



Lake Tahoe Unified School District
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CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)

REGULAR MEETING MINUTES

Wednesday, January 16, 2013 at 6:00 PM

CBOC Members	LTUSD Staff Members Present	Consultants Present	Guests Present
Patrick Martin Jody Boles Joy Curry Ginger Nicolay-Davis Kelly Lancelotti Casey Blann	Ami Chilton Deb Yates Dr. James Tarwater Lia Story		Tracy Thomas-Smith Dave Norton

1. Call to Order

Dr. Martin called the meeting to order at 6:05 pm.

2. Pledge of Allegiance

Dr. Martin led the committee and guests in the Pledge of Allegiance.

3. Introductions

Debra Yates informed the committee and guests that Linda Jordan, Bond Finance Program Manager, left the District to take a CFO position in Napa. She has been replaced by Ami Chilton. Debra states that we are blessed to have Ami come to us with tremendous school construction experience.

4. Communications From The Public

There were no communications from the public.

5. Approve Meeting Minutes from June 27, 2012 and September 19, 2012

Joy Curry made a motion to approve the minutes as submitted. Casey Blann seconded the motion. It was unanimously approved.

6. Recognize Outgoing Members

Dr. Martin and members gave passionate statements as to how they feel about the District, the construction and this committee. Dr. Martin stated out by stating that it has been a pleasure working with everyone. The District has done an impressive job putting all this together and it should be a model of how things should move forward. He also stated that this is an incredible school system that is flowering and everyone should be proud. Casey Blann stated that this is a well-oiled machine and gave kudos to Dr. Tarwater and Steve Morales for the foresight in planning. Joy Curry stated that she is thoroughly impressed and that this school district is what will make the economy grow. Ginger Nicolay-Davis shared that she had given a tour of the high school the week prior and the family decided to move to Tahoe based on that tour. Debra Yates said it has been an incredible pleasure working with this Board. Dr. Tarwater closed out comments by stating that the hardest job now will be Proposition 30, more staff development and doing more PR to bring families to Lake Tahoe.

7. Review Measure G Projects, Budgets and Expenditure Reports

The budget total is down \$1000.00. This is due to interest earnings going up and the discovery of old bond money. There have been some non-measure G expenditures which will be coded to the old bond money. The STHS performing arts and the STMS new wing and modernization projects are closing out. The STHS performing arts actual project costs are down which is increasing ending fund balance. In regards to projects, professional services agreements and project designs for the warehouse and LTESMS are being looked into. The budget for the warehouse is \$200,000. Other upcoming projects and plans include new paint at Tahoe Valley and additional changes to windows, floors, and tech equipment at STMS. The additions at STMS were already in scope and budget. LTESMS project is mid-way through the planning stage, but plan on having the project completed by start of 2013-14 school year. All pending projects are expected to be completed by the start of school.

8. LTUSD Board Updates

The committee was presented with the LTUSD School Board updates on the LTESMS modernization project, notices of completion of the STHS student union building and STMS classroom wing and modernization. Items were discussed in detail during item 7 of the agenda.

9. LTUSD Awards

The committee was informed of the recent construction awards won by LTUSD:

- **California's Coalition for Adequate School House (C.A.S.H Award)**
C.A.S.H and the American Institute of Architects gave the Tahoe Arts & Design Academy an "Award of Honor" in the Modernization /Reconstruction category of the 2013 C.A.S.H. / AIACC Leroy F. Green Design + Planning Awards Program.
- **OPSC School of the Month – SOUTH TAHOE HIGH SCHOOL!**
The Office of Public School Construction announced that South Tahoe High School is the School of the Month for December 2012.

10. Discuss Future of Committee Meetings

March 13, 2013; June 19, 2013; October 23, 2013; and January 15, 2014 were proposed as future meeting dates for 2013. Ginger Nicolay-Davis made a motion to approve the dates as proposed. Jody Boles seconded the motion. It was unanimously approved.

11. Next Meeting

The next CBOC meeting will be held on March 13, 2013 at 6:00 pm with a location to be determined.

12. Adjourn

Dr. Martin adjourned the meeting at 7:04 pm.

