

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE T BOND BUILDING FUND
FINANCIAL AUDIT**

Fiscal Year Ending June 30, 2012

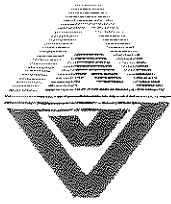
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE T BOND BUILDING FUND
FINANCIAL AUDIT**

June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Citizens' Oversight Committee
San Bernardino City Unified School District
777 North "F" Street
San Bernardino, CA 92410

We have 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 T Bond Building Fund of the San Bernardino City Unified School District (the District) as of and for the fiscal year ended June 30, 2012. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

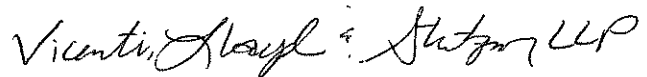
We conducted our audit of the Measure T Bond Building Funds in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements for the Measure T Bond Building Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Measure T Bond Building 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 of the Measure T Bond Building Fund for the District as of June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

The Citizens' Oversight Committee
San Bernardino City Unified School District

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2013 on our consideration of the District's internal control over Measure T Bond Building Fund 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 Measure T Bond Building Fund 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the District Measure T Bond Building Fund. The supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary section 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. The 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


VICENTI, LLOYD & STUTZMAN LLP

February 27, 2013

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

**BALANCE SHEET
MEASURE T BOND BUILDING FUND
June 30, 2012**

Assets

Cash in county treasury	\$ 33,176,685
Due from other funds	<u>3,393,474</u>
Total Assets	<u>\$ 36,570,159</u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 844,374
Due to other funds	<u>12,464</u>
Total Liabilities	<u>856,838</u>

Fund Balance

Restricted	<u>35,713,321</u>
Total Fund balance	<u>35,713,321</u>
Total Liabilities and Fund Balance	<u>\$ 36,570,159</u>

See the accompanying notes to the financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
MEASURE T BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2012**

Revenues	
Interest and investment income	\$ 173,015
Total Revenues	<u>173,015</u>
Expenditures	
Classified salaries	130,126
Employee benefits	41,661
Services and other operating expenses	316,791
Capital outlay	<u>632,593</u>
Total Expenditures	<u>1,121,171</u>
Deficiency of revenues over expenditures	<u>(948,156)</u>
Other Financing Sources (Uses)	
Transfers in	2,677,955
Transfers out	<u>(2,628,376)</u>
Total Other Financing Sources (Uses)	<u>49,579</u>
Net change in fund balance	(898,577)
Fund Balance - Beginning of Year	<u>36,611,898</u>
Fund Balance - End of Year	<u>\$ 35,713,321</u>

See the accompanying notes to the financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MEASURE T BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2012**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest and investment income	\$ 305,956	\$ 173,015	\$ (132,941)
Total Revenues	305,956	173,015	(132,941)
Expenditures			
Classified salaries	328,409	130,126	198,283
Employee benefits	100,510	41,661	58,849
Services and other operating expenses	2,895,489	316,791	2,578,698
Capital outlay	32,029,653	632,593	31,397,060
Total Expenditures	35,354,061	1,121,171	34,232,890
Deficiency of revenues over expenditures	(35,048,105)	(948,156)	34,099,949
Other Financing Sources (Uses)			
Transfers in	1,369,150	2,677,955	1,308,805
Transfers out	(2,932,944)	(2,628,376)	304,568
Total Other Financing Source (Uses)	(1,563,794)	49,579	1,613,373
Net change in fund balance	\$ (36,611,899)	(898,577)	\$ 35,713,322
Fund Balance - Beginning of Year		36,611,898	
Fund Balance - End of Year		\$ 35,713,321	

See the accompanying notes to the financial statements.

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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 T Bond Building Fund related to the current reporting period. Fund 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 T Bond Building Fund of the District 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).

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

BUDGET

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

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

FUND BALANCE CLASSIFICATION

The District has implemented the reporting model required by GASB Statement No. 54. Therefore the governmental fund financial statements present fund balance classification that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts of which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provision or enabling legislation are considered restricted. The fund balance of the Measure T Bond Building Fund is therefore classified as restricted.

CAPITAL ASSETS AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure T Bond Building Fund are determined by its measurement focus. The Measure T Bond Building Funds are 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 T Bond Building Fund are accounted for in the basic financial statements of the San Bernardino City Unified School District.

ESTIMATES

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.

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2 - DEPOSITS:

CASH IN COUNTY

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino 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 Bond Building Fund – Measure T deposits in this pool as of June 30, 2012, as provided by the pool sponsor, was \$33,221,142.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. 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. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 3 – INTERFUND TRANSFERS:

The Interfund Transfers consist of amounts received from and provided to other funds of the District for reimbursement of Measure T project expenditures.

