

**PAJARO VALLEY
UNIFIED SCHOOL DISTRICT**

**BOND FUND
PERFORMANCE REPORT**

JUNE 30, 2010



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees and Citizen's Bond Oversight Committee Pajaro Valley Unified School District Watsonville, California

We have performed the agreed-upon procedures listed below, which were agreed to by the management of the Pajaro Valley Unified School District and the Measure J Citizen's Oversight Committee, solely to review at least 25% of the expenditures of the 2002 General Obligation Bond funds for the period of July 01, 2009 through June 30, 2010 for the purpose of verifying if the use of the funds is within the scope of the published materials specifying the intended use of bond funds. We used election documents, District resolutions, the master plan and any revised master plan as guidance for the intended use of the funds. For expenditures in question, we will recommend that the District obtain the opinion of legal counsel and we inform this committee as to the issues. Management is responsible for Pajaro Valley Unified School District's compliance with those requirements. This agreed-upon procedures engagement was performed 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 specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for either the purpose for which this report has been requested or for any other purpose.

Financial Summary

- 1. In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. In November 2002, a general obligation bond proposition (Measure J) for the Pajaro Valley Unified School District was approved by the voters of that District. Measure J authorized the District to issue up to \$58,250,000 of general obligation funds to finance various capital projects and related costs, as specified in the bond measure provisions.
2. Total expenditures and encumbrances through June 30, 2010, were \$2,219,254.

Table with 4 columns: Expenditures, Prior Periods, 7/1/2009 to 6/30/2010, Total. Rows include Supplies and Materials, Other Operating Expenses, Capital Outlay, COP Debt Service Payment, Total expenditures, Other uses of funds, Transfer To / (From) other funds, Total expenditures and other uses, Contract commitments, June 30, 2010, Total expenditures and commitments.

3. An analysis of revenue and expenditures is as follows for the year ended June 30, 2010:

	Prior Periods	7/1/2009 to 6/30/2010	Total
Net available proceeds for construction	\$ 63,988,828	\$ -	\$ 63,988,828
Interest earned and other revenues	4,648,745	29,348	4,678,093
Total revenues received	<u>\$ 68,637,573</u>	<u>\$ 29,348</u>	68,666,921
Total expenditures and commitments			(68,666,921)
Amount available			<u>\$ -</u>

Agreed Upon Procedures Performed

1. Verify that the expenditure of funds was accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the building and bond interest and redemption funds.
3. Select 25% of the expenditures and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, district resolutions, and master plan. See supplemental information for list of expenditures reviewed.
4. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

Results of Procedures

1. The general obligations bond fund expenditures were accounted for separately in the capital outlay - bond fund of the District.
2. There were no new bonds sold during the year.
3. We examined expenditures aggregating \$1,988,528, which is 90% of the total 2002 Measure J Bond expenditures. Our review of the expenditures for the period July 01, 2009, through June 30, 2010, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds as approved by the registered voters of the District on November, 2002.
4. Our review of the policies over awarding of contracts revealed no exceptions to the policies of the District or the requirements of the State as they relate to awarding of contracts. Our review of the District policies over disbursement of funds revealed no exceptions to the disbursement policies of the District.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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 Pajaro Valley Unified School District and the Measure J Fiscal Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
December 23, 2010