

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
Proposition BB, Measure K, Measure R, and  
Measure Y School Bond Construction Programs  
Agreed-Upon Procedures Report for the Year Ended  
June 30, 2009 and Statements of Bond Expenditures  
from Inception through June 30, 2009  
(With Independent Auditor's Reports Thereon)



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**Independent Accountant's Report  
on Applying Agreed-Upon Procedures  
and Management's Responses to Exceptions**

The Honorable Board of Education  
Los Angeles Unified School District:

We have performed the procedures enumerated below, for the Proposition BB, Measure K, Measure R, and Measure Y School Bond Construction Programs (Bond Programs) which were agreed to by the Los Angeles Unified School District's (the District or LAUSD) officials and bond oversight committee, solely to assist the District and its management in fulfilling its oversight responsibility surrounding the administration of the Bond Programs for the year ended June 30, 2009. District management is responsible for the administration of the Bond Programs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified 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.

Our procedures and the corresponding findings are as follows. The samples selected below were for proposition BB, Measure K, Measure R, and Measure Y expenditures, unless otherwise noted.

**1. Procedure**

From a population of all expenditures charged to Object Code #6000 in the general ledger (IFS) for the year ended June 30, 2009, we selected 5 expenditures for each of the GO Bond Funds (Proposition BB, Measure K, Measure R, and Measure Y). We obtained supporting invoices for the expenditures selected and performed the following procedures:

- 1.1 We tested the 5 invoices from each GO Bond Fund selected in Procedure 1 to determine whether amounts expended were consistent with the work scope of each of the respective bond measures as presented to the voters.

**Results**

We read the ballot measures to understand the work scope and list of specific projects proposed to be financed with the proceeds of the GO Bonds. We then inspected the invoices supporting the samples tested to determine whether amounts expended were consistent with the work scope of each bond measure. As required by Section 3 of Proposition 39, a list of specific projects is to be presented to the voter in each ballot. As such, we identified the projects to which the above expenditures were incurred and traced these projects to the Bond Project List presented in the Full Text of Ballot Measure K, R and Y (Proposition BB was issued under the traditional authority and not under Proposition 39; therefore references to specific school facilities projects were not required).

No exceptions were noted as a result of performing this procedure.





- 1.2 We tested the 5 invoices from each GO Bond Fund selected in Procedure 1, to determine whether the corresponding projects were included in the related Strategic Execution Plan (SEP) including approved amendments. If the invoice had multiple projects, up to 5 projects from the invoice were traced to the SEP.

***Results***

No exceptions were noted as a result of performing this procedure.

- 1.3 For the items selected in Procedure 1 above that represent construction payments, we determined whether the following requirements of GO Bond construction project payments procedures had been met:

- a) There are signatures on the required lines where an Owner Authorized Representative (OAR) validates that the contractor has certified the Application for Payment, and that the OAR has signed it.
- b) Payment package includes the Encumbrance/Payment request form, the Application for Payment, the Owner Assessment Summary, and other necessary supporting documents.

***Results***

No exceptions were noted as a result of performing this procedure.

- 1.4 For the items selected in Procedure 1 above, we determined whether the payment package was appropriately approved and reviewed for payment.

- a) The invoice was appropriately approved by a Los Angeles Unified School District employee on the Encumbrance/Payment Request form.
- b) For each invoice, the related encumbrance/payment request was signed by the District FCIU Analyst for accuracy, completeness, and proper approvals prior to the processing of the payments.

***Results***

No exceptions were noted as a result of performing this procedure.

## **2. Procedure**

From the population of all expenses charged to Object Code #1000 and #2000 in IFS to the Proposition BB, Measure K, Measure R and Measure Y bond funds, collectively referred to as the GO Bond Funds, for the fiscal year ended June 30, 2009, we selected 10 total expenditures for all GO Bond Funds combined (Prop BB, Measure K, Measure R, and Measure Y), to perform the following procedures:

- 2.1 We determined whether the items selected were spent on "administrator salaries as referenced in the ballot measures, or "teacher salaries" as referenced in the State Proposition 39 as codified in the State Constitution, Article 13A, Section 1(b) (3) (A) and the California Attorney General.

