

BAKERSFIELD CITY SCHOOL DISTRICT

**BUILDING FUND (MEASURE G)
FINANCIAL AUDIT**

JUNE 30, 2016

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board and Citizens Oversight Committee
Bakersfield City School District
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Bakersfield City School District's (the District), Building Fund (Measure G), as of and for the year ended June 30, 2016, 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, the financial position of the Building Fund (Measure G) of the Bakersfield City School District at 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure G, and are not intended to present fairly the financial position and changes in financial position of Bakersfield City School District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements of the Bakersfield City School District's Building Fund (Measure G). The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 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 November 29, 2016, on our consideration of the District's Building Fund (Measure G) 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 (Measure G) internal control over financial reporting and compliance.

Vannink, Trine, Day & Co., LLP

Fresno, California
November 29, 2016

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**BALANCE SHEET
JUNE 30, 2016**

ASSETS

Deposits and investments	\$ 12,106,273
Accounts receivable	36,620
Total Assets	<u><u>\$ 12,142,893</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 1,755,452
Total Liabilities	<u>1,755,452</u>

Fund Balance:

Restricted	10,387,441
Total Fund Balance	<u>10,387,441</u>
Total Liabilities and Fund Balance	<u><u>\$ 12,142,893</u></u>

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

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES

Local income		
Interest income	\$	81,156
Other local revenue		11,227
Total Revenues		<u>92,383</u>

EXPENDITURES

Current		
Supplies		
Materials and supplies		3,089
Noncapitalized equipment		154,999
Services and other operating expenditures		
Rentals, leases, repairs		41,430
Professional/consulting services and operating expenditures		261,791
Capital outlay		
Land improvements		520,866
Building and improvements to buildings		1,875,029
Other outgo		119,007
Total Expenditures		<u>2,976,211</u>

DEFICIENCY OF REVENUES OVER EXPENDITURES (2,883,828)

Other Financing Sources:

Proceeds from bond issuance		12,770,000
Net Financing Uses		<u>12,770,000</u>

NET CHANGE IN FUND BALANCE 9,886,172

FUND BALANCE - BEGINNING 501,269

FUND BALANCE - ENDING \$ 10,387,441

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

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Bakersfield City School District's (the District) Building Fund (Measure G) 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 (AICPA). The Bakersfield City School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Bakersfield City School District used to account for Measure G projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure G. These financial statements are not intended to present fairly the financial position and results of operations of the Bakersfield City School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

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

Basis of Accounting

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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 June 30 since they do not constitute expenditures or liabilities.

Fund Balance - Building Fund (Measure G)

As of June 30, 2016, the fund balance is 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.

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 conformity 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/expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

BAKERSFIELD CITY SCHOOL DISTRICT BUILDING FUND (MEASURE G)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - INVESTMENTS

Summary of Investments

Investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Deposits with county treasurer	<u>\$ 12,106,273</u>
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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.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial 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.

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

General Authorizations

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

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

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Average Days To Maturity
County treasury investment pool	\$ 12,115,486	478

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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 District's investments in the County Pool are not required to be rated, nor have they been rated as of June 30, 2016.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Unrated
County treasury investment pool	\$ 12,115,486	N/A	\$ -	\$ -	\$ -	\$ 12,115,486

N/A - Not applicable

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 reasonably 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 Kern 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.

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consists of interest. All accounts receivable are considered collectible in full.

Interest and other local sources	<u>\$ 36,620</u>
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NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consist of the following:

Vendor payables	<u>\$ 1,755,452</u>
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NOTE 6 - FUND BALANCES

Fund balances are composed of the following elements:

Restricted	
Capital projects	<u>\$ 10,387,441</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2016, the Building Fund (Measure G) had the following commitments with respect to unfinished capital projects that were fully or partially funded with bond proceeds:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Voorhies modernization phase I	<u>\$ 2,646,539</u>	2017-2018

Litigation

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

SUPPLEMENTARY INFORMATION

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2016**

General Obligation Bonds

The general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2015	Interest Accreted/ Issued	Bonds Redeemed	Bonds Outstanding June 30, 2016
2007, A	2018	4.00-5.25	\$ 34,000,000	\$ 2,720,000	\$ -	\$ 725,000	\$ 1,995,000
2012, B	2033	4.39	18,050,000	18,005,000	-	-	18,005,000
2012, C	2047	5.75-5.90	16,146,619	18,980,382	1,124,340	-	20,104,722
2012, D	2019	1.515-2.749	1,090,000	820,000	-	215,000	605,000
2015, A	2032	2.00-5.00	25,930,000	25,930,000	-	570,000	25,360,000
2015, E	2039	4.656-5.00	12,770,000	-	12,770,000	-	12,770,000
2015, F	2019	1.129-2.68	750,000	-	750,000	185,000	565,000
			<u>\$ 108,736,619</u>	<u>\$ 66,455,382</u>	<u>\$ 14,644,340</u>	<u>\$ 1,695,000</u>	<u>\$ 79,404,722</u>

