

HEMET UNIFIED SCHOOL DISTRICT

**2002 GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES REPORT**

DECEMBER 31, 2007

**HEMET UNIFIED SCHOOL DISTRICT
BUILDING FUND**

**TABLE OF CONTENTS
DECEMBER 31, 2007**

AGREED-UPON PROCEDURES REPORT

Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule of Disbursements by Site	4



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

Governing Board and Citizens' Oversight Committee
Hemet Unified School District
Hemet, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Hemet Unified School District and the Citizens' Oversight Committee, to review the expenditures of the June 2002, June 2003, May 2004, May 2005, and January 2006 issuances for the General Obligation Bond funds for the period of July 1, 2007 through December 31, 2007, for the purpose of verifying if the use of the funds is within the scope of the published materials, specifying the intended use of bond funds. We used election documents and the District resolutions as the guidance for the intended use of the funds. Management is responsible for Hemet Unified School District's compliance with those requirements. This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in subparagraph (c) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Financial Summary

1. The general obligation bond funds were authorized at an election of the registered voters of the District held on March 5, 2002. Series A Bonds were authorized at an issuance of \$23,000,000, Series B Bonds were authorized at an issuance of \$15,000,000, Series C Bonds were authorized at an issuance of \$10,000,000, Series D Bonds were authorized at an issuance of \$6,000,000, and Series E Bonds were authorized at an issuance of \$6,000,000 for the purpose of financing the addition and modernization of school facilities.
2. Total expenditures from July 1, 2007, through December 31, 2007, were \$1,028,679. The District had expended all available funds as of December 31, 2007.

3. An analysis of expenditures is as follows:

Expenditures	
Capital outlay	\$ 1,028,679
Total	<u>\$ 1,028,679</u>

4. Available unspent funds from the bond as of December 31, 2007, are:

Balance as of July 1, 2007	\$ 1,028,679
Total expenditures	<u>(1,028,679)</u>
Balance as of December 31, 2007	<u>\$ -</u>

Agreed-Upon Procedures Performed

1. Verify that the expenditure of funds were accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the Building Fund.
3. Select the ten highest and ten lowest invoices on each individual project (using judgment for the selection process). For projects with less than 20 invoices, select all invoices. For each invoice selected, verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials and District resolutions that were distributed to the voters.
4. Verify that the District's construction management company (Barnhart) did not hold disbursements to the multi-prime contractor for more than ten days, and determine if any protests or significant disputes exist regarding these payments. If exceptions or problems with this system are discovered, additional disbursements will be selected to determine if the exception was an isolated incident.

Results of Procedures

1. The general obligations bond fund expenditures were accounted for separately in the Building Fund of the District.
2. The 2002 General Obligation Bonds did not have proceeds during the period of July 1, 2007 through December 31, 2007.
3. Our review of the expenditures for the period of July 1, 2007 through December 31, 2007, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on March 5, 2002.

4. We performed testing on payments for the months of September and October 2007. We found that payments were being withheld in excess of the established ten-day period. It was indicated that payments were withheld by the construction management company, because the multi-prime contractor had yet to meet the required criteria for payment. No protest or significant disputes exist regarding these payments.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Hemet Unified School District and the Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trinc, Day & Co., LLP

Rancho Cucamonga, California

May 12, 2008

HEMET UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISBURSEMENTS BY SITE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

Hamilton		<u>\$ 1,028,679</u>
	Total	<u><u>\$ 1,028,679</u></u>