

**ATWATER ELEMENTARY
SCHOOL DISTRICT**

**GENERAL OBLIGATION BONDS
AGREED - UPON PROCEDURES AUDIT**

JUNE 30, 2006



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

Measure "A" Oversight Committee
Atwater Elementary School District
Atwater, California

We have performed the procedures enumerated below, which were agreed to by the management of the Atwater Elementary School District, solely to determine whether the internal controls and procedures developed and implemented by the District are appropriate to protect, control, and account for the General Obligation Bond funds authorized at an election of the registered voters of the District held on March 2, 2004. The Bonds were authorized at an issuance of \$11,000,000 principal amount for the purpose of financing the addition and modernization of school facilities. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Procedures Performed

1. Verify that the funds were 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 Bond accounts.
3. Verify that all interest earned on the Bond Funds were deposited in the Bond Accounts.
4. Verify that the internal controls and procedures for the accounts of the Bond funds are sufficient to protect and control the funds.
5. Verify that the funds expended complied with the purpose that was specified to the registered voters of the District in the March 2, 2004, election.
6. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.
7. Verify that competitive price is used for purchases of materials and supplies.
8. Verify that competitive price is used for the contracting of labor that is not covered by bid requirements.

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Stated Findings

A. Financial Summary

1. Revenues

	<u>Amount</u>
Net available from sale of General Obligation Bonds	\$ 7,874,191
Interest earned and paid through June 30, 2006	193,009
Contributions from other funds	295,655
Less debt issuance costs	283,262
Less amount deposited in Debt Service fund	53,836
Total available for project from Bond Funds	<u>\$ 8,025,757</u>

2. Total expenditures through June 30, 2006, were \$4,972,284.

3. Analysis of Expenditures

Non-capitalized equipment	\$ 6,092
Professional services	1,080
Land	960,066
Land improvements	506,101
Buildings & improvements	3,499,089
Total Expenditures	<u>\$ 4,972,428</u>

4. Available unspent funds as of June 30, 2006, are \$3,053,329.

B. Compliance Summary

1. The General Obligations Bond funds were accounted for separately in the Building Fund of the District.
2. The net proceeds from the sale of the General Obligation Bonds were deposited into the appropriate accounts.
3. All interest earned on the Bond Funds were deposited in the bond accounts.
4. All areas to which we applied our procedures appeared to have appropriate internal controls and procedures in place to protect and control the General Obligation Bond funds.
5. Our review of the expenditures for the period July 1, 2005 through June 30, 2006, revealed no items that were paid from the General Obligation Bond funds that we believe did not comply with the purpose of the Bonds that were approved by the registered voters of the District on March 2, 2004.
6. Our review of the awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and the District.

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Stated Findings, Continued

7. Competitive pricing was used for purchases of materials and supplies.
8. Competitive pricing was used for the contracting of labor that was not covered by bid requirements.

C. General Summary

The \$4,972,428 to date expenditures of Measure "A" Bond Funds in item number 5 have been expended as intended by the registered voters of the District, except as noted previously for some questioned items.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the District's Internal Control System. 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 for the use of the Atwater Elementary School District, and should not be used by those who have not agreed to the procedures and have taken responsibility for the sufficiency of the procedures for their purpose.

Vavrinek, Utkin, Day & Co., LLP

Fresno, California

July 3, 2007