



**Meeting of the Citizens Oversight Committee**  
**January 18, 2012 – 6:00 p.m. – Emery Bay Village Community Room**  
**160 Emery Bay Drive, Emeryville**

**Emery Unified School District Guiding Principles:**  
***We Hold High Academic, Social, and Professional Expectations***  
***We Create a Sense of Family***  
***We Inspire and Support Innovation to End Racist and Classist Practices***

**PUBLIC AGENDA**

**A. OPENING CEREMONY/ROLL CALL (approximately 6:00 p.m.)**

Brian Carver, Chair  
Charlie Schuman, Vice Chair  
Francisco Aalbers, Member  
Lisa Carlisle, Member  
Betsy Cooley, Member  
Matt Johnson, Member  
Mitchell Fine, Member  
Ron Henry, Member  
Judy Inouye, Member  
Vacancy, Member  
Marcelline Krafchick, Member  
Kelly Maddox, Member

Dave Martinez, Member  
Tom Rauch, Member  
Barbie Robinson, Member  
Andrea Sanchez Cortez, Member  
Rodney Wong, Member

**Staff**

Dr. Debra Lindo, Superintendent of Schools  
Roy Miller, Project Director  
Dr. Hayin Kim, Director of Community and Youth  
Engagement

**B. APPROVAL OF AGENDA (approximately 6:05 pm)**

**C. APPROVAL OF MINUTES (approximately 6:08 pm)**

**D. REPORTS (approximately 6:10 p.m.)**

- I. Superintendent's Report
- II. COC Chairperson's Report
- III. EUSD Staff Comments
- IV. COC Member Comments

**E. VISITORS – Public comment for items NOT on the agenda (approximately 6:20 p.m.)**

*Citizens Oversight Committee Procedures: Community members are encouraged to attend Citizens Oversight Committee meetings. Each agenda contains a "Visitors" section, to allow for public comment on items NOT listed on the agenda. Public comments on items that ARE on the agenda will be taken at the time of the item. When recognized by the COC Chair, speakers are asked to limit their comments to three (3) minutes.*

*This is a public meeting. Under the Ralph M. Brown Act, any person has the right to record these proceedings with an audio or video tape recorder so long as they do so without causing a persistent disruption. Cal. Gov. Code 54953.5(a). Please note that an official audio recording of the meeting is taking place and is available upon request to the Emery Unified School District. All writings that are public records and relate to an agenda item below which are distributed to a majority of the Oversight Committee (including writings distributed to a majority of the Oversight Committee less than 72 hours prior to the meeting noticed below) will be available at the Emery Unified School District, 4727 San Pablo Avenue, Emeryville, CA during normal business hours (8am to 4pm, Monday through Friday, excluding legal holidays) and at [www.emeryvillecenter.org](http://www.emeryvillecenter.org). Cal. Gov. Code 54957.5(a)-(d).*

- F. COC ACTION/DISCUSSION ITEMS (approximately 6:25 pm), PUBLIC COMMENT INVITED
1. THE SUPERINTENDENT WILL PRESENT INFORMATION ABOUT THE COC'S ROLES AND RESPONSIBILITIES that will be further discussed at the January 23<sup>rd</sup> School Board meeting. Possible action on a recommendation to the School Board regarding same. (20 minutes)
  2. FINANCE (20 minutes total)
    - a. Subcommittee liaison report
    - b. Additional input from staff: 1) review of financial info for 11/11 and 12/11. 2) educational presentation on audits, 3) review of draft financial audit report, 4) review of draft performance audit report
    - c. Discussion
  3. SCOPE OF WORK (10 minutes total)
    - a. Subcommittee liaison report
    - b. Additional input from staff: 1) future meeting location for the COC, 2) update on the RDA and financial supports for the ECCL project
    - c. Discussion
  4. COMMUNITY ENGAGEMENT (10 minutes total)
    - a. Subcommittee liaison report
    - b. Additional input from staff: 1) report of Fellows activities, 2) report on Community Design Workshop #5, 3) upcoming community engagement activities
    - c. Discussion
- G. NEXT COC MEETING AGENDA ITEMS (February 15, 2012)
- H. COC CHAIR REPORT TO CITY-SCHOOLS
- I. COC COMMITTEE MEMBER CLOSING COMMENTS
- J. CALENDAR REVIEW
- K. ADJOURNMENT

*Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation related to COC meetings, may request assistance by contacting the Office of the Superintendent at (510) 601-4906.*



**Meeting of the Citizens Oversight Committee**  
**December 14, 2011 – 6:00 p.m. – Emery Bay Village Community Room**  
**160 Emery Bay Drive, Emeryville**

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***We Inspire and Support Innovation to End Racist and Classist Practices***

**PUBLIC AGENDA**

**A. OPENING CEREMONY/ROLL CALL (approximately 6:00 p.m.)**

Brian Carver, Chair

Charlie Schuman, Vice Chair

Francisco Aalbers, Member **(ABSENT)**

Lisa Carlisle, Member **(ABSENT)**

Betsy Cooley, Member

Matt Johnson, Member

Mitchell Fine, Member

Ron Henry, Member

Judy Inouye, Member

Vacancy, Member

Marcelline Krafchick, Member

Kelly Maddox, Member **(ABSENT)**

Dave Martinez, Member

Tom Rauch, Member

Barbie Robinson, Member

Andrea Sanchez Cortez, Member **(ABSENT)**

Rodney Wong, Member

**Staff**

Dr. Debbra Lindo, Superintendent of Schools

Roy Miller, Project Director

Dr. Hayin Kim, Director of Community and Youth  
Engagement

**B. APPROVAL OF AGENDA (approximately 6:05 pm)**

I. Subcommittee reports have been split into their respective topics under Item F.

**\*\*Motion to approve Agenda: B. Carver. No additional comments. No objection. Agenda Approved.**

**C. APPROVAL OF MINUTES (approximately 6:08 pm)**

**\*\*Motion to approve Minutes: M. Krafchick; Second: M. Johnson; no objection. Minutes Approved.**

**D. REPORTS (approximately 6:10 p.m.)**

**I. Superintendent's Report**

- a. 80% of ESS senior class applied to college, 50% have applied to UC/CSU system.
- b. In response to last year's drop-out rate, an alternative education program was started with online credit recovery and CAHSEE prep to help students achieve their diploma.
- c. City/Schools requested information on COC Roles and Responsibilities. This information will be brought back to the Jan. 5, 2011 meeting to review bylaws and procedures.
- d. Included in the December packet are responses to Chair B. Carver's information request letter listing outstanding question items from past meetings. All items have been addressed, except for

the architect presentation videos. A request for the videos has been made to the City, and will be made available when received.

1. Judy Inouye raised a concern regarding how the information request was made on behalf of the COC without prior notice and consent from the group.

Suggested solutions: 1. (Marcelline Krafchick) More accurate notations regarding who had asked the questions 2. (Tom Rauch) Collect outstanding questions, circulate amongst COC members first before any action is taken so all members are informed.

- e. Superintendent Lindo informed the COC that a public records request from Michael Webber referenced the COC--the letter mentioned above was included as a part of his request in addition to other items.