***Results***

No exceptions were noted as a result of performing this procedure.



- 2.2 For each expenditure selected in Procedure 2 for Proposition BB, we determined that no bond funds were spent on "administrator salaries" as noted in the ballot measure.

***Results***

No exceptions were noted as a result of performing this procedure.

**3. Procedure**

From a population of all expenditures charged to Object Code #4000 and #5000 in IFS to all GO Bond Funds during the fiscal year ended June 30, 2009, we selected a sample of 10 expenditures for all GO Bond Funds combined (Prop BB, Measure K, Measure R, and Measure Y). We obtained supporting invoices for the expenditures selected and performed the following procedures:

- 3.1 We reviewed the invoices to determine whether bond funds were used for "other day-to-day school operating expenses" as referenced in the State Proposition 39 as codified in the State Constitution, Article 13A, Section 1(b)(3)(A). We also determined whether the expenditures complied with the additional guidance provided by the California Attorney General.

***Results***

No exceptions were noted as a result of performing this procedure.

**4. Procedure**

From a population of all expenditures charged to Object Code #4000, #5000, and #6000 in IFS to all GO Bond Funds for the fiscal year ended June 30, 2009, we selected a sample of 10 individual program management/construction management firms from a listing of all such firms utilized by the GO Bond Funds provided by the District and performed the following procedures:

- 4.1 We obtained a copy of the contract for each program management/construction management firm selected and we reviewed each invoice for consistency with contract terms.

***Results***

We obtained a list of programs or construction management firms utilized by the District from the Facilities Construction Contract Unit. We obtained a copy of the contract, including approved amendments, for each of the 10 selected program and construction management firms. We read the contract provisions specifically covering charges and payments.

In addition to the contract, we utilized the Bill Submission by Construction Management (CM) Firm Guidelines (Guidelines) designed by the Facilities Services Division - New Construction Branch and the Protocol for Submitting CM Labor Request Payments for Existing Facilities as a guide in reviewing invoices to determine whether the information provided in the billing was consistent with the contract.

No exceptions were noted as a result of performing this procedure.



## Procedure

From a population of all expenses charged to Object Code #4000, #5000, and #6000 in IFS to all GO Bond Funds during the fiscal year ended June 30, 2009, we selected a sample of 10 expenditures from the samples selected in Procedure 3 and Procedure 4 above and obtained corresponding invoices. We tested the sample of invoices to determine compliance with District Bond Charging Procedures.

### *Results*

In conjunction with the issuance of GO Bonds, the District drafted Bond Charging Procedures for Measures K, R and Y and Proposition BB to provide procedures relating to the distribution and assignment of costs. Based on the bond charging procedures, bond proceeds shall not be applied to any purposes other than those for which the bonds were issued. In addition, there are other general guidelines such as the intent of the voters as reflected in the Bond Project List, Strategic Execution Plan and the California School Accounting Manual. These are guidelines being referred to in the Bond Charging Procedures.

No exceptions were noted as a result of performing this procedure.

## 6. Procedure

From a listing of change orders approved during the fiscal year ended June 30, 2009 generated from the Project Information Control (PIC) system, we selected 20 change orders from all GO Bond Funds. We obtained the District Change Order Procedures and performed the following review to determine compliance with the District's Change Order procedures.

- 6.1 We compared the "Not to exceed Limits" to determine the compliance with the following procedures. According to the Change Order Procedures, individual change orders for New Construction work may not exceed 10% of the original contract price before securing additional bids. For demolition, reconstruction or rehabilitation work of existing structures, individual change orders may exceed ten percent (10%) according to the Public Contract Code, but must not exceed twenty-five percent (25%) of the original contract price.

### *Results*

No exceptions were noted as a result of performing this procedure.

- 6.2 We verified whether change orders were processed for approval within 45 days from the receipt of a valid change order proposal establishing entitlement for the change and no later than 30 days after substantial completion.

