

RIO BRAVO-GREELEY UNION SCHOOL DISTRICT

BAKERSFIELD, CALIFORNIA

PROPOSITION 39

**2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS**

FOR THE PERIOD APRIL 1, 2011 THROUGH MARCH 31, 2012

AUDIT REPORT

AND

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

PREPARED BY

**LINGER, PETERSON, SHRUM & CO.
CERTIFIED PUBLIC ACCOUNTANTS**

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
TABLE OF CONTENTS
FOR THE PERIOD APRIL 1, 2011 THROUGH MARCH 31, 2012**

	<u>Page</u>
Independent Auditors' Report	1-2
Balance Sheet--Building Fund	3
Statement of Revenues, Expenditures and Changes in Fund Balance--Building Fund	4
Notes to the Financial Statements	5-10
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 <i>Government Auditing Standards</i>	11-12
Independent Accountants' Report on Applying Agreed- Upon Procedures	13-15
Supplementary Information	
Executive Summary	16
Background Information	16
Citizens' Bond Oversight Committee	16
Objectives and Scope	17

Gary A. Shrum
Kendra L. Keiscome
Marilyn K. Adams



Robert L. Linger (Retired)
Jim L. Peterson (Retired)

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rio Bravo-Greeley Union School District
Bakersfield, California:

We have audited the accompanying Balance Sheet of the Building Fund of Rio Bravo-Greeley Union School District (the "District") as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds as of March 31, 2012, and the related Statement of Revenues, Expenditures and Changes in Fund Balance--Building Fund for the period April 1, 2011 through March 31, 2012. 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 set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 opinions.

As discussed in Note 1A, the financial statements present only the individual Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds, and are not intended to present fairly the financial position of the District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rio Bravo-Greeley Union School District Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds as of March 31, 2012, and the results of its operations for the period 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 November 5, 2012 on our consideration of the internal control over financial reporting of the Rio Bravo-Greeley Union School District Building Fund as it pertains to Proposition 39, 2008 Election,

Measure B, General Obligation Bonds, and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Rio Bravo-Greeley Union School District Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds. The Independent Accountants' Report on Applying Agreed-upon Procedures and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Rio Bravo-Greeley Union School District Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Linger, Peterson, Ahum & Co.

November 5, 2012

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
BALANCE SHEET--BUILDING FUND
MARCH 31, 2012**

Assets

Cash in County Treasury	\$ 1,905,046	
Due from Deferred Maintenance Fund	<u>80,000</u>	
Total Assets		\$ 1,985,046

Liabilities

-

Fund Balance

\$ 1,985,046

See Notes to the Financial Statements

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUILDING FUND
FOR THE PERIOD APRIL 1, 2011 THROUGH MARCH 31, 2012**

Revenues		
Interest	\$ 3,887	
Other local revenue	<u>263</u>	
Total Revenues		\$ 4,150
Expenditures		
Professional services	2,338	
Buildings and improvements	<u>1,936,542</u>	
Total Expenditures		<u>1,938,880</u>
Deficiency of Revenues over Expenditures		(1,934,730)
Other Financing Sources		
Interfund transfers in		<u>2,995,097</u>
Excess of Revenues and Other Financing Sources Over Expenditures		1,060,367
Fund Balance, April 1, 2011		<u>924,679</u>
Fund Balance, March 31, 2012		<u><u>\$ 1,985,046</u></u>

See Notes to the Financial Statements

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

1. SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rio Bravo-Greeley Union School District General Obligation Bonds, 2008 Election, Measure B, (the “Bond”) were authorized at an election of the registered voters of the Rio Bravo-Greeley Union School District held on February 5, 2008, at which more than 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$10,900,000 principal amount of General Obligation Bonds of the District. The Bonds are being issued under the laws of the State of California and pursuant to resolutions of the District and the Board of Supervisors of the County of Kern, California. The initial issuance, in the principal amount of \$7,606,868 (Series A, Bank-Qualified), was made on April 16, 2008. A second issuance, in the principal amount of \$1,285,357, was issued on October 13, 2010.

The proceeds of the Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith.

The Bond Measure B text was as follows: “To improve the health, safety and education of our children by modernizing aging school facilities, minimizing lead and asbestos hazards, replacing unsafe or inadequate electrical, communications, fire alarm systems, heating and cooling systems, repairing plumbing and renovating restrooms, renovating and/or adding classrooms and other facilities.”

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The Board of Supervisors of the County is empowered and obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on, and principal or accreted value of, the Bonds when due.

The Bond proceeds and uses are accounted for in the District’s Building Fund. The statements presented are for the Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds, and are not intended to be a complete presentation of the District’s financial position or results of operations.

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

B. Accounting Policies

The Rio Bravo-Greeley Union School 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).