## II. COC Chairperson's Report

- a. City/Schools report was given on Dec. 1, 2011.
- b. Chair attended Community Design Workshop 5 on Dec. 14, 2011
- c. Chair asked for possible updates by Staff or Members regarding two items from previous School Board agendas described to use Measure J funds.

## III. EUSD Staff Comments

- a. Roy Miller has updates for items mentioned under Item D, II, c:
  1. National Equity Project contract proposal – Board will have further discussion for this proposal at the Jan. 9, 2012 Board meeting. Fund source will be other than Measure J.
  2. Davis and Associates PR firm – has been pulled from the Agenda and will not be considered until Spring 2012.

## IV. COC Member Comments

- a. Marcelline Krafchick will be out of the country for 68 days. She will be back for the Mar. 21, 2012 meeting.

## E. VISITORS – Public comment for items NOT on the agenda (approximately 6:20 p.m.)

Ken Bukowski inquired about a possible process to reduce the bond authorization amount. It was noted by Roy Miller that this question is more appropriate for the District and CBO.

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## F. COC ACTION/DISCUSSION ITEMS (approximately 6:25 pm), PUBLIC COMMENT INVITED

1. BRAINSTORM DISCUSSION OF THE COC SUBCOMMITTEE AND LIAISON PROCESS and its relationship to the COC roles and responsibilities. (30 minutes)
  - a. COC discussed several possible options for a subcommittee structure to information flow and ensure proper public notice in advance of subcommittee meetings.

- b. Volunteer liaisons continue to be liaisons for their respective categories. Finance liaison and subcommittee meetings will meet regularly. Community Engagement and Scope of Work Liaison and subcommittee meetings will occur when necessary. An agenda for regular meetings will be provided to staff in a timely manner for proper noticing.  
**\*\*Motion to approve Meeting Proposal M. Krafchick; Second: B. Cooley; Abstain: R. Henry. Motion Passed.**
  - c. Expectation and Operation details for Liaison/Subcommittee meetings are as follows:
    - 1) Liaisons will notice respective subcommittee members in advance of the time and place of liaison meetings.
    - 2) Liaisons will make clear which documents reviewed need to go to staff for posting and the whole COC.
    - 3) Questions generated at COC meetings should be addressed at liaison/subcommittee meetings.**\*\*Motion to move discussion to the Finance Subcommittee: M. Fine. None opposed. Motion Passed.**
2. FINANCE (10 minutes total)
- a. Subcommittee liaison report
    - 1. Liaison meeting occurred on December 5<sup>th</sup>, 2011, 4:00PM – 5:30PM, at the District Administrative Office with Terri Ryland, Roy Miller, Charlie Schuman, Matt Johnson, and Betsy Cooley.
    - 2. To better understand and review finance reports for the Measure J project, attendees discussed CA school accounting systems, EUSD budget process, School District debt process, and the audit process for school financing.
    - 3. Charlie Schuman discussed how to review expenditure/encumbrance reports by option and object codes with listed details.
    - 4. A Presentation of Audit for the COC is to be scheduled in preparation for the audit review.
    - 5. Finance subcommittee will review the information request responses and documents for the outstanding questions and report back to the COC.
  - b. Additional input from staff
  - c. Discussion
3. SCOPE OF WORK (10 minutes total)
- a. Subcommittee liaison report
    - 1. Architectural design work is on hold due to the status of RDA funds in court. Staff is concentrating on engaging with EUSD staff.
  - b. Additional input from staff
    - 1. Recent reports regarding the possibility raises concern on the Supreme Court decision for the continuation of RDA funds.
    - 2. If Court ruling is not in favor of continuing RDA, EUSD and the City have a good case to advocate for keeping RDA funds for the ECCL project.
    - 3. \$80M is the target amount for project completion. City and School Board are working to acquire additional funding sources.
  - c. Discussion
4. COMMUNITY ENGAGEMENT (10 minutes total)
- a. Subcommittee liaison report
    - 1. Fellows are coming up creative outreach methods. Youth Fellows want to involve Anna Yates. They are using methodologies, such as Photo Voice, to capture and
    - 2. Nexus Design Workshops with Staff for feedback on design and operation specifics occurred in December.
    - 3. Continuing information gathering, looking at local program models, partners, and funding, specifically Wellness.
    - 4. Hayin Kim is working with parents and fellows to organize a Spanish language event for the ECCL.

- b. Additional input from staff
- c. Discussion

G. NEXT COC MEETING AGENDA ITEMS (January 18, 2012)

- 1. Finance
- 2. Scope of Work
- 3. Community Engagement
- 4. Location options for future COC meetings.

H. COC CHAIR REPORT TO CITY-SCHOOLS

- 1. Modifications to subcommittee structure.
- 2. Finance, Community Engagement, and Scope of Work reports.

I. COC COMMITTEE MEMBER CLOSING COMMENTS

J. CALENDAR REVIEW

K. ADJOURNMENT

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Subcommittee meets to discuss in detail and come up with questions to be asked at liaison meetings

**Roles and Responsibilities Matrix for ECCL Project**

Category	Item	Responsible Group	How/When	Established by
<b>1. Fiscal Activities</b>	Review of Funds Appropriations	COC gives review input to City/Schools	Summary Spreadsheets/ As-needed	MOU & Measure J
	Expenditure Review	COC gives review input to City/Schools	Summary Spreadsheets/ COC conducts monthly review of prior month's expenditures which is then reviewed by City/Schools at their next meeting	MOU & Measure J
	Expenditure Report to Public	COC	Written Report/ Quarterly & Annually	Measure J
<b>2. COC's Steering Committee function</b> (to make recommendations to the City/Schools Committee as needed to move the Measure J bond project work forward)	Based on City/Schools approved Scope, Plans, Programs & Schedules the COC will provide input to City/Schools, along with input from various other sources engaged in the project process, on Project Pre-Design, Schematic Design, & Design Development Phases. COC's assistance with other specific tasks may also be requested by City/Schools on an as-needed basis.	Input to City/Schools from all of the following: a) Project Staff input to City/Schools; b) various sources of input from workshops and other Community Engagement efforts; c) COC input to City/Schools; d) Project Staff with COC input to City/Schools	COC & City/Schools meetings/ Monthly	MOU, COC By-Laws, & District & City existing policy & procedures
<b>3. Community Engagement</b> (for community information, input, and participation in the design of school sites or related facilities)	Establish community engagement model	COC and Staff input to City/Schools, then to School Board who finalizes a resolution defining Community Engagement	City/Schools Action Items/ As-needed	Measure J, MOU, & City/Schools policy
	Define community engagement strategies	Both of the following: Project Staff; COC	COC and City/Schools meetings/ Monthly	MOU & City/Schools policy
	Monitor community engagement	School Board, City/Schools, and COC	School Board & City/Schools meetings/ Monthly	Measure J, MOU, & City/Schools policy
	Ensure community engagement has been implemented per Measure J	COC report to City/Schools	School Board & City/Schools meetings/ Monthly	COC By-Laws

**Measure J Bond Expenditure Report #6**

January 18, 2012

Report Narrative:

- Items paid for the month include MKTHINK, payroll, legal contract work and library survey consultants.
- The financial report includes the warrant listing, and the categorization of all expenditures by bond measure category (a-m or 801-813)
- The packet includes draft reports from the independent auditors regarding the bond financial audit and performance audit. Terri Ryland will address the form and content of these items on the 18<sup>th</sup>, and the audit partner will make a presentation of the final audit results and findings at the February meeting on February 15<sup>th</sup>.