NOTE 4 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excesses of expenditures over appropriations, by major object accounts.

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 – BONDED DEBT:

On March 2, 2004, the District voters authorized the issuance and sale of general obligation bonds totaling \$140,000,000 which provides that proceeds of the bonds will generally be used to improve student safety, repair local schools and relieve overcrowding by installing/repairing fire safety equipment; fixing leaky roofs/decaying walls; removing asbestos; upgrading bathrooms, plumbing, sewers/electrical wiring for computer technology; building new schools; improving disabled access; repairing, expanding, construction, acquiring/equipping classrooms, labs, sites, and libraries; prepayment of interim District financings; and that bond proceeds will not be used for administrative salaries or expenses.

The outstanding related bonded debt for the District at June 30, 2012 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2011</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2012</u>
9/29/04	2.0 - 5.0%	8/1/29	\$ 44,999,498	\$ 35,164,498	\$	\$ 1,085,000	\$ 34,079,498
5/18/06	4.5 – 5.0%	8/1/30	67,999,967	66,772,522		751,337	66,021,185
3/14/07	3.8 - 4.7%	8/1/31	9,997,217	8,610,646		84,027	8,526,619
3/17/11	7.4 - 7.5%	8/1/42	11,525,419	11,525,419			11,525,419
3/17/11	8.9%	8/1/35	5,477,434	5,477,434			5,477,434
			<u>\$ 139,999,535</u>	<u>\$ 127,550,519</u>	<u>\$ -</u>	<u>\$ 1,920,364</u>	<u>\$ 125,630,155</u>

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 – BONDED DEBT: (continued)

Series A

On September 29, 2004, \$44,999,498 of general obligation bonds were sold. The annual requirements to amortize Series A bonds payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest Component	Total
2013	\$ 815,000	\$ 1,579,856	\$	\$ 2,394,856
2014	905,000	1,549,191		2,454,191
2015	1,005,000	1,513,943		2,518,943
2016	1,110,000	1,467,350		2,577,350
2017	1,240,000	1,408,600		2,648,600
2018-2022	8,445,000	5,922,838		14,367,838
2023-2027	13,125,000	3,396,800		16,521,800
2028-2030	<u>7,434,498</u>	<u>354,000</u>	<u>3,415,502</u>	<u>11,204,000</u>
Totals	<u>\$ 34,079,498</u>	<u>\$ 17,192,578</u>	<u>\$ 3,415,502</u>	<u>\$ 54,687,578</u>

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 – BONDED DEBT: (continued)

Series B

On May 18, 2006, \$67,999,967 of general obligation bonds were sold. The annual requirements to amortize Series B bonds payable, outstanding as of June 30, 2012, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2013	\$ 1,060,426	\$ 2,987,650	\$ 664,574	\$ 4,712,650
2014	1,105,460	2,987,650	839,540	4,932,650
2015	1,108,762	2,987,650	1,001,238	5,097,650
2016	1,097,976	2,987,650	1,162,024	5,247,650
2017	2,420,000	2,933,200		5,353,200
2018-2022	16,760,000	12,467,250		29,227,250
2023-2027	26,645,000	7,102,625		33,747,625
2028-2031	15,823,561	722,500	10,046,439	26,592,500
Totals	<u>\$ 66,021,185</u>	<u>\$ 35,176,175</u>	<u>\$ 13,713,815</u>	<u>\$ 114,911,175</u>

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 – BONDED DEBT: (continued)

Series C

On March 14, 2007, \$9,997,217 of general obligation bonds were sold. The annual requirements to amortize Series C bonds payable, outstanding as of June 30, 2012, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2013	\$ 37,392	\$ 85,106	\$ 32,608	\$ 155,106
2014	2,377	85,106	2,623	90,106
2015		85,106		85,106
2016	5,648	85,106	9,352	100,106
2017	6,703	85,106	13,297	105,106
2018-2022	85,135	422,031	59,865	567,031
2023-2027	140,844	414,034	124,156	679,034
2028-2032	<u>8,248,520</u>	<u>202,125</u>	<u>13,376,480</u>	<u>21,827,125</u>
Totals	<u>\$ 8,526,619</u>	<u>\$ 1,463,720</u>	<u>\$ 13,618,381</u>	<u>\$ 23,608,720</u>

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 – BONDED DEBT: (continued)

