Lompoc Unified School District
Measure N Building Fund
2002 Election, Series A, B, C and the
2008 Refunding General Obligation
Bonds
Financial Statements
and
Agreed-Upon Procedures
Year Ended June 30, 2012
Lompoc Unified School District  
Measure N Building Fund  
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds  
Year Ended June 30, 2012

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors' Report</td>
<td>3-4</td>
</tr>
<tr>
<td>Financial Statements</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Revenues, Expenditures and Changes in Fund Balance</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7-11</td>
</tr>
<tr>
<td>Report on Internal Controls Over Financial Reporting and on Compliance</td>
<td>12-13</td>
</tr>
<tr>
<td>and Other Matters Based on an Audit of Financial Statements Performed</td>
<td></td>
</tr>
<tr>
<td>in Accordance with Government Auditing Standards</td>
<td></td>
</tr>
<tr>
<td>Schedule of Audit Findings and Questioned Costs</td>
<td>14</td>
</tr>
<tr>
<td>Summary Schedule of Prior Year Audit Findings</td>
<td>15</td>
</tr>
<tr>
<td>Agreed-Upon Procedures</td>
<td></td>
</tr>
<tr>
<td>Independent Accountants’ Report on Applying Agreed-Upon Procedures</td>
<td>17</td>
</tr>
<tr>
<td>Procedures Performed and Results of Procedures</td>
<td>17-19</td>
</tr>
<tr>
<td>Conclusion</td>
<td>19</td>
</tr>
</tbody>
</table>
Independent Auditors’ Report

Board of Trustees and
Citizens’ Bond Oversight Committee
Lompoc Unified School District
Lompoc, California

We have audited the balance sheet as of June 30, 2012 and the related statement of revenues, expenditures, and changes in fund balance of the Measure N Building Fund, 2002 Election, Series A, B, C and 2008 Refunding General Obligation Bonds (the Building Fund) of the Lompoc Unified School District (the District) for the fiscal year ended June 30, 2012, as required by Proposition 39. These financial statements are the responsibility of the Lompoc Unified School District’s management. 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Building Fund of the Lompoc Unified School District as of June 30, 2012, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.
In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2012, on our consideration of the Lompoc Unified 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 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.

Glenn Burdette Attest Corporation
San Luis Obispo, California

December 6, 2012
Lompoc Unified School District  
Measure N Building Fund  
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds  
Balance Sheet  
June 30, 2012

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 4,251,896</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>20,415</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 4,272,311</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Fund Balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 635,448</td>
</tr>
<tr>
<td>Due to other District funds</td>
<td>130</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>635,578</strong></td>
</tr>
</tbody>
</table>

| Fund balance:                               |       |
| Restricted                                  | 3,636,733 |
| **Total fund balance**                      | **3,636,733** |

| **Total liabilities and fund balance**      | **$ 4,272,311** |

*The accompanying notes are an integral part of these financial statements.*
Lompoc Unified School District  
Measure N Building Fund  
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds  
Changes in Fund Balance  
June 30, 2012 

<table>
<thead>
<tr>
<th>Revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from local sources</td>
<td>$34,323</td>
</tr>
<tr>
<td>Total revenues</td>
<td>34,323</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified salaries</td>
<td>8,799</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>3,307</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>5,775</td>
</tr>
<tr>
<td>Services and operating expenditures</td>
<td>83,303</td>
</tr>
<tr>
<td>Capital outlay</td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>1,678,354</td>
</tr>
<tr>
<td></td>
<td>1,779,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other financing sources:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interfund transfers in</td>
<td>1</td>
</tr>
<tr>
<td>Total other financing sources</td>
<td>1</td>
</tr>
</tbody>
</table>

| Excess of expenditures over revenues and other sources | (1,745,214) |

| Fund balance - beginning of year | 5,381,947 |
| Fund balance - end of year      | $3,636,733 |

The accompanying notes are an integral part of these financial statements.
Lompoc Unified School District
Measure N Building Fund
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds
Notes to the Financial Statements
June 30, 2012