### *Results*

Nine (9) out of the 20 change orders we tested were not approved within 45 days from the date of the change order proposal. Seven (7) out of 20 were not approved within 30 days after substantial completion.

### *Management Response*

Our goal is to process an approved Change Order Package to be a billable Change Order within 45 days. Normally, Change Orders that are cumulatively less than 10% total to the Original Contract amount will be able to meet the 45-day processing time; however, Change Orders that are cumulatively greater than 10% in total to the Original Contract amount, requiring additional approval signatures from Senior Management, will not



always meet the 45-day processing time. However, we are consistently striving to improve the processing time necessary, so that the Contractor can invoice the work performed and get paid in a timely manner.

- 6.3 We determined whether the change order package was submitted with the required documents in accordance with the Change Order checklist from the change order preparation requirements.

***Results***

Three (3) out of the 20 change orders we tested had a contract time change but did not have a supporting Schedule Fragnet, as required by the change order checklist. In addition, one (1) sample has cumulative change orders exceeding 5% of the contract value but did not have a supporting impact statement, as required by the change order checklist.

***Management Response***

Additional training will be provided to the OARs to ensure that any increase in contract time will be supported by a Schedule Fragnet submittal from the Contractor, as required by the Change Order Procedures. In addition, additional training will also be provided to ensure that cumulative change orders exceeding 5% of the contract value contain a supporting Impact Statement.

- 6.4 For End User-initiated change orders, we verified whether the related scope changes did not commence nor the OAR did not process the Change Order until the following has been completed:

- End User-initiated Scope Change Request Form completed by OAR
- Review and approval by Local District Project Manager (LDPM)/ Senior Project Manager and Deputy Chief Facilities Executive or designee
- RFP issued to Contractor

***Results***

None of the 20 samples we selected were initiated by end users. No exceptions were noted as a result of performing this procedure.

- 6.5 We verified compliance with the signatory requirements on the Change Order form.

***Results***

One (1) out of the 20 change orders we tested did not have proper sign-off from the related Architect, as required by the District's change order procedures. Of the 20 samples, 13 were for New Construction that individually exceeded 5% or cumulatively exceeded 10% of the contract amount, and therefore were required to be authorized by the Director of Construction. Twelve (12) of these 13 samples were not properly authorized by the Director of Construction.

***Management's Response***

The Change Order that was found to not have proper sign-off from the related Architect (AOR) was issued on an expedited basis without the AOR's signature in order to meet our prompt payment goals to the construction contractor. In cases where this occurs,



steps are taken to ensure AOR signature prior to submission of the final change to DSA for their review and approval. Due to the expedited schedule for this project, quite a few change orders were processed for payment without the AOR's signature. A comprehensive system to track such changes was established to ensure that they were properly processed through the AOR. All such change orders are now in the hands of the AOR for review and signature, after which they will be submitted to DSA.

The Director of Construction at the beginning of the 2008-09 fiscal year left the District in September 2008 and had recused himself from signing Change Orders since July 2008. During this time and until the new Director of Construction was appointed, Gary Baker and Raju Kaval were authorized to sign in-lieu of the Director of Construction.

## **7. Procedure**

We determined whether the total expenditures reported in the year-end "Statements of Bond Expenditures" for each GO Bond Fund measure agree with the corresponding Comprehensive Annual Financial Report (CAFR) bond fund expenditures for the year ended June 30, 2009.

### ***Results***

We obtained a "Statement of Bond Expenditures" for each of the GO Bond funds and agreed the CAFR bond fund expenditures for the year ended June 30, 2009. The statements of bond expenditures present expenditures on a program level while the CAFR expenditures were presented using the natural expenditure classification. As a result, the expenditures between the two reports could be agreed only on an aggregate rather than on a line by line basis.

No exceptions were noted as a result of performing this procedure.

