

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E
GENERAL OBLIGATION BOND FUND
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2013

EAST SIDE UNION HIGH SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Governing Board and
Citizens Oversight Committee
East Side Union High School District
San Jose, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the East Side Union High School District's (the District), 2008 Measure E General Obligation Bond Fund (the Fund), as of and for the year ended June 30, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting 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.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Fund as of June 30, 2013, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund specific to the 2008 Measure E Bond, and are not intended to present fairly the financial position and results of operations of the East Side Union High School District in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Fund's 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 with the results of our audit.



Palo Alto, California
December 2, 2013

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
BALANCE SHEET
JUNE 30, 2013**

ASSETS

Deposits and investments	\$ 100,332,304
Interest receivable	<u>148,632</u>
Total Assets	<u>\$ 100,480,936</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Vendor payable	\$ 2,944,902
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FUND BALANCE

Restricted for capital projects	<u>97,536,034</u>
Total Liabilities and Fund Balance	<u>\$ 100,480,936</u>

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

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

REVENUES

Investment income	\$ 748,620
All other local income	78
Total Revenues	<u>748,698</u>

EXPENDITURES

Current Expenditures	
Classified salaries	872,692
Employees benefits	376,994
Supplies	4,273,974
Services and other operating expenses	2,970,559
Capital Outlay	<u>46,722,960</u>
Total Expenditures	<u>55,217,179</u>

EXCESS OF EXPENDITURES OVER REVENUES	(54,468,481)
FUND BALANCE - BEGINNING	<u>152,004,515</u>
FUND BALANCE - ENDING	<u>\$ 97,536,034</u>

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

EAST SIDE UNION HIGH SCHOOL DISTRICT

2008 MEASURE E GENERAL OBLIGATION BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 2008 Measure E General Obligation Bond Fund (the Fund) of the East Side Union High School District (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. The 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 the financial activity of the Fund only. The Fund was established to account for the expenditures of general obligation bonds issued under the 2008 Measure E Election (the Measure). These financial statements are not intended to present the financial position and results of operations of the District as a whole, in conformity with accounting principles generally accepted in the United States of America. The authorized issuance amount of the bonds is \$349,000,000. The first series of bonds, Series A, in the amount of \$50,000,000 were sold on June 12, 2008. The second series of bonds, Series B, in the amount of \$100,000,000, were sold on March 24, 2010. The third series of bonds, Series C, in the amount of \$20,026,088, were sold on July 14, 2011. The fourth series of bonds, Series D, in the amount of \$100,000,000 were sold on April 17, 2012.

Fund Accounting

The operations of the 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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements of the Fund are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Using this measurement focus, only current assets and current liabilities are included in the balance sheet. Long-term debt is not included as a liability of the Fund, but is disclosed separately in the notes to financial statements. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred.

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Fund Balance - Governmental Funds

As of June 30, 2013, fund balance of the Fund is classified as restricted.

Restricted funds can only be spent 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.

NOTE 2 - INVESTMENTS

Policies and Practices

The District alongside with the Fund are 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 alongside with the Fund are 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 fair 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.

	Reported Amount	Fair Value
Deposits with county treasurer	<u>\$ 100,332,304</u>	<u>\$ 100,417,285</u>

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 Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of this investment is approximately \$100,417,285 with an average maturity of 374 days.

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – GENERAL LONG-TERM DEBT

The general obligation bonds of the District, including 2008 Measure E Bonds, are outstanding as follows:

Issue Title	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2012	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2013
Current Interest Bond							
1999 Refunding	2010	3.7%-4.8%	\$ 20,900,000	\$ 1,225,000	\$ -	\$ 1,225,000	\$ -
2003 Refunding	2022	3.0%-4.6%	36,795,000	3,900,000	-	1,905,000	1,995,000
2003 Refunding	2025	2.0%-5.3%	97,160,000	72,505,000	-	2,450,000	70,055,000
2002 Series C	2029	4.0%-5.0%	50,000,000	1,600,000	-	1,600,000	-
2002 Series D	2030	3.5%-5.0%	70,000,000	60,255,000	-	2,250,000	58,005,000
2002 Series F	2036	4.0%-5.0%	50,000,000	45,325,000	-	1,095,000	44,230,000
2006 Refunding	2036	4.0%-5.25%	42,665,000	42,665,000	-	-	42,665,000
2007 Refunding	2020	4.0%-5.0%	11,545,000	10,820,000	-	375,000	10,445,000
2008 Series A	2039	4.0%-5.0%	50,000,000	47,880,000	-	870,000	47,010,000
2002 Series H	2034	5.1%-6.0%	18,000,000	17,650,000	-	225,000	17,425,000
2008 Series B	2040	3.0%-5.0%	100,000,000	98,460,000	-	1,620,000	96,840,000
2010 Refunding	2028	2.0%-5.0%	46,160,000	45,545,000	-	2,175,000	43,370,000
2008 Series C	2026	4.0%	20,026,088	18,905,991	-	939,601	17,966,390
2008 Series D	2043	2.0%-5.0%	100,000,000	100,000,000	-	-	100,000,000
2011 Refunding	2022	3.8%-4.6%	20,135,000	20,085,000	-	90,000	19,995,000
2012 Refunding	2029	2.0%-5.0%	36,735,000	36,735,000	-	-	36,735,000
Sub-Total			<u>770,121,088</u>	<u>623,555,991</u>	<u>-</u>	<u>16,819,601</u>	<u>606,736,390</u>
Capital Appreciation							
1999 Series A	2025	5.3%-6.5%	25,499,993	3,555,000	-	3,555,000	-
2002 Series E	2030	4.2%-5.1%	29,999,529	42,699,534	3,605,134	-	46,304,668
2002 Series G	2032	4.6%-6.9%	19,997,739	25,557,095	1,297,330	-	26,854,425
Sub-Total			<u>75,497,261</u>	<u>71,811,629</u>	<u>4,902,464</u>	<u>3,555,000</u>	<u>73,159,093</u>
Total General Obligation Bonds			<u>\$ 845,618,349</u>	<u>\$ 695,367,620</u>	<u>\$ 4,902,464</u>	<u>\$ 20,374,601</u>	<u>\$ 679,895,483</u>

EAST SIDE UNION HIGH SCHOOL DISTRICT

2008 MEASURE E GENERAL OBLIGATION BOND FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Principal and interest outstanding as of June 30, 2013, on the total District bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2013	\$ 20,148,644	\$ 28,022,959	\$ 48,171,603
2014	20,285,070	27,244,229	47,529,299
2015	21,758,043	26,404,335	48,162,378
2016	23,779,642	26,470,126	50,249,768
2017	25,523,164	25,730,947	51,254,111
2018-2022	156,542,115	117,738,939	274,281,054
2023-2027	164,787,453	88,183,831	252,971,284
2028-2032	100,719,528	82,983,473	183,703,001
2033-2037	74,610,000	20,305,423	94,915,423
2038-2043	48,580,000	4,574,269	53,154,269
Subtotal	<u>656,733,659</u>	<u>\$ 447,658,530</u>	<u>\$ 1,104,392,189</u>
Accretions to date	23,161,824		
Total	<u>\$ 679,895,483</u>		

Debt Service Requirements

The general obligation bonds mature through 2043. 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 collected and disbursed out of a separate Bond Interest and Redemption Fund accounted for by the Santa Clara County Controller's Office. This fund is not included as part of these financial statements. General school district revenues will not be required to fund the debt service on the bonds.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2013, the District had construction commitments which are partially funded by the Fund in the amount of \$26,204,713.

Litigation

The Fund 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 Fund as of June 30, 2013.

INDEPENDENT AUDITOR'S REPORT



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

Board of Trustees and
Citizens Oversight Committee
East Side Union High School District
San Jose, California

We have audited, in accordance with the 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, the accompanying financial statements of the East Side Union High School District's (the District) 2008 Measure E General Obligation Bond Fund (the Fund), as of and for the year ended June 30, 2013, and have issued our report thereon dated December 2, 2013.