C. Basis of Accounting

Basis of accounting refers to the timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The Rio Bravo-Greeley Union School District accounts for Bond proceeds and expenditures using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due in the District's Bond Interest and Redemption Fund.

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 as of March 31, 2012.

E. 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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

2. CASH AND INVESTMENTS

Cash and investments as of March 31, 2012 are classified in the accompanying financial statements as follows:

Cash in County Treasury	\$1,905,046
-------------------------	-------------

A. Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury as part of a common investment pool (\$1,905,046 as of March 31, 2012). The fair market value of this investment pool as of that date, as provided by the pool sponsor, was \$1,905,046. The District is considered to be an involuntary participant in the external investment pool. Interest is deposited into participating funds. 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.

B. Investments

1. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

2. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The schedule below identifies the investment types that are authorized for investments held by bond trustees. The schedule also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

3. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County Investment Pool	\$ 1,905,046	\$1,905,046	\$ -	\$ -	\$ -

4. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, and the actual rating as of year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
County Investment Pool	\$ 1,905,046	N/A	\$ -	\$ -	\$ -	\$ 1,905,046

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

3. COMMITMENTS AND CONTINGENCIES

A. General Obligation Bonds

A general election was held on February 5, 2008, at which more than 55% of the persons voting on the Proposition voted to authorize the issuance of \$10,900,000 of General Obligation Bonds of the District to finance real property and improvements to be used in the public education operations of the District.

The Series A Bonds, in the amount of \$7,606,868, were issued on April 16, 2008. The Series B Bonds, in the amount of \$1,285,357, were issued on October 13, 2010. This leaves a remaining commitment of \$2,007,775.

B. Arbitrage

As part of tax laws surrounding Tax-Exempt Bonds, investment earnings, with certain adjustments, on unexpended Bond proceeds are limited to the interest rate paid on the Bond debt. Arbitrage (i.e. excess investment earnings) is required to be rebated to the federal government every five years for as long as the Bonds are outstanding. At March 31, 2012, no arbitrage liability was deemed necessary.

4. CITIZENS' BOND OVERSIGHT COMMITTEE

The Citizens' Bond Oversight Committee (the "Committee") was established to satisfy the accountability requirements of Proposition 39. The Committee shall confine itself specifically to Bond proceeds generated under the ballot measure. To carry out its stated purposes, the Committee shall: a) Review expenditures to ensure that Bond proceeds are expended only for the purposes set forth in the ballot measure, and that no Bond proceeds are used for any teacher or administrative salaries, or other operating expenses of the District; b) Present to the Board, in public session, an annual written report. The report shall indicate whether the District is in compliance with the applicable requirements, and shall include a summary of the Committee's proceedings and activities for the preceding year.

* * *

**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 Trustees
Rio Bravo-Greeley Union School District
Bakersfield, California:

We have audited the accompanying Balance Sheet of the Building Fund of Rio Bravo-Greeley Union School District (the "District") as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds as of March 31, 2012, and the related Statement of Revenues, Expenditures and Changes in Fund Balance--Building Fund for the period April 1, 2011 through March 31, 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

In planning and performing our audit, we considered the internal control over financial reporting of the Rio Bravo-Greeley Union School District Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 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 the financial statements of the Rio Bravo-Greeley Union School District Building Fund as it pertains to Proposition 39, 2008 Election, Measure B, General Obligation Bonds 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 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 Rio Bravo-Greeley Union School District's Governing Board, Administration and taxpayers, and the Citizens' Bond Oversight Committee, and is not intended to be, and should not be, used by anyone other than these specified parties.

Linger, Peterson, Ahum & Co.

November 5, 2012

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees
Rio Bravo-Greeley Union School District
Bakersfield, California:

We have performed the procedures enumerated below, which were agreed to by Rio Bravo-Greeley Union School District, solely to assist you with respect to the accounting records of the Rio Bravo-Greeley Union School District's Proposition 39, 2008 Election, Measure B, General Obligation Bonds for the period April 1, 2011 through March 31, 2012. Rio Bravo-Greeley Union School District's management is responsible for the District's accounting records. 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 the 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:

1. Verify that the expenditures of funds were accounted for separately in the accounting records to allow for accountability.

The District uses Fund 21, Account 8951--Proceeds from the Sale of Bonds to account for the Bond proceeds, and various appropriate accounts within Fund 21 to account for expenditures of bond proceeds. The funds were accounted for separately.

2. Select at least 25% of all expenditures by project, 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 the project priority list that were distributed to the voters.