Measure J Accounts Payable Warrants  
November 1 through December 31, 2011

50066205	11/02/2011	Kim, Hayin	reimburse for student stipends	241.74
50066775	11/04/2011	Office Depot	office storage cabinets	155.20
50068432	11/18/2011	Office Depot	flatbed scanner for ECCL office	314.49
50077788	12/07/2011	Office Depot	binders and index dividers	39.51
50079666	12/16/2011	Office Depot	plier stapler	172.81
50066774	11/04/2011	HOUGHTON MIFLIN HARCOURT	Fuse Geometry Software for iPads	499.90
50068444	11/18/2011	US Bank Corporate Payment System	pmt of balance of costs of wire transfers and deposit of proceeds	10.02
50068423	11/18/2011	CDW Government Inc.	laser printer	447.58
50065798	11/01/2011	Roy Miller	reimburse for ECCL digital timeline design	447.07
50068433	11/18/2011	Ouye Mingram Consulting LLC	cancelled	4,625.00
50068966	11/28/2011	Roy Miller	digital timeline design and survey monkey for library	338.86
50068968	11/28/2011	Ouye Mingram Consulting LLC	library survey consultant	4,625.00
50079667	12/16/2011	Page & Moris	library architectural consultant	6,537.27
50066206	11/02/2011	Kingsley Bogard	ECCL contracts development work	8,828.48
50068965	11/28/2011	Kingsley Bogard	ECCL contracts development work	17,524.30
50067307	11/09/2011	MKTHINK	architectural fees	173,550.00
			Non-Payroll	213,732.23
			Nov-Dec Payroll	64,250.61
			Total Expenditures Nov-Dec	277,982.84

## Measure J: ECCL Actual Expenditures as of December 31, 2011

meas lang	option code	notes	2011-12 Adopted Budget	Revised Budget	Encumbrance	Year-to-Date Prior Month	Year-to-Date Current Month	Activity for Nov/Dec	Balance
			<b>Bond Projects</b>						
a	801	Construct, Furnish & Equipment Facilities	1,871,000.00	1,877,258.00	157,518.27	441,446.02	545,368.94	103,922.92	1,174,370.79
b	802	Replace, demolish or renovate District properties	2,200,000.00	2,200,000.00	341,850.00	158,300.00	331,850.00	173,550.00	1,526,300.00
c	803	Replace portables with permanent classrooms	0.00		0.00	0.00	0.00	0.00	0.00
d	804	Construction school-site support	0.00		0.00	0.00	0.00	0.00	0.00
e	805	Upgrade and replace classroom technology	0.00	14,483.00	260.12	3,674.76	4,184.68	509.92	10,038.20
f	806	Acquire available real property	0.00		0.00	0.00	0.00	0.00	0.00
g	807	Provide appropriate packing facilities	0.00		0.00	0.00	0.00	0.00	0.00
h	808	Provide Interim housing	670,000.00	760,238.00	11,323.42	55,257.36	55,257.36	0.00	693,657.22
i	809	Make additional repairs and upgrades	0.00		0.00	0.00	0.00	0.00	0.00
j	810	Perform necessary site preparation	250,000.00	250,000.00	0.00	0.00	0.00	0.00	250,000.00
k	811	Address unforeseen conditions revealed by construction	0.00		0.00	0.00	0.00	0.00	0.00
l	812	Mitigate items identified by the EIR	0.00		0.00	0.00	0.00	0.00	0.00
m	813	Install energy efficient systems	0.00		0.00	0.00	0.00	0.00	0.00
		<b>Total</b>	<b>4,991,000.00</b>	<b>5,101,979.00</b>	<b>510,951.81</b>	<b>658,678.14</b>	<b>936,660.98</b>	<b>277,982.84</b>	<b>3,654,366.21</b>
		Payroll						64,250.61	
		Non-payroll expenditures						213,732.23	
		<b>Total Activity for Month</b>						<b>277,982.84</b>	

<sup>1</sup> Budget was adjusted to include \$75,000 budget lines not coded to specific "a to m" components of project - i.e. bond audit fees, consultants and contracted services.

**Detail for Dates 11/01/2011 to 12/31/2011** **Fiscal Year 2011/12**

Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Revenue	Account Balance
<b>Option</b>								
210-8591-9120-	- - - -		CY Deferred Rev, Measure					
			Balance Forward	11/01/11			15,000,000.00	15,000,000.00-
210-8660-9150-	- - - -		Interest, Mea J Interest,					
			Balance Forward	11/01/11	156,303.00	156,303.00		156,303.00
		CT12-03178	1ST QTR INTEREST - PERIOD E	11/15/11			7,024.84	149,278.16
			Account Total	12/31/11	156,303.00	156,303.00	7,024.84	
<b>Total for Option , and Revenue accounts</b>					<b>156,303.00</b>	<b>156,303.00</b>	<b>15,007,024.84</b>	<b>14,850,721.84-</b>

**Option 704 - ECCL\_Proj**

Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
210-5800-9120-0000-9100-400-52-	-704		OthSvcOpEx, Measure J Ser						
			Balance Forward	11/01/11				275,000.00	275,000.00-
210-5820-9150-0000-8100-400-52-	-704		Audit Expe, Mea J Interes						
			Balance Forward	11/01/11	5,000.00	5,000.00			5,000.00
210-5825-9150-0000-8100-400-52-	-704		Consultant, Mea J Interes						
			Balance Forward	11/01/11	50,000.00	50,000.00			50,000.00
210-5830-9110-0000-8100-500-52-	-704		Contracted, Measure J Ser						
			Balance Forward	11/01/11					.00
210-5830-9150-0000-8100-400-52-	-704		Contracted, Mea J Interes						
			Balance Forward	11/01/11	20,000.00	20,000.00			20,000.00
210-7638-9120-0000-9100-400-52-	-704		DbtSvc Int, Measure J Ser						
			Balance Forward	11/01/11				34,920.83	34,920.83-
<b>Total for Option 704, and Expense accounts</b>					<b>75,000.00</b>	<b>75,000.00</b>	<b>.00</b>	<b>309,920.83</b>	<b>234,920.83-</b>