## **8. Procedure**

We selected a sample of 10 GO Bond projects from the 2008 New Construction Strategic Execution Plan (SEP) and verified the sample projects for compliance with the LAUSD School Construction Bond Citizens' Oversight Committee (BOC) Memorandum of Understanding for New Construction projects:

- 8.1 For each of the 10 projects, we compared the SEP project budgets from the 2008 New Construction Strategic Execution Plan to the 2009 SEP. For each project with a 2009 SEP project budget that is greater than 105% of the 2008 SEP project budget, we determined if the budget increase was reported to the BOC.

### ***Results***

No exceptions were noted as a result of performing this procedure.

- 8.2 For each of the 10 projects, we compared the project's scheduled school occupancy date from the 2008 SEP to the 2009 SEP. For each project with a 2009 SEP occupancy date that is later than the 2008 SEP occupancy date, we determined if the project's schedule change in readiness for use as a school or campus element was reported to the BOC.

### ***Results***

No exceptions were noted as a result of performing this procedure.



8.3 For each of the 10 projects, we compared the project's scope from the 2008 SEP to the 2009 SEP. For each project with a 2009 SEP scope that differs significantly from the 2008 SEP scope, we determined if the project's scope change was reported to the BOC.

***Results***

No exceptions were noted as a result of performing this procedure.

**9. Procedure**

We attempted to select 10 samples of GO Bond project types (such as classroom lighting, exterior paving and roofing) from the 2008 Existing Facilities SEP to verify compliance of sampled projects with the LAUSD School Construction Bond Citizens' Oversight Committee (BOC) Memorandum of Understanding for Existing Facilities Projects.

***Results***

We requested the list of bond project types from the 2009 Existing Facilities SEP data but according to Facilities Services Division, such data was not prepared for June 30, 2009. Consequently, no report was presented to the Bond Oversight Committee.

Due to the limitation mentioned above, we were not able to identify if there are project types with 2009 SEP current budgets that were greater than 105% of the 2008 SEP current budgets, project types with 2009 SEP completion dates that were later than the 2008 SEP completion dates or project types in 2008 SEP that were eliminated in 2009 SEP. Had the list of bond project types been prepared and made available for our review, we might have identified information that was required by the Memorandum of Understanding for Existing Facilities Projects to be reported to the BOC.

***Management's Response***

The District plans to present this information at the May 2010 BOC meeting.

**10. Procedure**

We inquired of District management as to whether a survey of the compensation of managers of major construction programs and managers of major public and private facilities in comparable locations across the United States had been performed in accordance with the provision of Measure Y.

10.1 We determined whether Facilities Services Division management compensation survey was performed and presented to the Board of Education.

10.2 We determined whether the District declared a finding that the managers of the District's Facilities Services Division are being compensated accordingly.

***Results***

According to the provisions of Measure Y, managers of the Facilities Services Division shall have the educational and employment experience comparable to that of persons with similar responsibility in the private sector. To ensure that the District employs managers of the Division who are so qualified, the Board shall no less than biennially, cause a survey of compensation of managers of major construction programs and managers of major public and private sectors, and the Board shall make a finding that the managers of the District's Facilities Services Division are being





compensated accordingly.

We inquired of District management and verified that there was a survey performed by the District's Personnel Commission in November 2009 that was aimed at addressing the provisions of Measure Y above. We also verified that the results of the survey were presented to the District's Board of Education. However, no finding has been made to confirm that managers of the Facilities Services Division are being compensated accordingly. Therefore, the District is not fully in compliance with the requirements of Measure Y.

***Management's Response***

A survey of management was conducted by District staff and presented to the Superintendent and the Board and made available to the public. Staff believes that the requirements of Measure Y were met in that regard. The District agrees that its Board has not made a finding regarding the compensation of managers of the Facilities Services Division.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's administration of the Proposition BB, Measure K, Measure R and Measure Y School Bond Construction Program. 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.

The District's written response to the exceptions identified in the report has not been subjected to auditing procedures and accordingly, we do not express an opinion on it.

