cuevas	Clerk	December 2018
Madeline Kronenberg	Member	December 2018
Tom Panas	Member	December 2020
Mister Phillips	Member	December 2020

Citizens' Bond Oversight Committee

Name	Representation Beginning February 2017	Education Code Section
Jonathan Ames	Representative who is a parent or guardian of a child enrolled in the District	15282(a)(4)
Rhem Bell	WCCUSD Employee Unions	N/A
Mark Bordas	WCCUSD Student	N/A
Don Gosney	Richmond Resident	N/A
Charles Cowens (Chairperson)	Unincorpoatated Area	N/A
Sallie DeWitt	Member who is active in a business organization representing the business community located with the District	15282(a)(1)
Peter Chau	Richmond Resident	N/A
Auna K. Harris	San Pablo Resident	N/A
Dennis Hicks	Building Trades Council	N/A
Leisa Johnson	Richmond Resident	N/A
Denise Gianni	Taxpayers Association representative who is active in a Bona Fide Taxpayers' Organization	15282(a)(3)
Anton Jungherr (Secretary)	Hercules Resident	N/A
Antonio Medrano	Active in a Senior Citizens' Organization	15282(a)(2)
Cameron Moore	Parent or guardian of child enrolled in the District and active in a parent/teacher organization	15282(a)(5)
Devin T. Murphy	Pinole Resident	N/A
Stephen Purser (Vice Chairperson)	Unincorpoatated Area	N/A
Davis Todhunter	El Cerrito Resident	N/A

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INDEPENDENT AUDITORS' REPORT

Governing Board Members of
West Contra Costa Unified School District and the
Independent Citizens' Bond Oversight Committee
Richmond, California

We have audited the accompanying financial statements of the 2010 Measure D and 2012 Measure E Bond Building Fund of West Contra Costa Unified School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure D and E Bond Building Fund's basic 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 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.

As discussed in Note 1A, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Measure D and E general obligation bonds as issued by the District, through the County of Contra Costa, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 2010 Measure D and 2012 Measure E Bond Building Fund of West Contra Costa Unified School District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 2010 Measure D and 2012 Measure E Bond Building Fund's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 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 February 2, 2017 on our consideration of the Measure D and E Bond Building Fund'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 the Measure D & E Bond Building Fund's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
February 2, 2017

FINANCIAL SECTION

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Balance Sheet
June 30, 2016

	Measure D	Measure E	Total
ASSETS			
Cash and cash equivalents (Note 2)	$ 63,821,925	$ 74,820,689	$ 138,642,614
Total assets	$ 63,821,925	$ 74,820,689	$ 138,642,614
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 6,660,432	$ 8,156,541	$ 14,816,973
Total liabilities	6,660,432	8,156,541	14,816,973
FUND BALANCE			
Restricted for Measure D & E capital projects	57,161,493	66,664,148	123,825,641
Total liabilities and fund balance	$ 63,821,925	$ 74,820,689	$ 138,642,614

The accompanying notes to financial statements are an integral part of this statement.

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Measure D	Measure E	Total
REVENUES			
Local revenue	$ 6,631	$ 201,671	$ 208,302
Total revenues	6,631	201,671	208,302
EXPENDITURES			
Facilities acquisition and construction	58,768,064	24,216,765	82,984,829
Debt service	200,984	217,733	418,717
Total expenditures	58,969,048	24,434,498	83,403,546
Excess (deficiency) of revenues over (under) expenditures	(58,962,417)	(24,232,827)	(83,195,244)
OTHER FINANCING SOURCES AND USES			
Contributions	3,286,049	-	3,286,049
Proceeds from long-term debt	60,000,000	65,000,000	125,000,000
Total other financing sources	63,286,049	65,000,000	128,286,049
NET CHANGE IN FUND BALANCE	4,323,632	40,767,173	45,090,805
Fund Balance, July 1, 2015	52,837,861	25,896,975	78,734,836
Fund Balance, June 30, 2016	$ 57,161,493	$ 66,664,148	$ 123,825,641

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The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements include the activity and balances of the 2010 Measure D and 2012 Measure E General Obligation Bonds, only. The activities of the 2010 Measure D and 2012 Measure E General Obligation Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position and results of operations of West Contra Costa Unified School District as a whole. There are no related parties or component units included in this financial statement presentation.

In accordance with Proposition 39, the Citizens Bond Oversight Committee (CBOC), was established pursuant to the requirements of state law and the provisions of the 2010 Measure D and 2012 Measure E General Obligation Bonds. The CBOC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The CBOC provides oversight and advises the public whether the District is spending the Bond funds for school capital improvements within the scope of projects outlined in the Bond project list. In fulfilling its duties, the CBOC reviews, among other things, the District's annual performance and financial audits of the Measure D & E activity.

B. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The information presented is for the Measure D & E bond fund is reported on a modified accrual basis and does not include Capital Assets and Long–Term Debt. Capital Assets and Long-Term Debt are reported in the Government Wide financial statements in the District Audit Report.

C. 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the Contra Costa County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

E. Use of Estimates

The preparation 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 during the reporting period. Actual results could differ from those estimates.

F. 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 Governing Board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. 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.

G. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications are *Nonspendable, Restricted, Committed, Assigned and Unassigned*. The category applicable to Proposition 39 bonds is the *Restricted* classification. The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 2 – CASH AND CASH EQUIVALENTS

Summary of Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2016 are classified in the accompanying financial statements as follows:

	Measure D	Measure E	Total
Cash in county treasury	$ 57,170,784	$ 71,519,961	$ 128,690,745
Cash with a fiscal agent	6,651,141	3,300,728	9,951,869
Total	$ 63,821,925	$ 74,820,689	$ 138,642,614

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

Cash 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 statements at amounts based upon the District's pro-rata share of the fair 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.

Cash with a Fiscal Agent – The Cash with Fiscal Agent in the Building Fund represents contract retentions that are placed with an independent third party. These amounts are carried in the contractor's name and all investment risk resides with the contractor.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Contra Costa County Investment Pool with a fair value of approximately $129,012,945 and an amortized book value of $128,690,745. The weighted average maturity for this pool as of June 30, 2016 was 227 days.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Contra Costa County Investment Pool is rated AAAf/S1 by Standard and Poor's.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Contra Costa County Treasury Investment Pool and Local Agency Investment Funds are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2016 were as follows:

		Uncategorized
Investment in county treasury	$	129,012,945
Total fair market value of investments	$	129,012,945

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2016 consisted of the following:

	Measure D	Measure E	Total
Construction	$ 6,660,432	$ 8,156,541	$ 14,816,973
Total	$ 6,660,432	$ 8,156,541	$ 14,816,973

NOTE 5 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, the District had commitments with respect to unfinished capital projects of $137,574,663.

SUPPLEMENTARY INFORMATION SECTION

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
June 30, 2016

There were no adjustments necessary to reconcile fund balances for Measure D & E of the Annual Financial and Budget Report with the Audited Financial Statements for the year ended June 30, 2016.

OTHER INDEPENDENT AUDITORS' REPORT

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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 Members of
West Contra Costa Unified School District and the
Independent Citizens' Bond Oversight Committee
Richmond, 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 2010 Measure D and 2012 Measure E Bond Building Fund, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 2010 Measure D and 2012 Measure E Bond Building Fund's basic financial statements, and have issued our report thereon dated February 2, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 2010 Measure D and 2012 Measure E Bond Building Fund'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 the 2010 Measure D and 2012 Measure E Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the 2010 Measure D and 2012 Measure E Bond Building Fund'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 2010 Measure D and 2012 Measure E Bond Building Fund's 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 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 controls.

San Diego, California
February 2, 2017

AUDIT FINDINGS AND MANAGEMENT'S RESPONSE SECTION

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Management's Responses
For the Year Ended June 30, 2016

There were no financial statement findings for the year ended June 30, 2016.

2010 MEASURE D AND 2012 MEASURE E BOND BUILDING FUND
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

FINDING #2015-01: ACCOUNTS PAYABLE ACCRUALS (30000)

Criteria: Accrual accounting requires that revenues and expenditures be recorded in the period in which they are earned or incurred. Internal controls should be implemented to ensure that accounting transactions are recorded in the proper period and follow proper accrual accounting standards.

Condition: During testing of accounts receivable and accounts payable, we found a total of $2,403,615 in unrecorded liabilities in Building Fund for capital outlay; an adjustment was made to building fund to recognize the liability. The detail of the accruals is listed below:

Vendor	Amount
Evans Brothers	$ 459,785
Wright Contracting	780,580
Lathrop Construction	1,163,250
Total	$ 2,403,615

Cause: It appears that the process to post accruals is not monitored.

Effect: Transactions not recorded in the proper period could lead to material misstatements.

Perspective: Testing of accounts payable balances, the adjustment was for $2,403,615 which was 8% of the total accounts payable balance of Measure D and E.

Recommendation: We recommend that the District implement sufficient and appropriate internal control procedures to ensure that transactions are recorded in the proper accounting period.

District Response: The District agrees with this finding and has arranged additional staff to monitor the accounts payable accruals.

Current Status: Implemented