**Option 801 - A) School Const**

210-2305-9110-9214-8100-400-70-	-801		Supv Sal, Measure J SerA,						
			Balance Forward	11/01/11	230,025.00	230,025.00		82,629.32	147,395.68
		PR12-00033	11/30/11 Regular Payroll (Earning:	11/30/11				20,657.33	126,738.35
		PR12-00036	12/16/11 Regular Payroll (Earning:	12/16/11				20,657.33	106,081.02
		PR12-00038	Salary Encumbrance between 12/	12/16/11			123,943.98		17,862.96-
			Account Total	12/31/11	230,025.00	230,025.00	123,943.98	123,943.98	
210-2405-9110-9214-8100-400-70-	-801		Clrk Sal, Measure J SerA,						
			Balance Forward	11/01/11	39,420.00	39,420.00		8,959.28	30,460.72
		PR12-00033	11/30/11 Regular Payroll (Earning:	11/30/11				2,980.00	27,480.72
		PR12-00036	12/16/11 Regular Payroll (Earning:	12/16/11				2,980.00	24,500.72

Detail for Dates 11/01/2011 to 12/31/2011									Fiscal Year 2011/12
Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
<b>Option 801 - A) School Const (continued)</b>									
210-2405-9110-9214-8100-400-70- -801 Clrk Sal, Measure J SerA, (continued)									
		PR12-00038	Salary Encumbrance between 12/	12/16/11			17,880.00		6,620.72
			Account Total	12/31/11	39,420.00	39,420.00	17,880.00	14,919.28	
210-2924-9110-9214-8100-400-70- -801 OthClasHSt, Measure J Ser									
			Balance Forward	11/01/11	95,357.00	95,357.00			95,357.00
210-3202-9110-9214-8100-400-70- -801 PERS Class, Measure J Ser									
			Balance Forward	11/01/11	39,848.00	39,848.00		10,004.27	29,843.73
		PR12-00033	11/30/11 Regular Payroll (Contrib	11/30/11				2,581.92	27,261.81
		PR12-00036	12/16/11 Regular Payroll (Contrib	12/16/11				2,581.92	24,679.89
		PR12-00038	Salary Encumbrance between 12/	12/16/11			15,491.52		9,188.37
			Account Total	12/31/11	39,848.00	39,848.00	15,491.52	15,168.11	
210-3312-9110-9214-8100-400-70- -801 OASDI Clas, Measure J Ser									
			Balance Forward	11/01/11	21,856.00	21,856.00		5,678.47	16,177.53
		PR12-00033	11/30/11 Regular Payroll (Contrib	11/30/11				930.90	15,246.63
		PR12-00036	12/16/11 Regular Payroll (Contrib	12/16/11				757.89	14,488.74
		PR12-00038	Salary Encumbrance between 12/	12/16/11			8,793.06		5,695.68
			Account Total	12/31/11	21,856.00	21,856.00	8,793.06	7,367.26	
210-3322-9110-9214-8100-400-70- -801 Medi Class, Measure J Ser									
			Balance Forward	11/01/11	5,290.00	5,290.00		1,328.05	3,961.95
		PR12-00033	11/30/11 Regular Payroll (Contrib	11/30/11				342.74	3,619.21
		PR12-00036	12/16/11 Regular Payroll (Contrib	12/16/11				342.74	3,276.47
		PR12-00038	Salary Encumbrance between 12/	12/16/11			2,056.44		1,220.03
			Account Total	12/31/11	5,290.00	5,290.00	2,056.44	2,013.53	
210-3402-9110-9214-8100-400-70- -801 H&W Class, Measure J SerA									
			Balance Forward	11/01/11	49,558.00	49,558.00		11,954.62	37,603.38
		PR12-00033	11/30/11 Regular Payroll (Contrib	11/30/11				3,251.72	34,351.66
		PR12-00036	12/16/11 Regular Payroll (Contrib	12/16/11				3,251.72	31,099.94
		PR12-00038	Salary Encumbrance between 12/	12/16/11			19,510.32		11,589.62
			Account Total	12/31/11	49,558.00	49,558.00	19,510.32	18,458.06	
210-3502-9110-9214-8100-400-70- -801 SUI Class, Measure J SerA									
			Balance Forward	11/01/11	5,874.00	5,874.00		1,474.64	4,399.36
		PR12-00033	11/30/11 Regular Payroll (Contrib	11/30/11				380.57	4,018.79
		PR12-00036	12/16/11 Regular Payroll (Contrib	12/16/11				380.57	3,638.22
		PR12-00038	Salary Encumbrance between 12/	12/16/11			2,283.42		1,354.80
			Account Total	12/31/11	5,874.00	5,874.00	2,283.42	2,235.78	
210-3602-9110-9214-8100-400-70- -801 WC Class, Measure J SerA,									

selection Filtered by User Permissions, (Org = 18, Online/Offline = N, Fiscal Year = 2012, Start Date = 11/1/2011, End Date = 12/31/2011, Unposted JEs? = N, Assets and Liabilities? = N, Restricted? = Y, Fund = 21, Object = 1000-8999, Obj Digits = 0, Page Break Lvl = )

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Detail for Dates 11/01/2011 to 12/31/2011									Fiscal Year 2011/12
Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
<b>Option 801 - A) School Const (continued)</b>									
210-3602-9110-9214-8100-400-70- -801 WC Class, Measure J SerA, (continued)									
			Balance Forward	11/01/11	9,121.00	9,121.00		2,289.77	6,831.23
		PR12-00033	11/30/11 Regular Payroll (Contrib	11/30/11				590.95	6,240.28
		PR12-00036	12/16/11 Regular Payroll (Contrib	12/16/11				590.95	5,649.33
		PR12-00038	Salary Encumbrance between 12/	12/16/11			3,545.70		2,103.63
			Account Total	12/31/11	9,121.00	9,121.00	3,545.70	3,471.67	
210-3802-9110-9214-8100-400-70- -801 PERS RedCL, Measure J Ser									
			Balance Forward	11/01/11	7,651.00	7,651.00		1,920.63	5,730.37
		PR12-00033	11/30/11 Regular Payroll (PERS R	11/30/11				495.68	5,234.69
		PR12-00036	12/16/11 Regular Payroll (PERS R	12/16/11				495.68	4,739.01
		PR12-00038	Salary Encumbrance between 12/	12/16/11			2,974.08		1,764.93
			Account Total	12/31/11	7,651.00	7,651.00	2,974.08	2,911.99	
210-4300-9110-9217-8100-400-70- -801 Matis&Supp, Measure J Ser									
			Balance Forward	11/01/11	12,000.00	12,000.00	1,266.68	1,725.06	9,008.26
P12-00248	Kim, Hayin	EN12-01189	ECCL/Reimbursement	11/02/11			241.74-		9,250.00
P12-00248	Kim, Hayin	EX12-01136	ECCL/Reimbursement	11/02/11				241.74	9,008.26
P12-00116	Office Depot	EN12-01232	Office Supplies for ECCL Staff	11/04/11			148.63-		9,156.89
P12-00116	Office Depot	EN12-01233	Office Supplies for ECCL Staff	11/04/11			6.57-		9,163.46
P12-00116	Office Depot	EN12-01266	Office Supplies for ECCL Staff	11/04/11			6.57		9,156.89
P12-00116	Office Depot	EN12-01267	Office Supplies for ECCL Staff	11/04/11			6.57-		9,163.46
P12-00116	Office Depot	EX12-01179	Office Supplies for ECCL Staff	11/04/11				148.63	9,014.83
P12-00116	Office Depot	EX12-01180	Office Supplies for ECCL Staff	11/04/11				6.57	9,008.26
P12-00116	Office Depot	EX12-01218	Office Supplies for ECCL Staff	11/04/11				148.63-	9,156.89
P12-00116	Office Depot	EX12-01219	Office Supplies for ECCL Staff	11/04/11				6.57-	9,163.46
P12-00116	Office Depot	EX12-01269	Office Supplies for ECCL Staff	11/04/11				148.63	9,014.83
P12-00116	Office Depot	EX12-01270	Office Supplies for ECCL Staff	11/04/11				6.57	9,008.26
P12-00116	Office Depot	EN12-01371	Office Supplies for ECCL Staff	11/18/11			305.53-		9,313.79
P12-00116	Office Depot	EN12-01372	Office Supplies for ECCL Staff	11/18/11			8.96-		9,322.75
P12-00116	Office Depot	EX12-01361	Office Supplies for ECCL Staff	11/18/11				305.53	9,017.22
P12-00116	Office Depot	EX12-01362	Office Supplies for ECCL Staff	11/18/11				8.96	9,008.26
P12-00116	Office Depot	EN12-01488	Office Supplies for ECCL Staff	12/07/11			15.64-		9,023.90
P12-00116	Office Depot	EN12-01489	Office Supplies for ECCL Staff	12/07/11			23.87-		9,047.77
P12-00116	Office Depot	EX12-01453	Office Supplies for ECCL Staff	12/07/11				15.64	9,032.13
P12-00116	Office Depot	EX12-01454	Office Supplies for ECCL Staff	12/07/11				23.87	9,008.26
P12-00116	Office Depot	EN12-01603	Office Supplies for ECCL Staff	12/16/11			172.81-		9,181.07
selection	Filtered by User Permissions, (Org = 18, Online/Offline = N, Fiscal Year = 2012, Start Date = 11/1/2011, End Date = 12/31/2011, Unposted JEs? = N, Assets and Liabilities? = N, Restricted? = Y, Fund = 21, Object = 1000-8999, Obj Digits = 0, Page Break Lvl = )								ESCAPE ONLINE