Series D

On March 17, 2011, \$11,525,419 of general obligation bonds were sold. The annual requirements to amortize Series D bonds payable, outstanding as of June 30, 2012, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2013	\$	\$	\$ -
2014			-
2015			-
2016			-
2017			-
2018-2022			-
2023-2027			-
2028-2032			-
2033-2037	3,054,452	16,700,548	19,755,000
2038-2042	8,282,280	61,277,720	69,560,000
2043	<u>188,687</u>	<u>1,806,313</u>	<u>1,995,000</u>
Totals	<u>\$ 11,525,419</u>	<u>\$ 79,784,581</u>	<u>\$ 91,310,000</u>

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 – BONDED DEBT: (continued)

Series E

On March 17, 2011, \$5,477,434 of general obligation bonds were sold. The annual requirements to amortize Series E bonds payable, outstanding as of June 30, 2012, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2013	\$	\$	\$ -
2014			-
2015			-
2016			-
2017			-
2018-2022			-
2023-2027			-
2028-2032			-
2033-2036	<u>5,477,434</u>	<u>35,157,566</u>	<u>40,635,000</u>
Totals	<u>\$ 5,477,434</u>	<u>\$ 35,157,566</u>	<u>\$ 40,635,000</u>

Capital appreciation bonds were issued as part of the Series A, B, C, D and E issuances. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accruing through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued and net bond premiums have been reflected in the long term debt balance of the District's basic financial statements.



**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***

The Citizens' Oversight Committee
San Bernardino City Unified School District
777 North "F" Street
San Bernardino, CA 92410

We have audited the 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 T Bond Building Fund of the San Bernardino City Unified School District (the District) as of and for the fiscal year ended June 30, 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 the District is responsible for establishing and maintaining effective internal control over Measure T Bond Building Fund financial reporting. In planning and performing our audit, we considered the District's internal control over Measure T Bond Building Fund financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over Measure T Bond Building Fund 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 any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure T Bond Building Fund 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 of the Measure T Bond Building Fund disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

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


VICENTI, LLOYD & STUTZMAN LLP

February 27, 2013

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**SCHEDULE OF NET EXPENDITURES *
For the Fiscal Year Ended June 30, 2012**

	Net Expenditures in Previous Years	Actual Net Expenditures for Fiscal Year Ended June 30, 2012	Total Net Expenditures through June 30, 2012
Chavez Middle School	\$ 3,479,332	\$	\$ 3,479,332
Administrative Costs	463,694	(24,079)	439,615
Alessandro	214,673	54,855	269,528
Rodriguez Prep Academy	8,719,627	11,335	8,730,962
Norton Elementary School	309,556		309,556
Dominguez Elementary School	98,240	34,290	132,530
Indian Springs High School	648,356		648,356
Kitchen Remodel	84,584		84,584
Lunch Shelter Addition	64,182		64,182
Monterey	15,073,570	100,757	15,174,327
New Curtis Middle School	13,364,931	599,462	13,964,393
Portables (New Multi Resource)	4,500		4,500
Roosevelt	255,883	391,629	647,512
SDC Classrooms	15,976,816	135,511	16,112,327
Wilson	217,538		217,538
Construction Management	4,552,673	(100,479)	4,452,194
Modernization	9,712,006	1,287,671	10,999,677
21st Century Classroom	66,236	3,249	69,485
Little Mountain Elementary School	10,008		10,008
Pakuma K-8 School	10,656	1,424	12,080
Jones Elementary School	8,888		8,888
Middle College High School	252,739		252,739
Rodriguez Portables	3,486		3,486
Additions	580,624	9,531	590,155
Library Replacement	14,300		14,300
Non Severe Day Class	17,210	112,446	129,656
Second Phase of Modernization	471,341	(70,626)	400,715
Defeasance of Certificates of Participation	44,742,912		44,742,912
Bond Issue Costs and Legal Fees	2,713,184	25,064	2,738,248
Asbestos Abatement		1,155,251	1,155,251
Deferred Maintenance		17,756	17,756
Golden Valley Middle School		500	500
Heating, Ventilation, Air-Conditioning		4,000	4,000
Capitalized Interest and Costs for 2011			
Taxable Certificates of Participation			
Issued to Augment Measure T Projects	5,477,612		5,477,612
Transfers In from Other Funds **	(11,102,173)	(2,677,955)	(13,780,128)
	<u>\$ 116,507,184</u>	<u>\$ 1,071,592</u>	<u>\$ 117,578,776</u>

* Expenditures are net of Interfund Transfers In from other funds.

** Net Expenditures in Previous Years was revised to include previous years' Transfers In from Other Funds.

See the accompanying notes to the financial statements.

**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
MEASURE T BOND BUILDING FUND**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2012**

There were no findings related to the financial audit of the Measure T Bond Building Fund for the year ended June 30, 2012. In addition, there were no findings related to the financial audit of the Measure T Bond Building Fund for the year ended June 30, 2011.