The report is intended only for the information and use of the Board of Education, management, and members of the Citizens' Oversight Committee of the Los Angeles Unified School District and is not intended to be, and should not be used by anyone other than these specified parties

April 13, 2010



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## Independent Auditor's Report

The Honorable Board of Education  
Los Angeles Unified School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District (the District), which collectively comprise the District's basic financial statements, as of and for the year ended June 30, 2009 and have issued our report thereon dated February 19, 2010. We have also audited the expenditures incurred included in the accompanying statement of bond expenditures of the **Proposition BB School Bond Construction Program** of the District for the period from July 1, 2007 through June 30, 2009. Such statement of bond expenditures is the responsibility of the District's management. Our responsibility is to express an opinion on the expenditures incurred included in the accompanying statement of bond expenditures based on our audit. The expenditures incurred included in the statement of bond expenditures from April 8, 1997 (inception) through June 30, 2007 were audited by other auditors whose report dated May 15, 2009 expressed an unqualified opinion on that statement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the expenditures incurred included in the statement of bond expenditures are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of bond expenditures, assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the statement of bond expenditures referred to above presents fairly, in all material respects, the expenditures incurred of the Proposition BB School Bond Construction Program of the Los Angeles Unified School District for the period from April 8, 1997 (inception) through June 30, 2009 in conformity with U.S. generally accepted accounting principles.

April 13, 2010



**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
**PROPOSITION BB SCHOOL BOND CONSTRUCTION PROGRAM**  
Statement of Bond Expenditures  
Period from April 8, 1997 (Inception) through June 30, 2009

Cost Category	Adjusted Budget (Unaudited)	Actual Expenditures Incurred			Unexpended Balance (Unaudited)
		April 8, 1997 (Inception) through June 30, 2008	Expenditure Year Ended June 30, 2009	Total Expenditure through June 30, 2009	
<b>New Construction:</b>					
<b>New Construction:</b>					
Construction	\$ 314,744,931	\$ 293,460,835	\$ 20,368,034	\$ 313,828,869	\$ 916,062
Tests	2,459,744	2,459,744	(20,990)	2,438,754	20,990
Inspection	4,297,313	4,267,312	23,772	4,291,084	6,229
Sites	371,547,138	370,947,138	505,597	371,452,735	94,403
Plans	89,887,089	86,887,089	2,717,031	89,604,120	282,969
Nonreimbursable Cost	847,046	847,046	-	847,046	-
Project Related Salaries - New Facilities	1,840,611	1,840,611	-	1,840,611	-
<b>Total New Construction</b>	<b>785,623,872</b>	<b>760,709,775</b>	<b>23,593,444</b>	<b>784,303,219</b>	<b>1,320,653</b>
<b>Class Size Reduction:</b>					
Portables	303,425	278,425	19,076	297,501	5,924
Portables - Growth	18,893,311	18,443,311	422,629	18,865,940	27,371
New Schools/Centers	20,292,111	18,192,111	2,006,723	20,198,834	93,277
<b>Total Class Size Reduction</b>	<b>39,488,847</b>	<b>36,913,847</b>	<b>2,448,428</b>	<b>39,362,275</b>	<b>126,572</b>
<b>Total New Construction/Class Size Reduction</b>	<b>825,112,719</b>	<b>797,623,622</b>	<b>26,041,872</b>	<b>823,665,494</b>	<b>1,447,225</b>
<b>Existing Facilities</b>					
<b>Repairs/School Contracts/Health &amp; Safety:</b>					
Air Conditioning	236,554,158	215,805,065	8,408,183	224,213,248	12,340,910
Bleachers	17,573,104	14,365,885	655,575	15,021,460	2,551,644
Safety & Technology	308,808,584	286,115,669	6,528,664	292,644,333	16,164,251
Lockers	5,816,612	5,260,118	35,676	5,295,794	520,818
Lunch Shelters	17,383,868	16,465,289	314,894	16,780,183	603,685
Security Grills	24,457,562	23,912,321	1	23,912,322	545,240
Ventilation Replacement	13,908,799	10,841,268	1,166,469	12,007,737	1,901,062
Auditorium Renovations	7,592,848	6,943,250	363,818	7,307,068	285,780
Lighting	6,091,380	5,576,330	378,556	5,954,886	136,494
Paving	126,839,527	126,173,243	(3,190,792)	122,982,451	3,857,076
Electrical	12,619,304	9,986,465	633,458	10,619,923	1,999,381
Paint	45,837,261	45,814,663	-	45,814,663	22,598
Wall Systems	14,397,177	14,153,644	(380,308)	13,773,336	623,841
Floor Covering	32,094,039	31,764,150	6,430	31,770,580	323,459
Locks	789,593	785,712	-	785,712	3,881
Plumbing	67,354,800	64,484,114	(133,699)	64,350,415	3,004,385
Roofing	6,173,376	6,169,976	-	6,169,976	3,400
Gutters, etc.	26,739,686	25,699,682	180,986	25,880,668	859,018
<b>Total Repairs/School Contracts/Health &amp; Safety</b>	<b>971,031,678</b>	<b>910,316,844</b>	<b>14,967,911</b>	<b>925,284,755</b>	<b>45,746,923</b>
<b>Modernization:</b>					
Nonreimbursible Cost	66,209	66,209	-	66,209	-
Construction	48,175,539	38,870,059	(5,392,602)	33,477,457	14,698,082
Test	634,609	534,707	-	534,707	99,902
Inspections	1,895,917	1,894,677	(5,460)	1,889,217	6,700
Plans	3,895,468	3,601,099	(5,544)	3,595,555	299,913
<b>Total Modernization</b>	<b>54,667,742</b>	<b>44,966,751</b>	<b>(5,403,606)</b>	<b>39,563,145</b>	<b>15,104,597</b>