Detail for Dates 11/01/2011 to 12/31/2011									Fiscal Year 2011/12
Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
<b>Option 801 - A) School Const (continued)</b>									
210-4300-9110-9217-8100-400-70- -801 Matls&Supp, Measure J Ser (continued)									
P12-00116	Office Depot	EX12-01551	Office Supplies for ECCL Staff	12/16/11				172.81	9,008.26
			Account Total	12/31/11	12,000.00	12,000.00	342.93	2,648.81	
210-4415-9110-9220-8100-400-70- -801 Comp Equip, Measure J Ser									
			Balance Forward	11/01/11	12,000.00	12,000.00	447.57	1,303.91	10,248.52
P12-00211	CDW Government Inc.	EN12-01384	ECCL/Equipment Purchase	11/18/11			447.57-		10,696.09
P12-00211	CDW Government Inc.	EX12-01374	ECCL/Equipment Purchase	11/18/11				447.58	10,248.51
			Account Total	12/31/11	12,000.00	12,000.00	.00	1,751.49	
210-5200-9110-9221-8100-400-70- -801 Travel&Cnf, Measure J Ser									
			Balance Forward	11/01/11	12,000.00	12,000.00		1,214.67	10,785.33
210-5800-9110-9225-8100-400-52- -801 OthSvcOpEx, Measure J Ser									
			Balance Forward	11/01/11					.00
210-5825-9110-9208-8100-400-70- -801 Consultant, Measure J Ser									
			Balance Forward	11/01/11	36,000.00	36,000.00			36,000.00
210-5830-9110-9211-8100-400-70- -801 Contracted, Measure J Ser									
			Balance Forward	11/01/11	24,000.00	24,000.00			24,000.00
P12-00242	Roy Miller	EX12-01107	ECCL/Reimbursement	11/01/11				447.07	23,552.93
P12-00289	Roy Miller	EN12-01340	ECCL/Reimbursement	11/17/11			338.86		23,214.07
P12-00289	Roy Miller	EN12-01400	ECCL/Reimbursement	11/28/11			338.86-		23,552.93
P12-00289	Roy Miller	EX12-01389	ECCL/Reimbursement	11/28/11				338.86	23,214.07
			Account Total	12/31/11	24,000.00	24,000.00	.00	785.93	
210-5830-9110-9212-8100-400-70- -801 Contracted, Measure J Ser									
			Balance Forward	11/01/11	180,000.00	180,000.00		1,042.50	178,957.50
P12-00287	Ouye Mingram Consultir	EN12-01335	ECCL/Consulting Svcs-Library Fac	11/17/11			14,000.00		164,957.50
P12-00287	Ouye Mingram Consultir	EN12-01338	ECCL/Consulting Svcs-Library Fac	11/17/11			14,000.00-		178,957.50
P12-00287	Ouye Mingram Consultir	EN12-01339	ECCL/Consulting Svcs-Library Fac	11/17/11			14,000.00		164,957.50
P12-00287	Ouye Mingram Consultir	EN12-01367	ECCL/Consulting Svcs-Library Fac	11/18/11			4,625.00-		169,582.50
P12-00287	Ouye Mingram Consultir	EX12-01357	ECCL/Consulting Svcs-Library Fac	11/18/11				4,625.00	164,957.50
P12-00287	Ouye Mingram Consultir	EN12-01398	ECCL/Consulting Svcs-Library Fac	11/28/11			4,625.00-		169,582.50
P12-00287	Ouye Mingram Consultir	EX12-01387	ECCL/Consulting Svcs-Library Fac	11/28/11				4,625.00	164,957.50
P12-00287	Ouye Mingram Consultir	EX12-01417	ECCL/Consulting Svcs-Library Fac	12/01/11				4,625.00-	169,582.50
P12-00307	Page & Moris	EN12-01458	ECCL/Library Programming & Con	12/06/11			6,537.27		163,045.23
P12-00307	Page & Moris	EN12-01600	ECCL/Library Programming & Con	12/16/11			6,537.27-		169,582.50
P12-00307	Page & Moris	EX12-01548	ECCL/Library Programming & Con	12/16/11				6,537.27	163,045.23
			Account Total	12/31/11	180,000.00	180,000.00	4,750.00	12,204.77	
210-5845-9110-9609-8100-400-70- -801 Legal Exp, Measure J SerA									

selection Filtered by User Permissions, (Org = 18, Online/Offline = N, Fiscal Year = 2012, Start Date = 11/1/2011, End Date = 12/31/2011, Unposted JEs? = N, Assets and Liabilities? = N, Restricted? = Y, Fund = 21, Object = 1000-8999, Obj Digits = 0, Page Break Lvl = )