Note 1: Measure N Building Fund Background

The Board of Trustees of the Lompoc Unified School District (the District) has established a Citizens’ Bond Oversight Committee to ensure that the proceeds of the Measure N 2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds issuances are used for the purposes stated in the resolution which placed Measure N on the 2002 ballot. The Measure N General Obligation Bonds initiative authorized the issuance of $38 million in bonds. The proceeds from the bonds are to be used for specific construction and modernization projects approved by the voters. Projects include improving the health and safety conditions by repairing, renovating and equipping District schools. Project costs for repair and renovation of existing school facilities may include, but are not limited to, some or all of the following: renovation of student restrooms, repair and replacement of heating and ventilation systems; repair and replacement of worn out roofs, windows, walls and doors; installation of electrical system wiring to safely accommodate computers, technology, and other electrical devices; repair and replacement of plumbing, sewer, and water pipes, fixtures and systems; repair and replacement of fire alarms, emergency communications and security systems; replacement of portable classrooms; demolition; seismic upgrades; asbestos and mold abatement improved access for disables persons; and to qualify for State matching funds. The bond proceeds and project costs are accounted for in the District’s Building Fund. The District has established a Bond Charging Policy to outline the allowable expenditures under the Measure N Building Fund’s related costs. The policy specifically states that no funds will be spent for teacher or administrator salaries or for general operating expenses.

All projects are managed by approved District Program Managers. Program Managers are responsible for managing all program-related activities, including the maintenance of the District’s master schedule to the master program budget.

Note 2: Summary of Significant Accounting Policies

Financial Reporting Entity

The financial statements include only the Measure N Building Fund of the Lompoc Unified School District. This fund was established to account for the expenditures of the general obligation bonds issued under the General Obligation Bonds Election of 2002. The financial statements are not intended to present fairly the financial position or results of operations of the Lompoc Unified School District in compliance with the accounting principles generally accepted in the United States of America.
Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accounting and financial treatment applied to the Measure N Building Fund is determined by its measurement focus. The Measure N Building Fund is a governmental fund and is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances for this Fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund Accounting

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

Fund Balance

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the District are bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components in accordance with Government Accounting Standards Board (GASB) 54 – nonspendable, restricted, committed, assigned, and unassigned. The District has not formally adopted a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for a specific purpose. The components applicable to the District’s Measure N Building Fund as of June 30, 2012 are as follows:

Restricted - The portion of fund balance representing resources subject to externally imposed and legally enforceable constraints imposed either by external resource providers, e.g. grantors or creditors, or by law through constitutional provisions or enabling legislation.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
Note 2: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Events subsequent to June 30, 2012 have been evaluated through December 6, 2012, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

Note 3: Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County of Santa Barbara Treasury, an external investment pool. The County pools these funds with those of other governmental entities in the county and invests the cash. These pooled funds are carried at fair value. Interest is earned based on average daily balance and is deposited quarterly into participating funds. Any investment gains and losses are proportionately shared by all funds in the pool. The County is restricted by the California Government Code to invest in obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government sponsored enterprise; obligations of state and local agencies of this State; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The County’s report discloses the required information in accordance with GASB Statements No. 3 and 40. Pooled investments are not required to be categorized by risk category.

Note 4: Excess of Expenditures and Other Uses Over Appropriations

There was no excess of expenditures over appropriations in the Measure N Building Fund as of June 30, 2012.
Lompoc Unified School District
Measure N Building Fund
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds
June 30, 2012
Page 4

Note 5: General Obligation Bonds

The outstanding general obligation bonded debt for the Measure N Building Fund of the District at June 30, 2012 was as follows:

