

**PARAMOUNT UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE AA BOND PROGRAM**

**FINANCIAL AUDIT**

**June 30, 2009**

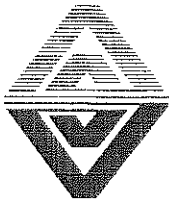
**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE AA BOND PROGRAM**

**FINANCIAL AUDIT**

**June 30, 2009**

**CONTENTS**

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1-2</b>
<b>Balance Sheet .....</b>	<b>3</b>
<b>Statement of Revenues, Expenditures and Change in Fund Balance.....</b>	<b>4</b>
<b>Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual .....</b>	<b>5</b>
<b>Notes to Financial Statements .....</b>	<b>6-9</b>
<b>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 .....</b>	<b>10-11</b>
<b>Schedule of Findings and Questioned Costs – Related to Financial Statements .....</b>	<b>12</b>



## INDEPENDENT AUDITORS' REPORT

The Board of Education  
The Citizens' Oversight Committee  
Paramount Unified School District  
15110 S. California Avenue  
Paramount, CA 90723

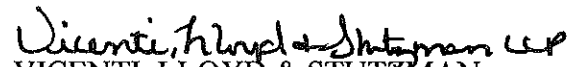
We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Paramount Unified School District (the District), as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure AA Bond Program Fund of the Paramount Unified School District for the fiscal year ended June 30, 2009. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Measure AA Bond Program Fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 for the Measure AA Bond Program Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Measure AA Bond Program Fund 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Measure AA Bond Program Fund of the Paramount Unified School District as of June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

The Board of Education  
The Citizens' Oversight Committee  
Paramount Unified School District

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2009 on our consideration of the Paramount Unified School District's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

  
VICENTI, LLOYD & STUTZMAN LLP

December 3, 2009

**PARAMOUNT UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**PROPOSITION 39 GENERAL OBLIGATION BONDS**

**MEASURE AA BOND PROGRAM**

**June 30, 2009**

**ASSETS**

Cash in County Treasury	\$ 11,189,249
Accounts Receivable:	
Interest Receivable	61,554
<b>TOTAL ASSETS</b>	<b><u>\$ 11,250,803</u></b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts Payable	\$ 715,931
<b>TOTAL LIABILITIES</b>	<b><u>715,931</u></b>

**Fund Balance**

Designated for Special Purposes	10,534,872
<b>TOTAL FUND BALANCE</b>	<b><u>10,534,872</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 11,250,803</u></b>

See the accompanying notes to the financial statements.

**PARAMOUNT UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE AA BOND PROGRAM  
For the Fiscal Year Ended June 30, 2009**

**REVENUES**

Interest Income	\$	442,793
Other Local		<u>3,959</u>

<b>TOTAL REVENUES</b>		<u>446,752</u>
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**EXPENDITURES**

Books and Supplies		43,855
Contracted Services and Other Expenses		197,799
Capital Outlay		<u>18,191,196</u>

<b>TOTAL EXPENDITURES</b>		<u>18,432,850</u>
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Excess of Expenditures Over Revenues		(17,986,098)
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Fund Balance at Beginning of Year		<u>28,520,970</u>
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Fund Balance at End of Year	\$	<u>10,534,872</u>
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See the accompanying notes to the financial statements.

**PARAMOUNT UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**

**BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS**

**MEASURE AA BOND PROGRAM**

**For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest Income	\$ 670,000	\$ 442,793	\$ (227,207)
Other Local	<u>3,659</u>	<u>3,959</u>	<u>300</u>
<b>TOTAL REVENUES</b>	<u>673,659</u>	<u>446,752</u>	<u>(226,907)</u>
<b>EXPENDITURES</b>			
Books and Supplies	85,000	43,855	41,145
Contracted Services and Other Expenses	413,500	197,799	215,701
Capital Outlay	<u>21,156,000</u>	<u>18,191,196</u>	<u>2,964,804</u>
<b>TOTAL EXPENDITURES</b>	<u>21,654,500</u>	<u>18,432,850</u>	<u>3,221,650</u>
Excess of Expenditures Over Revenues	<u>\$ (20,980,841)</u>	(17,986,098)	<u>\$ 2,994,743</u>
Fund Balance at Beginning of Year		<u>28,520,970</u>	
Fund Balance at End of Year		<u>\$ 10,534,872</u>	

See the accompanying notes to the financial statements.

**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE AA BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

**FUND STRUCTURE**

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure AA Bond Program Fund related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**BASIS OF ACCOUNTING**

The Measure AA Bond Program Fund is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.