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Detail for Dates 11/01/2011 to 12/31/2011									Fiscal Year 2011/12	
Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance	
<b>Option 801 - A) School Const (continued)</b>										
210-5845-9110-9609-8100-400-70- -801 Legal Exp, Measure J SerA										
			Balance Forward	11/01/11	36,000.00	36,000.00			36,000.00	
DP12-00015	Kingsley Bogard	EN12-01165	Invoice 21367d	11/01/11			2,242.70		33,757.30	
DP12-00016	Kingsley Bogard	EN12-01166	Professional Services	11/01/11			6,585.78		27,171.52	
DP12-00015	Kingsley Bogard	EN12-01178	Invoice 21367d	11/02/11			2,242.70-		29,414.22	
DP12-00016	Kingsley Bogard	EN12-01179	Professional Services	11/02/11			6,585.78-		36,000.00	
DP12-00015	Kingsley Bogard	EX12-01125	Invoice 21367d	11/02/11				2,242.70	33,757.30	
DP12-00016	Kingsley Bogard	EX12-01126	Professional Services	11/02/11				6,585.78	27,171.52	
DP12-00019	Kingsley Bogard	EN12-01395	Professional Services	11/22/11			17,524.30		9,647.22	
DP12-00019	Kingsley Bogard	EN12-01401	Professional Services	11/28/11			17,524.30-		27,171.52	
DP12-00019	Kingsley Bogard	EX12-01390	Professional Services	11/28/11				17,524.30	9,647.22	
			Account Total	12/31/11	36,000.00	36,000.00	.00	26,352.78		
210-6220-9110-9203-8500-400-70- -801 DSA Fees, Measure J SerA,										
			Balance Forward	11/01/11	100,000.00	100,000.00			100,000.00	
210-6230-9110-9203-8500-400-70- -801 CDE Fees, Measure J SerA,										
			Balance Forward	11/01/11	60,000.00	60,000.00			60,000.00	
210-6240-9110-9204-8500-400-70- -801 Preliminar, Measure J Ser										
			Balance Forward	11/01/11	100,000.00	100,000.00			100,000.00	
210-6250-9110-9203-8500-400-70- -801 OtherCostP, Measure J Ser										
			Balance Forward	11/01/11	120,000.00	120,000.00			120,000.00	
210-6297-9110-9223-8500-400-70- -801 Contingency, Measure J S										
			Balance Forward	11/01/11	600,000.00	600,000.00			600,000.00	
210-6298-9110-9225-8100-400-70- -801 Reserve, Measure J SerA,										
			Balance Forward	11/01/11		6,258.00			6,258.00	
	BT12-00027		Correct function code	11/29/11		6,258.00-			.00	
			Account Total	12/31/11	.00	.00	.00	.00		
210-6298-9110-9225-8500-400-70- -801 Reserve, Measure J SerA,										
	BT12-00027		Correct function code	11/29/11		6,258.00			6,258.00	
			<b>Total for Option 801, and Expense accounts</b>		<b>1,796,000.00</b>	<b>1,802,258.00</b>	<b>201,571.45</b>	<b>235,448.11</b>	<b>1,365,238.44</b>	
<b>Option 802 - B) Replace Dist</b>										
210-5825-9110-9205-8100-400-70- -802 Consultant, Measure J Ser										
			Balance Forward	11/01/11	45,000.00	45,000.00			45,000.00	
210-5830-9110-9204-8100-400-70- -802 Contracted, Measure J Ser										
			Balance Forward	11/01/11	45,000.00	45,000.00			45,000.00	
210-6210-9110-9202-8500-400-70- -802 Architect, Measure J SerA										
selection	Filtered by User Permissions, (Org = 18, Online/Offline = N, Fiscal Year = 2012, Start Date = 11/1/2011, End Date = 12/31/2011, Unposted JEs? = N, Assets and Liabilities? = N, Restricted? = Y, Fund = 21, Object = 1000-8999, Obj Digits = 0, Page Break Lvl = )								ESCAPE	ONLINE
									Page 5 of 7	

Detail for Dates 11/01/2011 to 12/31/2011									Fiscal Year 2011/12
Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
<b>Option 802 - B) Replace Dist (continued)</b>									
210-6210-9110-9202-8500-400-70- -802 Architect, Measure J SerA (continued)									
			Balance Forward	11/01/11	1,810,000.00	1,810,000.00	183,550.00	158,300.00	1,468,150.00
P12-00168	MKTHINK	EN12-01302	ECCL/Addendum #4 to Agrmnt for	11/09/11			173,550.00-		1,641,700.00
P12-00168	MKTHINK	EX12-01304	ECCL/Addendum #4 to Agrmnt for	11/09/11				173,550.00	1,468,150.00
			Account Total	12/31/11	1,810,000.00	1,810,000.00	10,000.00	331,850.00	
210-6210-9110-9205-8500-400-70- -802 Architect, Measure J SerA									
			Balance Forward	11/01/11	300,000.00	300,000.00			300,000.00
<b>Total for Option 802, and Expense accounts</b>					<b>2,200,000.00</b>	<b>2,200,000.00</b>	<b>10,000.00</b>	<b>331,850.00</b>	<b>1,858,150.00</b>
<b>Option 805 - E) Tech Upgrade</b>									
210-4315-9110-9307-8100-400-55- -805 Comp Softw, Measure J Ser									
			Balance Forward	11/01/11		14,483.00	581.24	3,674.76	10,227.00
P12-00219	HOUGHTON MIFLIN H/	EN12-01240	Fuse Geometry software for iPads	11/04/11			561.00-		10,788.00
P12-00219	HOUGHTON MIFLIN H/	EX12-01187	Fuse Geometry software for iPads	11/04/11				499.90	10,288.10
P12-00219	HOUGHTON MIFLIN H/	EX12-01226	Fuse Geometry software for iPads	11/04/11				499.90-	10,788.00
P12-00219	HOUGHTON MIFLIN H/	EX12-01277	Fuse Geometry software for iPads	11/04/11				499.90	10,288.10
P12-00155	US Bank	C EN12-01352	Software for iPads through iTunes	11/18/11			5.01-		10,293.11
P12-00155	US Bank	C EN12-01353	Software for iPads through iTunes	11/18/11			5.01-		10,298.12
P12-00155	US Bank	C EX12-01341	Software for iPads through iTunes	11/18/11				5.01	10,293.11
P12-00155	US Bank	C EX12-01342	Software for iPads through iTunes	11/18/11				5.01	10,288.10
			Account Total	12/31/11	.00	14,483.00	10.22	4,184.68	
210-4415-9110-9307-8100-100-55- -805 Comp Equip, Measure J Ser									
			Balance Forward	11/01/11					.00
210-4415-9110-9307-8100-400-55- -805 Comp Equip, Measure J Ser									
			Balance Forward	11/01/11					.00
<b>Total for Option 805, and Expense accounts</b>					<b>.00</b>	<b>14,483.00</b>	<b>10.22</b>	<b>4,184.68</b>	<b>10,288.10</b>
<b>Option 808 - H) Interim Hous</b>									
210-4400-9110-9306-8100-100-56- -808 NonCap Eq, Measure J SerA									
			Balance Forward	11/01/11		13,000.00			13,000.00
210-4415-9110-9306-8100-100-55- -808 Comp Equip, Measure J Ser									
			Balance Forward	11/01/11		33,000.00		28,479.95	4,520.05
210-4415-9110-9306-8100-400-55- -808 Comp Equip, Measure J Ser									
			Balance Forward	11/01/11		20,478.00	7,451.20	16,805.19	3,778.39-
210-5650-9110-9306-8100-400-70- -808 Interim Housing, Measure									
			Balance Forward	11/01/11	670,000.00	670,000.00			670,000.00