LOS ANGELES UNIFIED SCHOOL DISTRICT  
**PROPOSITION BB SCHOOL BOND CONSTRUCTION PROGRAM**

Notes to Statement of Bond Expenditures  
Period from April 8, 1997 (inception) through June 30, 2009

**(1) Proposition BB School Bond Construction Program Background**

Proposition BB Initiative (Proposition BB) authorized the Los Angeles Unified School District (District) to issue \$2.4 billion in general obligation bonds. Bond proceeds are to be utilized for projects such as the repair of safety hazards, asbestos removal, installation of air-conditioning, making classrooms accessible to the disabled, upgrading security, and the construction of new classrooms. Proposition BB specifically states that no bond proceeds are to be used for administrator salaries.

The Proposition BB School Bond Construction Program (Program) is intended to provide needed health and safety improvements to more than 800 deteriorating schools and 15,000 buildings and to match state funds for new construction and modernization projects. The District Board of Education has established a Citizen's Oversight Committee to ensure that the proceeds of the Proposition BB School Bond Construction Program bond issuances are used for the purposes stated in the resolution, which placed the Proposition BB on the 1997 ballot.

All projects are managed by District-approved project managers. Each project manager is responsible for managing all project-related activities, including the maintenance of the District's master schedule and the master project budget.

**(2) Basis of Presentation**

The accompanying statement of bond expenditures has been prepared in conformity with U.S. generally accepted accounting principles. The accompanying statement of bond expenditures reflects the flow of current financial resources measurement focus and is presented on the modified accrual basis of accounting.

**a) Adjusted Budget (Unaudited)**

The amounts included within the adjusted budget (unaudited) column in the accompanying statement of bond expenditures represent the prior year expenditures from April 8, 1997 (inception) through June 30, 2008 and FY 2008-09 budget authority requested from the Board of Education for costs that are expected to be expended and/or obligated to complete the various projects.

**b) Actual Expenditures Incurred**

The amounts included within the actual expenditures incurred columns in the accompanying statement of bond expenditures represent actual expenditures paid and accrued by the District for the period from April 8, 1997 (inception) through June 30, 2009. The negative bond expenditures for the year ended June 30, 2009 represent expenditures initially funded by Proposition BB in previous years, but subsequently funded through other financing sources in the current year.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
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## Independent Auditor's Report