MEASURES G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2012

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MEASURES G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
INTRODUCTION
JUNE 30, 2012

Lake Tahoe Unified School District (the "District") consists of six schools, which include four elementary schools (K-5), one middle school and one high school. The District also offered the following programs: Mount Tallac Continuation, a Transitional Learning Center, Independent Learning Academy and Central Sierra ROP.

On November 5, 2008, the voters of the Lake Tahoe Unified School District approved, by more than 55%, Measure G, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$64,500,000. During the 2008-2009 fiscal year, the District approved the sale of \$29,996,058 of general obligation bonds. During 2009-2010, the District sold its second series of bonds under this authorization in an aggregate principal amount of \$17,742,196. During 2011-2012, the District sold its third series of bonds under this authorization in an aggregate principal amount of \$17,148,072.

The total outstanding bond indebtedness as of June 30, 2012 is \$64,152,310 plus \$4,341,024 in accreted interest.

Measure G bonds are Proposition 39 bonds, issued by the Lake Tahoe Unified School District. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon the passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond proposition pursuant to the 55% majority authorized in Proposition 39 including the formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
P U B L I C
A C C O U N T A N T S

JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA
SUZY H. BRIGHT, CPA
RICHARD J. GOODELL, CPA
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education and
Measure G Citizen's Bond Oversight Committee
Lake Tahoe Unified School District
South Lake Tahoe, California

We have audited the accompanying balance sheet of the Measure G Bond Building Fund of Lake Tahoe Unified School District (the "District") as of June 30, 2012 and the related statement of revenues, expenditures and changes in fund balance for the year then ended. 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 the financial activity for Measure G reported in the District's Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure G Bond Building Fund of Lake Tahoe Unified School District as of June 30, 2012, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Board of Education and
Measure G Citizen's Bond Oversight Committee
Lake Tahoe Unified School District
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2013 on our consideration of the Measure G Bond Building Fund of Lake Tahoe Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 22, 2013

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2012

ASSETS

Cash in County Treasury (Note 2)	\$ 23,464,756
Accounts Receivable	<u>6,507</u>
Total Assets	<u>\$ 23,471,263</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	<u>\$ 101,519</u>
Total Liabilities	<u>101,519</u>
Fund Balance	
Assigned for Measure G Bond Project Costs	<u>23,369,744</u>
Total Liabilities and Fund Balance	<u>\$ 23,471,263</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

<u>REVENUES</u>	
Other Local Revenues	\$ 800
Interest Earnings	37,609
	38,409
Total Revenues	38,409
<u>EXPENDITURES</u>	
Classified Salaries	92,313
Employee Benefits	29,488
Supplies and Materials	149,614
Contract Services	55,813
Capital Outlay	12,449,299
Other Outgo	7,637
	12,784,164
Total Expenditures (Note 3)	12,784,164
Excess of Revenues Over (Under) Expenditures	(12,745,755)
Other Financing Sources (Uses)	
Transfers to Other Funds (Note 4)	(65,326)
Principal Amount of Series 2012 Bonds	16,756,934
Cost of Issuance	(325,812)
Net Original Issue Premium	391,138
	16,756,934
Total Other Financing Sources	16,756,934
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,011,179
Fund Balance, July 1, 2011	19,358,565
Fund Balance, June 30, 2012	\$ 23,369,744

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

The Lake Tahoe Unified School District is located in South Lake Tahoe, California in El Dorado County. The District operates six schools which includes four elementary schools (K-5), one middle school (6-8) and one high school (9-12). The District also offers the following programs: Mount Tallac Continuation, a Transitional Learning Center, Independent Learning Academy and Central Sierra Regional Occupational Program.

On November 5, 2008, the voters of the District authorized the issuance and sale of general obligation bonds (Measure G) not to exceed \$64,500,000.

As described in Note 5, bonds were issued in 2008-2009, 2009-2010 and 2011-2012 to provide safe, secure local schools by replacing outdated portables, electrical, emergency and lighting systems, aging plumbing/restrooms; improving classrooms, technology and elementary school libraries; creating new career and technology education classrooms; upgrading physical education and athletic facilities; and qualifying for \$15.4 million in state matching funds.

An advisory committee to the District's Governing Board and Superintendent, called the Measure G Citizens' Bond Oversight Committee was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, reviewing project plans and budgets, and ensuring compliance with the conditions of Measure G.