<table>
<thead>
<tr>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Interest Rate</th>
<th>Original Issue</th>
<th>Balance June 30, 2011</th>
<th>Additions and Accreted Interest</th>
<th>Deductions</th>
<th>Balance June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/19/2003</td>
<td>8/1/2027</td>
<td>2.50-5.25%</td>
<td>$17,500,000</td>
<td>$1,695,000</td>
<td></td>
<td>$545,000</td>
<td>$1,150,000</td>
</tr>
<tr>
<td>6/1/2005</td>
<td>6/1/2030</td>
<td>3.50-4.25%</td>
<td>$9,000,000</td>
<td>870,000</td>
<td></td>
<td>(190,000)</td>
<td>680,000</td>
</tr>
<tr>
<td>6/1/2007</td>
<td>6/1/2032</td>
<td>3.50-5.00%</td>
<td>$11,500,000</td>
<td>$11,080,000</td>
<td></td>
<td>(190,000)</td>
<td>10,890,000</td>
</tr>
<tr>
<td>5/1/2008</td>
<td>8/1/2022</td>
<td>3.50-5.25%</td>
<td>$21,605,971</td>
<td>21,204,516</td>
<td></td>
<td>(450,000)</td>
<td>20,754,516</td>
</tr>
</tbody>
</table>

Total: $34,849,516  $33,474,516

General Obligation Bonds, Election of 2002, Series A

In March 2003, the District issued $17,500,000 original principal of the General Obligation Bonds, Election of 2002, Series A. The 2002 Series A Bonds were issued as current interest bonds. The bonds mature through August 1, 2027, with interest rates from 2.50 to 5.25 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. In May 2008, the District refunded $12,585,000 of the General Obligation Bonds, Election of 2002, Series A. At June 30, 2012, the principal balance outstanding was $1,150,000.

General Obligation Bonds, Election of 2002, Series B

In June 2005, the District issued $9,000,000 principal amount of the General Obligation Bonds, Election of 2002, Series B. The 2002 Series B Bonds were issued as current interest bonds. The bonds mature through June 1, 2030, with interest rates from 3.50 to 4.25 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. In May 2008, the District refunded $7,085,000 of the General Obligation Bonds, Election 2002, Series B. At June 30, 2012, the principal balance outstanding was $680,000.
Lompoc Unified School District
Measure N Building Fund
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds
June 30, 2012
Page 5

Note 5: General Obligation Bonds (Continued)

General Obligation Bonds, Election of 2002, Series C

In June 2007, the District issued $11,505,000 principal amount of the General Obligation Bonds, Election of 2002, Series C. The 2002 Series C Bonds were issued as current interest bonds. The bonds mature through June 1, 2032, with interest rates from 3.50 to 5.00 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2012, the principal balance outstanding was $10,890,000.

2008 General Obligation Refunding Bonds

In May 2008, the District issued $21,605,971 principal amount of the 2008 General Obligation Refunding Bonds. The 2008 Refunding Bonds issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $4,485,000. The bonds mature through August 1, 2022, with interest rates from 3.50 to 5.25 percent. Proceeds from the sale of the bonds were used to refund portions of the General Obligation Bonds, Election of 2002, Series A, the General Obligation Bonds, Election of 2002, Series B, and pay costs of issuance of the refunding bonds. The costs of the bond issuance were capitalized and are amortized over the repayment period in the government-wide financial statements. The remaining unamortized portion of the bond issuance costs was $397,247 at June 30, 2012. The general obligation bonds were issued at a premium which will be amortized over the repayment period in the government-wide financial statements. At June 30, 2012, the remaining unamortized premium on the bonds was $2,256,480. At June 30, 2012, the principal balance outstanding was $20,754,516.

At June 30, 2012, future minimum payments on the general obligation bonds were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$1,665,000</td>
<td>$1,481,486</td>
<td>$3,146,486</td>
</tr>
<tr>
<td>2014</td>
<td>1,820,000</td>
<td>1,416,986</td>
<td>3,236,986</td>
</tr>
<tr>
<td>2015</td>
<td>1,980,000</td>
<td>1,347,040</td>
<td>3,327,040</td>
</tr>
<tr>
<td>2016</td>
<td>2,035,000</td>
<td>1,261,456</td>
<td>3,296,456</td>
</tr>
<tr>
<td>2017</td>
<td>2,520,000</td>
<td>1,155,468</td>
<td>3,675,468</td>
</tr>
<tr>
<td>2023-2027</td>
<td>3,257,329</td>
<td>1,934,671</td>
<td>5,192,000</td>
</tr>
<tr>
<td>2028-2032</td>
<td>4,485,000</td>
<td>704,750</td>
<td>5,189,750</td>
</tr>
<tr>
<td>Total</td>
<td>$33,474,516</td>
<td>$15,048,925</td>
<td>$48,523,441</td>
</tr>
</tbody>
</table>

11
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

Board of Education and
Citizens’ Bond Oversight Committee
Lompoc Unified School District
Lompoc, California

We have audited the financial statements of the Measure N Building Fund, 2002 Election, Series A, B, C and
2008 Refunding General Obligation Bonds (the Building Fund) of the Lompoc Unified School (the District) as of
and for the year ended June 30, 2012, and have issued our report thereon dated December 6, 2012. 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.

