

PIEDMONT UNIFIED SCHOOL DISTRICT

**2006 GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
REPORT
JUNE 30, 2010**



INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

Citizens' Fiscal Oversight Committee
Piedmont Unified School District
Piedmont, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Piedmont Unified School District and the Citizen's Fiscal Oversight Committee, to review 25% of the expenditures of the 2006 General Obligation Bond funds for the period of July 1, 2009 to 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 and District resolutions as the guidance for the intended use of the funds. For any expenditures in question, we will recommend that the District obtain the opinion of legal counsel and we will inform this committee as to the issues. Management is responsible for Piedmont Unified School District's compliance with election documents, district resolutions, and the project priority list. This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and meets the compliance requirements as outlined in Subparagraph (C) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution. 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 either for the purpose for which this report has been requested or for any other purpose.

Financial Summary

1. The 2006 general obligation bond funds were authorized at an election of the registered voters of the District held on March 7, 2006. The District received authorization to issue \$56,000,000 of bonds for the purpose of financing the repair, reconstruction, or replacement of school facilities. The first series of the 2006 bonds was issued in July 2006 with a principal amount of \$14,999,934, and the second series was sold in October 2009 with a principal amount of \$19,000,000.
2. Total expenditures and commitments through June 30, 2010, were \$47,547,832.
3. An analysis of expenditures is as follows:

	Prior Periods	Current Period	Total
Current Expenditures			
Books and supplies	\$ 131,710	\$ 170,109	\$ 301,819
Services and operating expenditures	835,934	1,022,212	1,858,146
Capital outlay			
Buildings	11,649,806	28,226,479	39,876,285
Sites and site improvements	85,726	756,583	842,309
Equipment	41,273	-	41,273
Total expenditures	<u>\$ 12,744,449</u>	<u>\$ 30,175,383</u>	42,919,832
Contract commitments, June 30, 2010			4,628,000
Total expenditures and commitments			<u>\$ 47,547,832</u>

Available unspent funds from the bonds as of June 30, 2010 are:

2006 General obligation bonds proceeds	\$ 14,999,934	\$ 19,000,000	\$ 33,999,934
Premium	-	1,013,545	1,013,545
Debt service deposit	-	(746,411)	(746,411)
Less issuance costs	(389,894)	(267,134)	(657,028)
Net bond proceeds available for construction	14,610,040	19,000,000	33,610,040
Bond anticipation notes	-	11,997,665	11,997,665
Interest income	1,251,211	81,297	1,332,508
Other local revenue	-	711,624	711,624
Total income	<u>\$ 15,861,251</u>	<u>\$ 31,790,586</u>	47,651,837
Total expenditures and commitments			(47,547,832)
Amount available (to be provided)			<u>\$ 104,005</u>

Agreed Upon Procedures Performed

1. Verify that the expenditure of funds are 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 at least 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 and district resolutions that were distributed to the voters.
4. Verify that District's internal control procedures are operating according to District policies.
5. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

Results of Procedures

1. The 2006 general obligation bond fund expenditures were accounted for separately in the building fund of the District.
2. The net proceeds of \$19,000,000 from the October 2009 bond sale, after including premiums, debt service requirements and issue costs was deposited into the construction fund.
3. Our review of the expenditures for the year ended 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 that were approved by the registered voters of the District on March 7, 2006. We did not request that management of the District obtain any legal opinions on expenditures for the year ended June 30, 2010.

We reviewed the following invoices:

Warrant Date	Warrant Number	Vendor	Description from invoice or estimated payable form	Amount
8/21/2009	88-919680	Synergy Enterprises Inc.	July 2009 hazardous Materials Abatements & Removal @ Havens Elementary School and Progress billing - Driscoll Playhouse	\$ 89,500
12/7/2009	88-920932	Murakami / Nelson	Piedmont HS Construction Administration. Consultant Fees - PHS Seismic Risk Reduction Program. Seismic strengthening of the Quad building and Student Center @PHS	76,341
6/22/2010	88-003470	Murakami / Nelson	Beach Elementary School Construction Documents. Consultants Fees for the seismic strengthening of the 1930' building @BES	110,728
6/1/2010	88-003244	Murakami / Nelson	Beach Elementary School Construction Documents. Consultants Fees	91,755
6/1/2010	88-003244	Murakami / Nelson	Wildwood Elementary School Design Development / Construction Documents.	300
6/1/2010	88-003244	Murakami / Nelson	Piedmont HS Construction Administration Reimbursable Expenses: UPS deliveries related to Health Department Permit and Fire Flow Testing	138
9/10/2009	88-919862	Webcor Construction LP	Havens Elementary School Campus Rebuild	1,360,353
10/15/2009	88-920250	Webcor Construction LP	Havens Elementary School Campus Rebuild	807,634
11/2/2009	88-920515	Webcor Construction LP	Havens Elementary School Campus Rebuild	902,220
12/1/2009	88-920804	Webcor Construction LP	Havens Elementary School Campus Rebuild	1,011,586
1/6/2010	88-921228	Webcor Construction LP	Havens Elementary School Campus Rebuild	1,493,331
2/2/2010	88-921503	Webcor Construction LP	Havens Elementary School Campus Rebuild	1,340,201
2/23/2010	88-921784	Webcor Construction LP	Havens Elementary School Campus Rebuild	1,481,374
3/23/2010	88-002529	Webcor Construction LP	Havens Elementary School Campus Rebuild	1,343,724
5/20/2010	88-003129	Webcor Construction LP	Havens Elementary School Campus Rebuild	607,380
			Total Tested	10,716,565
			Total Expenditures	30,175,383
			Percent Tested	<u>35.5%</u>

4. Our review of the internal control procedures followed on randomly selected invoices revealed no exceptions to the internal control policies of the District.
5. Our review of the awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and 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 Piedmont Unified School District and the Citizen's Fiscal Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Ture, Day & Co LLP

Pleasanton, California
December 30, 2010