

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT

COUNTY OF SONOMA  
GEYSERVILLE, CALIFORNIA

AUDIT REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2012

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2012

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MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
INTRODUCTION  
JUNE 30, 2012

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Geyserville Unified School District (the "District") currently operates one elementary school, one middle school, one high school and a continuation school.

On February 5, 2008, the voters of the Geyserville Unified School District approved, by more than 55%, Measure A, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$3,250,000.

The total outstanding bond indebtedness as of June 30, 2012 is \$3,045,000.

Measure A bonds are Proposition 39 bonds, issued by the Geyserville Unified School District. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon the 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 proposition pursuant to the 55% majority authorized in Proposition 39 including the formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

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CERTIFIED  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education and  
Measure A Citizen's Bond Oversight Committee  
Geyserville Unified School District  
Geyserville, California

We have audited the accompanying balance sheet of the Measure A Bond Building Fund of Geyserville Unified School District (the "District") as of June 30, 2012 and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the 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.

As discussed in Note 1, the financial statements present the financial activity for Measure A reported in the District's Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A Bond Building Fund of Geyserville 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.

Board of Education and  
Measure A Citizen's Bond Oversight Committee  
Geyserville Unified School District  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2013 on our consideration of the Measure A Bond Building Fund of Geyserville Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting 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.

  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

March 26, 2013

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
JUNE 30, 2012

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ASSETS

Cash in County Treasury (Note 2)	\$ 1,730,349
Total Assets	<u>\$ 1,730,349</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 2,670
Total Liabilities	<u>2,670</u>
Fund Balance	
Assigned for Capital Projects	<u>1,727,679</u>
Total Liabilities and Fund Balance	<u>\$ 1,730,349</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012

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<u>REVENUES</u>	
Interest Earnings	\$ 15,395
Total Revenues	<u>15,395</u>
<u>EXPENDITURES</u>	
Supplies and Materials	23,085
Contract Services	18,240
Capital Outlay	<u>13,496</u>
Total Expenditures	<u>54,821</u>
Excess of Revenues Over (Under) Expenditures	<u>(39,426)</u>
Fund Balance, July 1, 2011	<u>1,767,105</u>
Fund Balance, June 30, 2012	<u>\$ 1,727,679</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Geyserville Unified School District is located in South Geyserville, California in Sonoma County. The District operates four schools which includes one elementary school (K-5), one middle school (6-8) and one high school (9-12) and one continuation school.

On February 5, 2008, the voters of the District authorized the issuance and sale of general obligation bonds (Measure A) not to exceed \$3,250,000.

As described in Note 4, bonds were issued in 2008-2009 to improve the quality of education through repairs, upgrades, replacements and acquisition of safety, communication, electrical and heating/air conditioning systems, restrooms, plumbing, roofing, dry rot and other school facilities, furniture and equipment needs.

An advisory committee to the District's Governing Board and Superintendent, called the Measure A Citizens' Bond Oversight Committee was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, reviewing project plans and budgets, and ensuring compliance with the conditions of Measure A.

The statements presented are for the individual Measure A Bond Building Fund and are not intended to be a complete presentation of the District's financial position on operations.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.



MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (Concluded)

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures.

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.

D. 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. All encumbrances are liquidated at June 30.

E. Deposits and Investments

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the 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 investments losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by *California Government Code* Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E. Deposits and Investments (Concluded)

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

F. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash with the County Treasury as part of the common investment pool, (\$1,330,254,388 as of June 30, 2012). The fair market value of this pool as of that date, as provided by the pool sponsor, was \$1,366,464,084. The county is restricted by Government code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organization (NRSRO's).

At June 30, 2012 the District credit risks are as follows:

<u>Credit Quality Distributions for Securities with Credit Exposure</u>		
<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>S &amp; P's Rating</u>
Cash in County Treasury	Not Rated	Not Rated

At June 30, 2012 the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
Cash in County Treasury	\$ 1,738,426	\$ 469,375	\$ 591,586	\$ 677,465

NOTE 3 - CAPITAL PROJECTS

All expenditures for capital projects are capitalized in the Statement of Net Assets in the Entity-Wide financial statements of the District. Expenditures are not capitalized in the individual funds of the District. Expenditures shown as capital projects in these financial statements consist of:

Buildings and Improvements	<u>\$13,496</u>
Total Capital Projects	<u>\$13,496</u>

MEASURE A BOND BUILDING FUND OF  
 GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 AUDIT REPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012

**NOTE 4 - MEASURE A GENERAL OBLIGATION BONDS**

On February 5, 2008, the voters of the Geyserville Unified School District approved, by more than 55%, Measure A, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$3,250,000. During the 2008-2009 fiscal year, the District approved the sale of \$3,250,000 of general obligation bonds.