Internal Control Over Financial Reporting
Management of Lompoc Unified School District is responsible for establishing and maintaining effective internal
control over financial reporting. In planning and performing our audit, we considered Lompoc Unified School
District’s internal control over financial reporting as a basis for designing our auditing procedures for the
purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an
opinion on the effectiveness of Lompoc Unified School District’s internal control over financial reporting.
Accordingly, we do not express an opinion on the effectiveness of Lompoc Unified School District’s internal
control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or
employees, in the normal course of performing their assigned functions, to prevent, or detect and correct
misstatements on a timely basis. A material weakness is a deficiency, or 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.
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Lompoc 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 noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Trustees, management, the Citizens’ Oversight Committee, the California Department of Education, the State Controller’s Office, the California Department of Finance and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Glenn Burdette Attest Corporation
San Luis Obispo, California

December 6, 2012
Lompoc Unified School District
Measure N Building Fund
2002 Election, Series A, B, C and the 2008 Refunding General Obligation Bonds
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2012

There were no findings and questioned costs related to the financial audit of the Measure N Building Fund for the fiscal year ended June 30, 2012.
There were no findings and questioned costs related to the financial audit of the Measure N Building Fund for the fiscal year ended June 30, 2011.
Agreed-Upon Procedures
Independent Accountants’ Report on
Applying Agreed-Upon Procedures

Board of Trustees and
Citizens’ Bond Oversight Committee
Lompoc Unified School District
Lompoc, California

At your request, we have performed the procedures enumerated below, which were agreed to by the Lompoc Unified School District’s (the District) officials and were performed solely to assist the District and its management in fulfilling its oversight responsibility surrounding the administration of the District’s Measure N Building Fund, 2002 Election, Series A, B, C and 2008 Refunding General Obligation Bonds under Proposition 39 requirements for the year ended June 30, 2012. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

A. Procedure

Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditures of the funds for the year ended July 1, 2011 through June 30, 2012.

Results

We noted that the District has a separate Building Fund that accounts for the receipts of bond proceeds and expenditures for the year ended June 30, 2012. We noted no exceptions.
B. Procedure

Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the Bond Interest and Redemption Fund.

Results

We noted that during the year ended June 30, 2012, the District did not receive any proceeds from the sale of General Obligation Bonds. Through examination, we noted that amounts set aside for debt service properly recorded in the Bond Interest and Redemption Fund. We noted no exceptions.

C. Procedure

Select all materially significant expenditures and at least 30 percent of total expenditures for the year. Obtain supporting documentation (invoices, purchase orders, receiving documentation, contracts, etc.) and verify that the funds expended complied with the purpose that was specified to the registered voters of the District. Election material, District resolutions, master plan and other documents available at the District will be used to determine the purpose of the expenditures for this purpose.

Results

Utilizing a listing of Measure N Building Fund expenditures provided to us by the District’s management, we selected twenty (20) Measure N expenditures (object codes 4000-7000) which were deemed materially significant and represented more than 30 percent of the total expenditures from the Building Fund. For each of these expenditures we obtained supporting documentation to determine of the funds expended complied with the purpose of the General Obligation Bonds specified by the registered voters of the District.

We noted that all expenditures selected for testwork complied with the purpose of the General Obligation Bonds specified by the registered voters of the District.
D. Procedure

For those expenditures noted in Item C, verify that the District’s normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were in compliance.

Results

For the expenditures noted in Item C, we noted no exceptions.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion relating to the matters included in the Agreed-Upon Procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Glenn Burdette Attest Corporation
San Luis Obispo, California

December 6, 2012