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Detail for Dates 11/01/2011 to 12/31/2011									Fiscal Year 2011/12
Ref#	Pay To Name	Journal #	Description	Trans Dt	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
<b>Option 808 - H) Interim Hous (continued)</b>									
210-5830-9110-9306-8100-300-56- -808 Contracted, Measure J Ser									
			Balance Forward	11/01/11		23,760.00	500.00	9,972.22	13,287.78
R12-00333	TSA Structural Engineer	EN12-01441	ECCL/EUSD Fire Sprinkler Inspec	12/01/11			380.63		12,907.15
R12-00340	TSA Structural Engineer	EN12-01455	ECCL/Review of ESS Sprinkler Sy	12/06/11			450.00		12,457.15
R12-00340	TSA Structural Engineer	EN12-01456	ECCL/Review of ESS Sprinkler Sy	12/06/11			450.00-		12,907.15
R12-00340	TSA Structural Engineer	EN12-01457	ECCL/Review of ESS Sprinkler Sy	12/06/11			450.00		12,457.15
R12-00343	John Michael Tribble	EN12-01461	ECCL/EUSD Final DSA Close-Out	12/06/11			190.00		12,267.15
			Account Total	12/31/11	.00	23,760.00	1,520.63	9,972.22	
<b>Total for Option 808, and Expense accounts</b>					<b>670,000.00</b>	<b>760,238.00</b>	<b>8,971.83</b>	<b>55,257.36</b>	<b>696,008.81</b>
<b>Option 810 - J) Site Prepar</b>									
210-6140-9110-9104-8500-400-70- -810 Surveying, Measure J SerA									
			Balance Forward	11/01/11	50,000.00	50,000.00			50,000.00
210-6157-9110-9104-8500-400-70- -810 Environmen, Measure J Ser									
			Balance Forward	11/01/11	200,000.00	200,000.00			200,000.00
<b>Total for Option 810, and Expense accounts</b>					<b>250,000.00</b>	<b>250,000.00</b>	<b>.00</b>	<b>.00</b>	<b>250,000.00</b>
<b>Total for Org 018-Emery Unified School District</b>									
		<b>Starting Balance</b>	<b>+ Revenues</b>	<b>- Encumbrances</b>	<b>- Expenditures</b>	<b>= Calculated Ending Balance</b>			
<b>Budgeted</b>			<b>156,303.00</b>		<b>5,101,979.00</b>	<b>4,945,676.00-</b>			
<b>Actual</b>			<b>15,007,024.84</b>	<b>220,553.50</b>	<b>936,660.98</b>	<b>13,849,810.36</b>			



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

January 11, 2012

Emery Unified School District  
4727 San Pablo Avenue  
Emeryville, CA 94608

We are pleased to confirm our understanding of the services we are to provide Emery Unified School District. We will perform the required annual financial audit of the proceeds from the sale of the bonds and the required performance audit to ensure that the funds have been expended only on the specific projects listed for the period beginning July 1, 2010 and ending June 30, 2011 in accordance with the compliance requirements of Section 1 of Article XIII A of the California Constitution.

#### **Financial Audit**

We will audit the financial statements of the Building (Measure J) Fund of Emery Unified School District for the one year period beginning July 1, 2010 and ending June 30, 2011. The financial statements will present only the Building (Measure J) Fund and will not purport to, and will not be intended to present fairly the financial position and results of operations of the Emery Unified School District in conformity with accounting principles generally accepted in the United States of America.

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether the Building (Measure J) Fund financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Emery Unified School District and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Emery Unified School District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Management Responsibilities**

Management is responsible for the Building (Measure J) Fund financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the Emery Unified School District, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

## **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

## **Audit Procedures - Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

## **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Emery Unified School District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

## **Performance Audit**

The purpose of the Performance Audit is to meet the Proposition 39 requirement for the Measure J Bond proceeds to ensure compliance with Section 1 of Article 13A of the California Constitution. This includes that the Proposition 39 Bond proceeds are expended only on the specific projects listed in the bond language approved by the voters and no Bond proceeds are being spent on administrative salaries or any other expenses that would otherwise be the obligation of the District's General Fund. The Performance Audit will be conducted in accordance with Generally Accepted Government Auditing Standards.

Our procedures for the Performance Audit will be as follows:

- Procure a detail of the accounting for the expenditures of the Measure J bonds.
- Review the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other school operating expenses.
- From a sample of construction expenditures from the detailed accounting of expenditures, review expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. We will select all materially significant expenditures and at least 25 percent of the total expenditures for the year. Expenditures from all projects will be included in the sample.

## **Engagement Administration, Fees, and Other**

The audit documentation for this engagement is the property of Vavrinek, Trine, Day & Co., LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to third parties for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Vavrinek, Trine, Day & Co., LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California Department of Education, the California State Controller, or during any pending board investigation, disciplinary action, or legal action involving the licensee or the licensee's firm.

Terri A. Montgomery is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for the Financial Audit and Performance Audit services will be \$2,000 for the financial audit and \$1,500 for the performance audit for the period ending June 30, 2011. In addition to such payments for personal services, auditors may be reimbursed for such travel as may be necessary, with mileage computed at the approved Internal Revenue Service rate per mile. However, no additional costs are anticipated at this time. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to litigation. The costs of any mediation proceedings shall be shared equally by all parties. The District and Auditors both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration will be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF DISPUTE OVER FEES, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

Vavrinek, Trine, Day & Co., LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business and Professions Code. It is not anticipated that any of the non- licensee owners will be performing audit services for the agency.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2008 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Emery Unified School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Terri A. Montgomery  
of Vavrinek, Trine, Day & Co., LLP

RESPONSE:

This letter correctly sets forth the understanding of Emery Unified School District.

By:

Title:

Date:



To the Governing Board  
and the Citizen's Oversight Committee  
of the Emery Unified School District

We have audited the financial statements of the of Emery Unified School District Measure J bond building fund for the year ended June 30, 2011, and have issued our report thereon dated \_\_\_\_\_, 2012. Professional standards require that we provide you with the following information related to our audit.

*Our Responsibility under U.S. Generally Accepted Auditing Standards*

As stated in our engagement letter dated November 18, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Planned Scope and Timing of the Audit*

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Emery Unified School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were noted.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated [REDACTED].

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Governing Board, Oversight Committee, and management of Emery Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California  
[REDACTED], 2012



**EMERY UNIFIED SCHOOL DISTRICT**

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**MEASURE J**  
**2010 GENERAL OBLIGATION BONDS**  
*AUDIT REPORT*

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**JUNE 30, 2011**

**EMERY UNIFIED SCHOOL DISTRICT**

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**MEASURE J**  
**2010 GENERAL OBLIGATION BONDS**  
*FINANCIAL AUDIT*

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**JUNE 30, 2011**

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND -MEASURE J**

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JUNE 30, 2011**

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***INDEPENDENT AUDITORS' REPORT***

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## INDEPENDENT AUDITORS' REPORT

Governing Board and  
Citizens Oversight Committee  
Emery Unified School District  
Emeryville, California

We have audited the accompanying financial statements of the Emery Unified School District (the District), Building Fund Measure J, as of and for the year ended June 30, 2011, as listed in the table of contents. 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 applicable to financial audits contained in *Government 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 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 opinion.