The outstanding Measure A general obligation bonded debt at June 30, 2012 is:

Date of Issue	Interest Rate	Maturity Date	Amount of		Redeemed	
			Original Issue	Outstanding July 01, 2011	Current Year	Outstanding June 30, 2012
2008	4.875-5.00	2034	\$ 3,250,000	\$ 3,120,000	\$ 75,000	\$ 3,045,000
Totals			\$ 3,250,000	\$ 3,120,000	\$ 75,000	\$ 3,045,000

Repayment of the bonds will be funded by a separate property tax override levied on property residing within the District boundaries. Property tax revenues will be recorded in a separate Bond Interest and Redemption Fund. The required debt service payments on the bonds will be disbursed from the Bond Interest and Redemption Fund as well. This Bond and Redemption Fund maintained by the Sonoma County Controller's Office and recorded in the District's Debt Service funds is not included in these financial statements. General school district revenues will not be required to fund the debt service on the bonds.

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30	Principal	Interest	Total
2013	\$ 75,000	\$ 151,025	\$ 226,025
2014	85,000	147,275	232,275
2015	90,000	143,025	233,025
2016	95,000	138,525	233,525
2017-2021	550,000	616,375	1,166,375
2022-2026	680,000	466,375	1,146,375
2027-2031	855,000	279,850	1,134,850
2032-2034	615,000	60,938	675,938
Totals	\$ 3,045,000	\$ 2,003,388	\$ 5,048,388

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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NOTE 5 - CONSTRUCTION COMMITMENTS

As of June 30, 2012, the Measure A Bond Building Fund had \$0 in contracts for construction that remain encumbered and not yet paid.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 8, 2013, the date on which the financial statements were available to be issued.

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PORTER,  
SANCHEZ &  
BRIGHT, LLP

C E R T I F I E D  
P U B L I C  
A C C O U N T A N T S

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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  
Measure A Citizen's Bond Oversight Committee  
Geyserville Unified School District  
Geyserville, California

We have audited the financial statements of the Geyserville Unified School District for the year ended June 30, 2012, and have issued our report thereon dated March 26, 2013. 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

In planning and performing our audit, we considered Geyserville 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 the Geyserville Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Geyserville 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.

Board of Education and  
Measure A Citizen's Bond Oversight Committee  
Geyserville Unified School District

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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any 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 Measure A Bond Building Fund of Geyserville 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 internal control instances of noncompliance 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 Measure A Citizen's Oversight Committee, District Board, management and the taxpayers of Geyserville Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

March 26, 2013



GOODELL,  
PORTER,  
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BRIGHT, LLP

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PUBLIC  
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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Board of Education and  
Measure A Citizen's Bond Oversight Committee  
Geyserville Unified School District  
Geyserville, California

We were engaged to conduct a performance audit of the Geyserville Unified School District Measure A Bond Building Fund for the year ended June 30, 2012.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed with the report which includes the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure A General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

*Andri M. Porter, Suzy H. Bright & ASB, LLC*  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

March 26, 2013

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2012

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OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure A Bond Fund have been made in accordance with the bond project list approved by the voters.
2. Determine whether salary transactions, charged to the Measure A Bond Fund were in support of Measure A and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2011 to June 30, 2012. The population of expenditures tested included all object and project codes associated with bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2012 were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the project expenditure reports prepared by the District for the fiscal year ended June 30, 2012 for the Measure A Bond Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2011 and ending June 30, 2012, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$54,821. This represents 100 percent of the total expenditures including expenditures related to transferred funds.
3. We verified that funds from the Measure A Bond Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Measure A Bond Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General. There were no salaries charged to the Measure A Bond Fund during the audit year.

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2012

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CONCLUSION

The results of our tests indicated that, in all significant respects, the Geyserville Unified School District has properly accounted for the expenditures in the Measure A Bond Fund and that such expenditures were made for authorized Bond projects.

As described in Finding 2012-1, in the Summary of Findings and District Responses, we determined the District's Citizen Bond Oversight Committee did not include all required members.

MEASURE A BOND BUILDING FUND OF  
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
SUMMARY OF FINDINGS AND DISTRICT RESPONSES  
JUNE 30, 2012

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As stated in our 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, our tests resulted in no findings and recommendations related to the financial audits of the Measure A Bond Building Fund for the year ended June 30, 2012.

As stated in our Independent Auditor's Report on Performance, our tests resulted in the following finding and recommendation related to the performance audit of the Measure A Bond Building Fund for the year ended June 30, 2012.

2012 - 1 - CITIZENS BOND OVERSIGHT COMMITTEE MEMBERS

Specific Requirement That Was Not Complied With: Proposition 39 Bond Law requires the Citizens Bond Oversight Committee to be comprised of at least seven members who meet the following criteria:

- One member must be active in a business organization within the District's boundaries that represents the business community as a whole.
- One member must be active in a senior citizens organization
- One member must be a parent/guardian of a child enrolled in the District
- One member must be a parent/guardian of a child enrolled in the District and is an active participant in the Parent Teachers Organization
- One member must be active in a bona fide taxpayer's organization

Finding: During our review of the Citizens Bond Oversight Committee member listing, we noted the committee did not have a member of a parent/guardian of a child enrolled in the District.

Effect: By not having the required composition of members within the Citizens Bond Oversight Committee, the District is not complying with Proposition 39 Bond Law and regulations.

Recommendation: We recommend the District add the necessary members in order to be in compliance with Proposition 39 Bond Law and regulations.

District Response: The District agrees with the recommendation and will work towards filling the parent/guardian position.