**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE AA BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

**BUDGET**

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

**CAPITAL ASSETS AND LONG-TERM DEBT**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure AA Bond Program Fund are determined by its measurement focus. The Measure AA Bond Program Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure AA Bond Program Fund are accounted for in the basic financial statements of the Paramount Unified School District.

**NOTE 2 – DEPOSITS:**

In accordance with the California School Accounting Manual, the Paramount Unified School District (the District) maintains its cash related to the Measure AA Bond Program Fund in the Los Angeles County treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District’s Measure AA Bond Program Fund deposits in this pool as of June 30, 2009, as provided by the pool sponsor, was \$11,211,925. Interest earned is deposited quarterly into the participating fund. Any investment losses are proportionately shared by all funds in the pool.

**NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

There were no excesses of expenditures over appropriations in the Measure AA Bond Program Fund.

**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE AA BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – GENERAL OBLIGATION BONDS:**

**2006 Bonds – Series 2007**

On November 7, 2006, the voters approved the issuance of bonds, not to exceed \$32,000,000 for the purpose of financing the acquisition, construction and modernization of district facilities.

On August 15, 2007, the Paramount Unified School District (the District) offered for sale \$32,000,000 of general obligation bonds under the provisions of Title I, Division 1, Part 10, Chapters 1 and 1.5 of the State of California Education Code, commencing with Section 15100, as amended, and Article XIII A of the California Constitution and pursuant to resolutions adopted by the Board of Education of the District and by the Board of Supervisors of the County of Los Angeles. The bonds represent the total available of \$32,000,000 of bonds approved by District voters on November 7, 2006.

Principal of the bonds is payable on August 1 each year. Interest rates range from 4.25% to 5.25%. Interest on the bonds is payable on each February 1 and August 1 beginning February 1, 2008.

The annual requirements to amortize Series 2007 Bonds payable, outstanding as of June 30, 2009, are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u> <u>Payment</u>	<u>Total</u>
2010	\$ 1,230,000	\$ 1,518,149	\$ 2,748,149
2011	1,510,000	1,459,923	2,969,923
2012	295,000	1,421,568	1,716,568
2013	420,000	1,406,374	1,826,374
2014	530,000	1,385,524	1,915,524
2015-2019	2,180,000	6,660,266	8,840,266
2020-2024	4,705,000	5,912,316	10,617,316
2025-2029	8,870,000	4,191,601	13,061,601
2030-2033	<u>11,140,000</u>	<u>1,235,850</u>	<u>12,375,850</u>
Total	<u>\$ 30,880,000</u>	<u>\$ 25,191,571</u>	<u>\$ 56,071,571</u>

**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE AA BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

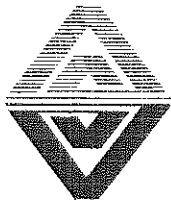
**NOTE 4 – GENERAL OBLIGATION BONDS: (continued)**

**2006 Bonds – Series 2007 (continued)**

The repayment of the debt related to the general obligations bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the Paramount Unified School District's basic financial statements. The recognition of premiums on bonds is recorded as long-term liabilities and the recognition of issuance costs is recognized as capitalized fees in the basic financial statements of the Paramount Unified School District.

**NOTE 5 – PURCHASE COMMITMENTS:**

As of June 30, 2009, the Paramount Unified School District had approximately \$9.9 million of commitments for Paramount High School library and Paramount High School West Campus mini gymnasium.



**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***

Board of Education  
The Citizens' Oversight Committee  
Paramount Unified School District  
15110 S. California Avenue  
Paramount, CA 90723

We have audited the basic financial statements of Paramount Unified School District (the District) as of and for the year ended June 30, 2009 and have issued our report thereon dated December 3, 2009. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure AA Bond Program Fund of the Paramount Unified School District for the fiscal year ended June 30, 2009. 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.

In planning and performing our audit, we considered Paramount Unified School District's internal control over the financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Measure AA Bond Program Fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over Measure AA Bond Program Fund financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over Measure AA Bond Program Fund financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's Measure AA Bond Program Fund financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

**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***


A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Measure AA Bond Program Fund financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over Measure AA Bond Program Fund financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Paramount Unified School District'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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, the Citizens' Oversight Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

  
VICENTI, LLOYD & STUTZMAN LLP

December 3, 2009

**PARAMOUNT UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE AA BOND PROGRAM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2009**

There were no findings and questioned costs for fiscal year ended June 30, 2009. In addition, there were no findings or questioned costs for the fiscal year ended June 30, 2008 audit.