The statements presented are for the individual Measure G Bond Building Fund and are not intended to be a complete presentation of the District's financial position on operations.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (Concluded)

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

E. Assets, Liabilities and Equity

1. Deposits and Investments

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investments losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Concluded)

1. Deposits and Investments (Concluded)

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

F. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

G. Implementation of New Accounting Standard

The District changed policies related to components of fund balance by adopting statements of Governmental Accounting Standards (GASB Statement) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2010-2011.

NOTE 2 - CASH AND INVESTMENTS

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash with the County Treasury as part of the common investment pool, (\$414,357,934 as of June 30, 2012). The fair market value of this pool as of that date, as provided by the pool sponsor, was \$414,792,267. The county is restricted by Government code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organization (NRSRO's).

At June 30, 2012 the District credit risks are as follows:

<u>Credit Quality Distributions for Securities with Credit Exposure</u>		
<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>S & P's Rating</u>
Cash in County Treasury	Not Rated	Not Rated

At June 30, 2012 the District had the following investment maturities:

<u>Investment Type</u>	Fair	<u>Investment Maturities (in years)</u>		
	<u>Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 or more</u>
Cash in County Treasury	<u>\$ 23,489,352</u>	<u>\$ 19,867,294</u>	<u>\$ 1,505,667</u>	<u>\$ 2,116,391</u>

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 - CAPITAL PROJECTS

All expenditures for capital projects are capitalized in the Statement of Net Assets in the Entity-Wide financial statements of the District. Expenditures are not capitalized in the individual funds of the District. Expenditures shown as capital projects in these financial statements consist of:

Construction	\$10,150,503
Salaries and Benefits	121,801
Equipment	553,364
Architect/Engineering Fees	639,867
Other Costs - Building/Construction	440,510
Professional/Consulting Services	54,949
Hazardous Waste Removal	149,310
Inspection	252,222
Construction Tests	315,401
Site Support Costs	41,446
DSA and SDE Plan Check Fees	30,866
Interim Housing	7,462
Travel and Conference	864
Labor Compliance Program	<u>25,599</u>
 Total Capital Projects	 <u>\$ 12,784,164</u>

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Transfers

Transferred \$65,326 from the Building Fund to the Bond Interest and Redemption Fund for repayment of District bonds, interest and related costs.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - MEASURE G GENERAL OBLIGATION BONDS

On November 5, 2008, the voters of the Lake Tahoe Unified School District approved, by more than 55%, Measure M, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$64,500,000. During the 2008-2009 fiscal year, the District approved the sale of \$29,996,058 of general obligation bonds. During 2009-2010, the District sold its second series of bonds under this authorization in an aggregate principal amount of \$17,742,196. During 2011-2012, the District sold its third series of bonds under this authorization in an aggregate principal amount of \$17,148,072. The total outstanding bond indebtedness as of June 30, 2012 is \$64,152,310 plus \$4,341,024 in accreted interest.

The outstanding Measure G general obligation bonded debt at June 30, 2012 is:

General Obligation Bonds

Series	Maturity Date	Interest Rate %	Amount of Original Issue	Outstanding July 1, 2011	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2012
2009	2029	4.46-5.51	\$ 24,140,000	\$ 24,140,000			\$ 24,140,000
2009	2033	2.87-6.86	5,856,058	5,856,058		\$ 307,878	5,548,180
2010	2045	0.74-5.04	3,855,000	3,855,000		35,000	3,820,000
2010	2034	5.18-6.28	13,887,196	13,887,196			13,887,196
2012	2045	4.08-4.15	13,025,000	0	\$ 13,025,000		13,025,000
2012	2040	1.37-5.30	3,731,934	0	3,731,934		3,731,934
Totals			<u>\$ 64,495,188</u>	<u>\$ 47,738,254</u>	<u>\$ 16,756,934</u>	<u>\$ 342,878</u>	<u>\$ 64,152,310</u>

Accreted Interest

Series	Maturity Date	Interest Rate %	Outstanding July 1, 2011	Accretion Current Year	Payments Current Year	Outstanding June 30, 2012
2009	2033	2.87-6.86	\$ 1,317,906	\$ 508,331	\$ 57,123	\$ 1,769,114
2010	2034	5.18-6.28	1,547,962	1,023,948		2,571,910
Totals			<u>\$ 2,865,868</u>	<u>\$ 1,532,279</u>	<u>\$ 57,123</u>	<u>\$ 4,341,024</u>

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - MEASURE G GENERAL OBLIGATION BONDS (CONCLUDED)

Repayment of the bonds will be funded by a separate property tax override levied on property residing within the District boundaries. Property tax revenues will be recorded in a separate Bond Interest and Redemption Fund. The required debt service payments on the bonds will be disbursed from the Bond Interest and Redemption Fund as well. This Bond and Redemption Fund maintained by the El Dorado County Controller's Office and recorded in the District's Debt Service funds is not included in these financial statements. General school district revenues will not be required to fund the debt service on the bonds.