Interest earned on funds deposited was \$3,887. We tested expenditures in the amount of \$533,855.17, which was 27.53% of all expenditures. We tested these expenditures using the following criteria:

- a. *The District used a purchase order.*
- b. *It was noted that the services and/or goods were received.*
- c. *The extensions and footings were tested and noted.*
- d. *There was an approval for payment.*
- e. *The invoices were marked "paid".*
- f. *The invoices were charged to the appropriate expenditure account.*
- g. *The expenditures agreed to all supporting documentation.*

The funds were expended for the purpose that was specified to the registered voters of the District.

3. Verify that the District's internal control procedures are operating according to District policies through examination of the invoices and other documentation that supports the payments made.

We interviewed the District personnel regarding the internal control procedures used by the District, and then reviewed the expenditures to confirm that those procedures were in place and operating effectively. When a bill is received by the District, the inspector has to approve it, and make sure the work has been done and that all required signatures are in place. The architect, the building inspector, and the contractors all sign after work is completed. The District's internal control procedures are operating according to District policies.

4. Verify that the State and District policies were followed in the awarding of bids and expenditure of funds.

For projects authorized by the Bond measure, the District followed the established bid process and procedures in accordance with their Board policies, State Government & Public Contract Codes, and Kern County Office of Education policies and procedures, as well as other school district bidding practices required by law.

5. Verify that Citizens' Bond Oversight Committee meetings were held at the required frequency and that the Committee filed any required reports.

The Bond Committee is required to present to the Board, in public session, an annual written report which shall include a summary of the Committee's proceedings and activities for the preceding year. The Bond Committee met on October 25, 2011. The committee minutes indicated that there were no comments from the public, the minutes from the previous meeting were presented for review and approval, there was an update on the status of the project, expenditure reports were presented and reviewed, and the Committee toured Phase IV of the project. We read the minutes, and they appeared to conduct themselves like a school district Board of Trustees, and they seem to be carrying out their appointed duties and responsibilities.

These agreed-upon procedures do not constitute an audit, the objective of which would be the expression of an opinion, on the accounting records. 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 Rio Bravo-Greeley Union School District's Governing Board, Administration and taxpayers, and the Citizens' Bond Oversight Committee, and is not intended to be, and should not be, used by anyone other than these specified parties.

Linger, Peterson, Arum & Co.

November 5, 2012

SUPPLEMENTARY INFORMATION

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

EXECUTIVE SUMMARY

On February 5, 2008, the District voters authorized \$10,900,000 in General Obligation Bonds to be used to finance the acquisition, construction, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith.

BACKGROUND INFORMATION

Series A Bonds, in the principal amount of \$7,606,868, were issued on April 16, 2008. Series B Bonds, in the principal amount of \$1,285,357, were issued on October 13, 2010. This leaves a remaining commitment of \$2,007,775 in authorized, but unissued Bonds under the 2008 authorization.

These Bonds are General Obligation Bonds to be issued under provisions of Title 1, Division 1, Part 10, Chapter 1 of the State of California Education Code, commencing with Section 15100, and pursuant to a resolution adopted by the Board of Trustees of the District.

CITIZENS' BOND OVERSIGHT COMMITTEE

The Citizens' Bond Oversight Committee was established to satisfy the accountability requirements of Proposition 39. The Committee shall confine itself specifically to Bond proceeds generated under the ballot measure. The Committee consists of a minimum of seven (7) members appointed by the Board of Trustees from a list of candidates submitting written applications. The members can serve for a term of two (2) years without compensation, and for no more than two (2) consecutive terms. The members were chosen based on criteria established by Proposition 39. The Committee is required to meet at least once a year. The stated duties of the Committee are to: 1) Review expenditures; 2) Present to the Board an annual written report.

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT
PROPOSITION 39
2008 ELECTION, MEASURE B
GENERAL OBLIGATION BONDS
FOR THE PERIOD OF APRIL 1, 2011 THROUGH MARCH 31, 2012**

OBJECTIVES AND SCOPE

Performance audit procedures were used by our team to evaluate the Rio Bravo-Greeley Union School District's Proposition 39, 2008 Election, Measure B, General Obligation Bonds.

Our team reviewed the background materials, reviewed specific project and program level documentation, and tested program expenditures.

Sampling procedures assessed the performance of the Rio Bravo-Greeley Union School District's General Obligation Bond level controls, and validated expenditures against funding source requirements, and contract terms and conditions. The results of our assessment are based upon our experience with other Bond programs, knowledge of the District, staff interviews, and review of General Obligation Bond documentation.

The scope of this performance audit included procedures to verify the use of the Bond funds for approved funding source purposes. Expenditures were selected and tested for funding source and contract compliance. While these agreed-upon procedures were performed under AICPA attestation standards and did not constitute a District financial audit performed under AICPA assurance standards, these procedures were prudent to help verify that the school Bond program performance is effective and consistent with funding source purposes.

* * *