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure J and are not intended to present fairly the financial position and results of operations of Emery Unified School District in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 54 for the year ended June 30, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund Measure J of the Emery Unified School District at June 30, 2011, and the results of its operations for the year 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 [REDACTED], 2011, on our consideration of the District Building Fund's Measure J internal control over 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 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 conjunction with this report in considering the results of our audit.

Vaurinek, Ture, Day & Co LLP

Pleasanton, California  
[REDACTED], 2011

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**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**BALANCE SHEET  
JUNE 30, 2011**

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**ASSETS**

Cash and investments	\$ 24,503,141
Accounts receivable	19,550
<b>Total Assets</b>	<u><u>\$ 24,522,691</u></u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$ 142,543
<b>Total Liabilities</b>	<u>142,543</u>

**FUND BALANCES**

Restricted	24,380,148
<b>Total Fund Balances</b>	<u>24,380,148</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 24,522,691</u></u>

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The accompanying notes are an integral part of these financial statements.

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND -MEASURE J**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

**REVENUES**

Interest income	\$ 16,050
<b>Total Revenues</b>	<u>16,050</u>

**EXPENDITURES**

Current expenditures	
Salaries and benefits	504,849
Books and supplies	117,723
Services and operating expenditures	27,558
<b>Total Expenditures</b>	<u>650,130</u>

**DEFICIENCY OF REVENUES OVER EXPENDITURES** (634,080)

**Other Financing Sources:**

Other sources - proceeds from bond issuance	25,499,600
Other uses - issuance costs	(490,213)
<b>Net Financing Sources</b>	<u>25,009,387</u>

**NET CHANGE IN FUND BALANCES** 24,375,307

**FUND BALANCE - BEGINNING** 4,841

**FUND BALANCE - ENDING** \$ 24,380,148



The accompanying notes are an integral part of these financial statements.

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the Emery Unified School District Building Fund Measure J 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. The Emery Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

**Financial Reporting Entity**

The financial statements include only the Building Fund of the Emery Unified School District used to account for Measure J projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2010. These financial statements are not intended to present fairly the financial position and results of operations of the Emery Unified School District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.



**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

**Fund Balances - Governmental Funds**

As of June 30, 2011, fund balances of the governmental funds are classified as follows:

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Spending Order**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**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/expenses during the reporting period. Actual results could differ from those estimates.

**Changes in Accounting Principles**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance

# EMERY UNIFIED SCHOOL DISTRICT BUILDING FUND - MEASURE J

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

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classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The District has implemented the provisions of this statement for the year ended June 30, 2011.

### **New Accounting Pronouncements**

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**NOTE 2 - INVESTMENTS**

**Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Investment in the State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**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 is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and LAIF. The District maintains a building fund investment of \$4,503,121 with the Alameda County Investment Pool. The fair value of this investment is approximately \$4,503,355 with an average maturity of 520 days. In addition, the District maintains a building fund investment of \$20,000,020 with LAIF. The fair value of deposits for LAIF is \$20,031,549 with an average maturity of 237 days.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011, consisted of the following:

Interest	\$ 16,022
Other local sources	3,528
	<u>\$ 19,550</u>

**NOTE 4 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2011, consisted of the following:

Vendor Payable	<u>\$ 142,543</u>
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**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2011.

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***INDEPENDENT AUDITORS' REPORT***

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**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***

Governing Board and  
Citizens Oversight Committee  
Emery Unified School District  
Emeryville, California

We have audited the accompanying financial statements of the Emery Unified School District (the District) Building Fund Measure J, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 13, 2011. 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 Emery Unified School District's internal control over financial reporting 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 Emery Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Emery Unified School 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 entity'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 Emery Unified School District's Building Fund Measure J 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 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 governing board, management, and the Measure J Citizen Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Ture, Day & Co LLP

Pleasanton, California

, 2011

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***



**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND -MEASURE J**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

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None reported.

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**EMERY UNIFIED SCHOOL DISTRICT**

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**MEASURE J**  
**2010 GENERAL OBLIGATION BONDS**  
*PERFORMANCE AUDIT*

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**JUNE 30, 2011**

**EMERY UNIFIED SCHOOL DISTRICT  
MEASURE J  
2010 GENERAL OBLIGATION BONDS**

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## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and  
Citizens Oversight Committee  
Emery Unified School District  
Emeryville, California

We were engaged to conduct a performance audit of the Emery Unified School District (the District), Measure J, 2010 General Obligation Bond funds for the year ended June 30, 2011.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure J, 2010 General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co LLP*

Pleasanton, California  
[REDACTED], 2011

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**JUNE 30, 2011**

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***AUTHORITY FOR ISSUANCE***

The Measure J Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on February 28, 2011.

The District received authorization at an election held on November 2, 2010, to issue bonds of the District in an aggregate principal amount not to exceed \$95,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2010 Authorization). The Bonds represent the first series of the authorized bonds to be issued under the 2010 Authorization.

***PURPOSE OF ISSUANCE***

The net proceeds of the Bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include replacing/upgrading outdated schools no longer meeting seismic safety standards; providing updated classrooms, technology, science/computer labs, improving school safety, creating energy efficient cost-saving facilities that provide job training, after-school, pre-school, and other community services.

“ maintain academic excellence/student performance, attract and retain quality teachers by: replacing/upgrading outdated schools no longer meeting seismic safety standards; provide updated classrooms; technology, science/computer labs; improve school safety; create energy efficient cost-saving facilities that provide job training, after school, pre-school, and other community services by issuing \$95 million dollars in bonds at legal rates with citizens oversight, audits, and NO money for administrators salaries, benefits or pensions.”

***AUTHORITY FOR THE AUDIT***

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen's oversight committee.

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**JUNE 30, 2011**

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4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Measure J Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure J.
2. Determine whether salary transactions, charged to the Measure J Building Fund were in support of Measure J and not for District general administration or operations.

***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2010 to June 30, 2011. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2011 were not reviewed or included within the scope of our audit or in this report.

***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2011 for the Building Fund (Measure J). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure J as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2010 and ending June 30, 2011, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$990,214. This represents 87 percent of the total expenditures of \$1,140,342, including expenditures related to transferred funds.
3. We verified that funds from the Measure J Building Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Measure J Building Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND - MEASURE J**

**JUNE 30, 2011**

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***CONCLUSION***

The results of our tests indicated that, in all significant respects, the Emery Unified School District has properly accounted for the expenditures held in the Measure J Building Fund and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Measure J Building Fund, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

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**EMERY UNIFIED SCHOOL DISTRICT  
BUILDING FUND -MEASURE J**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

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None reported.

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