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30	Principal	Interest	Total
2013	\$ 385,597	\$ 1,794,244	\$ 2,179,841
2014	413,529	2,100,762	2,514,291
2015	470,111	2,092,901	2,563,012
2016	550,488	2,144,525	2,695,013
2017	628,870	2,201,117	2,829,987
2018-2022	5,541,874	10,799,091	16,340,965
2023-2027	11,790,618	9,041,037	20,831,655
2028-2032	13,349,600	13,114,618	26,464,218
2033-2037	5,001,733	30,629,974	35,631,707
2038-2042	9,686,583	33,092,410	42,778,993
2043-2046	16,333,307	25,232,023	41,565,330
Totals	<u>\$ 64,152,310</u>	<u>\$ 132,242,702</u>	<u>\$ 196,395,012</u>

NOTE 6 - CONSTRUCTION COMMITMENTS

As of June 30, 2012, the Measure G Bond Building Fund had \$19,856,760 in contracts for construction of new classrooms, roof repairs and land improvements that remain encumbered and not yet paid.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 22, 2013, the date on which the financial statements were available to be issued.

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
P U B L I C
A C C O U N T A N T S

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education and
Measure G Citizen's Bond Oversight Committee
Lake Tahoe Unified School District
South Lake Tahoe, California

We have audited the financial statements of the Measure G Bond Building Fund of Lake Tahoe Unified School District (the "District") as of and for the year ended June 30, 2012 and have issued our report thereon dated March 22, 2013. 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 Measure G Bond Building Fund of Lake Tahoe 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 Measure G Bond Building Fund of Lake Tahoe Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Measure G Bond Building Fund of Lake Tahoe 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 a 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.

Board of Education and
Measure G Citizen's Bond Oversight Committee
Lake Tahoe Unified School District
South Lake Tahoe, California

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 Measure G Bond Building Fund of Lake Tahoe Unified School District's 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 Measure G Citizen's Oversight Committee, District Board, management and taxpayers of Lake Tahoe Unified School District and is not intended to be and should not be used by anyone other than the specified parties.


GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 22, 2013

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
P U B L I C
A C C O U N T A N T S

JOHN L. GOODELL, CPA
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RICHARD J. GOODELL, CPA
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Board of Education and
Measure G Citizen's Bond Oversight Committee
Lake Tahoe Unified School District
South Lake Tahoe, California

We were engaged to conduct a performance audit of the Lake Tahoe Unified School District Measure G Bond Building Fund for the year ended June 30, 2012.

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 conclusions based on our audit objectives.

Our audit was limited to the objectives listed with the report which includes 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 Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund'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 G 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.

Arthur M. Porter, Sanchez & Bright, LLP
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 22, 2013

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2012

OBJECTIVES OF THE AUDIT

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

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2011 to June 30, 2012. The population of expenditures tested included all object and project codes associated with 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, 2012 were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the project expenditure reports prepared by the District for the fiscal year ended June 30, 2012 for the Measure G Bond Fund. 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 G 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, 2011 and ending June 30, 2012, 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 \$6.4 million. This represents 49 percent of the total expenditures of \$13,175,302 including expenditures related to transferred funds.
3. We verified that funds from the Measure G Bond 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 G Bond 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.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2012

CONCLUSION

The results of our tests indicated that, in all significant respects, the Lake Tahoe Unified School District has properly accounted for the expenditures in the Measure G Bond Fund and that such expenditures were made for authorized Bond projects.

MEASURE G BOND BUILDING FUND OF
LAKE TAHOE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2012

As stated in our 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, and in our Independent Auditor's Report on Performance, our tests resulted in no findings and recommendations related to the audit of the Measure G Bond Building Fund for the year ended June 30, 2012.