Measure G, Series A General Obligation Bonds

The bonds mature through 2018 as follows:

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 900,000	\$ 61,800	\$ 961,800
2018	1,095,000	21,900	1,116,900
Total	<u>\$ 1,995,000</u>	<u>\$ 83,700</u>	<u>\$ 2,078,700</u>

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2016**

Measure G, Series B, C, and D General Obligation Bonds

The Series B bond matures through 2033 as follows:

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 5,000	\$ 790,419	\$ 795,419
2018	5,000	790,200	795,200
2019	5,000	789,981	794,981
2020	605,000	789,761	1,394,761
2021	750,000	763,202	1,513,202
2022-2026	3,495,000	3,294,697	6,789,697
2027-2031	4,270,000	2,568,590	6,838,590
2032-2033	8,870,000	587,382	9,457,382
Total	<u>\$ 18,005,000</u>	<u>\$ 10,374,232</u>	<u>\$ 28,379,232</u>

The Series C bond matures through 2047 as follows:

Convertible Capital Appreciation Bonds

Fiscal Year	Principal
2037	\$ 7,750,000
2042	17,070,000
2047	28,720,000
Total Requirements	53,540,000
Less Unaccreted Principal	(33,435,278)
Total Current Obligation	<u>\$ 20,104,722</u>

Upon maturity of Capital Appreciation Bonds, the bonds convert to Current Interest Bonds with the following mandatory early redemption requirements:

Fiscal Year	Principal	Interest to Maturity	Total
2031-2035	\$ 3,330,000	\$ 6,171,780	\$ 9,501,780
2036-2040	13,495,000	13,327,093	26,822,093
2041-2045	23,540,000	8,324,200	31,864,200
2046-2047	13,175,000	1,184,130	14,359,130
Total	<u>\$ 53,540,000</u>	<u>\$ 29,007,203</u>	<u>\$ 82,547,203</u>

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2016**

The Series D bond matures through 2019 as follows:

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 145,000	\$ 15,631	\$ 160,631
2018	70,000	12,470	82,470
2019	390,000	10,721	400,721
Total	<u>\$ 605,000</u>	<u>\$ 38,822</u>	<u>\$ 643,822</u>

General Obligation Refunding Bonds, 2015 Series A

The bonds mature through 2032 as follows:

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ -	\$ 1,050,900	\$ 1,050,900
2018	-	1,050,900	1,050,900
2019	1,305,000	1,031,325	2,336,325
2020	1,120,000	989,350	2,109,350
2021	1,065,000	943,275	2,008,275
2022-2026	6,890,000	3,948,350	10,838,350
2027-2031	12,230,000	1,641,850	13,871,850
2032	2,750,000	41,250	2,791,250
Total	<u>\$ 25,360,000</u>	<u>\$ 10,697,200</u>	<u>\$ 36,057,200</u>

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2016**

2015 Series E General Obligation Bonds

The bonds mature through 2039 as follows:

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ -	\$ 616,243	\$ 616,243
2018	-	616,243	616,243
2019	185,000	616,243	801,243
2020	305,000	607,630	912,630
2021	335,000	593,429	928,429
2022-2026	2,240,000	2,703,382	4,943,382
2027-2031	3,405,000	2,071,097	5,476,097
2032-2036	3,450,000	1,260,750	4,710,750
2037-2039	2,850,000	293,500	3,143,500
Total	<u>\$ 12,770,000</u>	<u>\$ 9,378,517</u>	<u>\$ 22,148,517</u>

2015 Series F Refunding General Obligation Bonds

The bonds mature through 2019 as follows:

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 220,000	\$ 11,295	\$ 231,295
2018	250,000	7,821	257,821
2019	95,000	2,546	97,546
Total	<u>\$ 565,000</u>	<u>\$ 21,662</u>	<u>\$ 586,662</u>

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
BUILDING FUND (MEASURE G)
JUNE 30, 2016**

There were no adjustments to the Unaudited Actual Building Fund (Measure G), which required reconciliation to the audited financial statements at June 30, 2016.

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Long-Term Obligations

This schedule provides a debt repayment schedule associated with the bond proceeds received through issuance of Building Fund Measure G obligations.

Reconciliation of Annual Financial Report With Audited General Obligation Bond Fund

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

INDEPENDENT AUDITOR'S REPORT



**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
Bakersfield City School District
Bakersfield, 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 Bakersfield City School District (the District) Building Fund (Measure G), as of and for the year ended June 30, 2016, and the related notes of the financial statements, and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bakersfield City 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 the Bakersfield City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bakersfield City 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 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, 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 Bakersfield City School District's Building Fund (Measure G) 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannink, Trine, Day & Co, LLP

Fresno, California
November 29, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

None reported.

**BAKERSFIELD CITY SCHOOL DISTRICT
BUILDING FUND (MEASURE G)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

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