As discussed in Note 1, the financial statements present only the 2008 Measure E General Obligation Bond Fund, and are not intended to present fairly the financial position and results of operations of East Side Union High School District in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

Management of the Fund is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Fund'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 Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Side Union High School District's 2008 Measure E General Obligation Bond Fund 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or no compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Palo Alto, California
December 2, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
FINANCIAL STATEMENT FINDINGS
JUNE 30, 2013**

None reported.

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013**

None reported.

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E
GENERAL OBLIGATION BOND FUND
PERFORMANCE AUDIT**

FOR THE YEAR ENDED JUNE 30, 2013

**EAST SIDE UNION HIGH SCHOOL DISTRICT
2008 MEASURE E
GENERAL OBLIGATION BOND FUND**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and
Citizens Oversight Committee
East Side Union High School District
San Jose, CA

We were engaged to conduct a performance audit of the East Side Union High School District's (the District), 2008 Measure E General Obligation Bond Fund (the Fund) for the year ended June 30, 2013.

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 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 the Fund's bond proceeds 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.

Palo Alto, California
December 2, 2013

EAST SIDE UNION HIGH SCHOOL DISTRICT

2008 MEASURE E GENERAL OBLIGATION BOND FUND

JUNE 30, 2013

AUTHORITY FOR ISSUANCE

The 2008 Measure E General Obligation 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 2008 general obligation bonds were authorized by an election of the registered voters of the East Side Union High School District held on February 5, 2008. The total amount authorized was \$349,000,000. The proceeds are to be used for the financing of site improvements and modernization of school facilities. The first series of bonds, Series A, in the amount of \$50,000,000 were sold on June 12, 2008. The second series of bonds, Series B, in the amount of \$100,000,000 were sold on March 24, 2010. The third series of the bonds, Series C, in the amount of \$20,026,088 were sold on July 14, 2011. The fourth series of the bonds, Series D, in the amount of \$100,000,000, were sold on April 17, 2012.

PURPOSE OF ISSUANCE

The net proceeds of the bonds and any other series of general obligation bonds issued under the authorization will be used for the purposes specified in the Measure E submitted at the 2008 election, which include upgrading classrooms and libraries, providing safety improvements, modernizing lighting, roofs, windows, and plumbing and technology upgrades and removing hazardous materials.

Per the Measure, the scope of "Bond proceeds will be expended to modernize, replace, renovate, construct, equip, furnish, rebuild and otherwise improve District facilities. The specific school facilities projects include all related and incidental costs, including costs of design, engineering, architect and other professional services, site preparation, utilities, landscaping and other incidental costs, and construction management. Bond proceeds may also be expended to acquire real property for future educational facilities and to acquire and install furniture, fixtures and equipment at any classrooms and other facilities of the District. The District may alter the scope and nature of any of the specific projects, as required by conditions that arise during the course of design and construction, including unforeseen conditions such as dry rot, mold and faulty engineering."

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. 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.

EAST SIDE UNION HIGH SCHOOL DISTRICT

2008 MEASURE E GENERAL OBLIGATION BOND FUND

JUNE 30, 2013

3. Requires the school district to appoint a citizen's oversight committee.
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 Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure E.
2. Determine whether salary transactions, charged to the Fund were in support of Measure E and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2012 to June 30, 2013. 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, 2013 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, 2013 for the Measure E 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 E 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, 2012 and ending June 30, 2013, 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 \$41,999,362. This represents 76 percent of the total expenditures of \$55,217,180.
3. We verified that funds were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held 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.

EAST SIDE UNION HIGH SCHOOL DISTRICT

2008 MEASURE E GENERAL OBLIGATION BOND FUND

JUNE 30, 2013

CONCLUSION

The results of our tests indicated that, in all significant respects, the East Side Union High School District has properly accounted for the expenditures held in the Fund and that such expenditures were made for authorized bond projects. Further, it was noted that funds held in the 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.

EAST SIDE UNION HIGH SCHOOL DISTRICT

**2008 MEASURE E GENERAL OBLIGATION BOND FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

None reported.