The Honorable Board of Education  
Los Angeles Unified School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District (the District), which collectively comprise the District's basic financial statements, as of and for the year ended June 30, 2009 and have issued our report thereon dated February 19, 2010. We have also audited the expenditures incurred included in the accompanying statement of bond expenditures of the **Measure K School Bond Construction Program** of the District for the period from July 1, 2007 to June 30, 2009. Such statement of bond expenditures is the responsibility of the District's management. Our responsibility is to express an opinion on the expenditures incurred included in the accompanying statement of bond expenditures based on our audit. The expenditures incurred included in the statement of bond expenditures from November 5, 2002 (inception) through June 30, 2007 were audited by other auditors whose report dated May 15, 2009 expressed an unqualified opinion on that statement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the expenditures incurred included in the statement of bond expenditures are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of bond expenditures, 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the statement of bond expenditures referred to above presents fairly, in all material respects, the expenditures incurred of the Measure K School Bond Construction Program of the Los Angeles Unified School District for the period from November 5, 2002 (inception) to June 30, 2009, in conformity with U.S. generally accepted accounting principles.

April 13, 2010

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
MEASURE K SCHOOL BOND CONSTRUCTION PROGRAM**

Statement of Bond Expenditures

Period from November 5, 2002 (Inception) through June 30, 2009

Cost Category	Adjusted Budget (Unaudited)	Actual Expenditures Incurred			Unexpended Balance (Unaudited)
		November 5, 2002 (Inception) through June 30, 2008	Expenditure Year Ended June 30, 2009	Total Expenditure through June 30, 2009	
<b>New Construction:</b>					
<b>Phase One:</b>					
New Construction	\$ 1,493,285,152	\$ 1,351,738,672	\$ 39,718,702	\$ 1,391,457,374	\$ 101,827,778
Additions	68,387,143	68,387,143	(2,455,420)	65,931,723	2,455,420
Playground Expansion	16,573,373	16,573,373	(737,370)	15,836,003	737,370
Support Costs	7,249,179	7,249,179	-	7,249,179	-
Labor Costs	14,505,153	14,505,153	-	14,505,153	-
<b>Total Phase One</b>	<b>1,600,000,000</b>	<b>1,458,453,520</b>	<b>36,525,912</b>	<b>1,494,979,432</b>	<b>105,020,568</b>
<b>Phase Two:</b>					
New Construction	908,602,391	592,175,058	114,142,992	706,318,050	202,284,341
Additions	8,663,285	7,753,285	902,489	8,655,774	7,511
Playground Expansion	4,800	4,800	-	4,800	-
Support Costs	34,640,430	34,480,430	154,686	34,635,116	5,314
Labor Costs	21,534,979	20,478,280	927,283	21,405,563	129,416
Labor Legal Support	124,157	124,157	-	124,157	-
Office of the Inspector General Audit	7,500,001	6,816,738	631,153	7,447,891	52,110
Board Member Priority	200,000	-	191,109	191,109	8,891
<b>Total Phase Two</b>	<b>981,270,043</b>	<b>661,832,748</b>	<b>116,949,712</b>	<b>778,782,460</b>	<b>202,487,583</b>
<b>Total New Construction</b>	<b>2,581,270,043</b>	<b>2,120,286,268</b>	<b>153,475,624</b>	<b>2,273,761,892</b>	<b>307,508,151</b>
<b>Existing Facilities:</b>					
Lead and Asbestos Removal	11,389,058	10,694,041	12,519	10,706,560	682,498
Repairs	381,725,620	208,938,261	50,258,546	259,196,807	122,528,813
Repair Support Costs	133,857,810	82,803,020	11,450,614	94,253,634	39,604,176
Labor Legal Support	466,314	298,887	118,434	417,321	48,993
Office of the Inspector General Audit	3,750,000	3,519,666	4,543	3,524,209	225,791
<b>Total Existing Facilities</b>	<b>531,188,802</b>	<b>306,253,875</b>	<b>61,844,656</b>	<b>368,098,531</b>	<b>163,090,271</b>
<b>Early Childhood Education:</b>					
Renovation/Repair	12,641,754	7,861,848	854,422	8,716,270	3,925,484
Expansion	15,320,000	12,337,296	849,545	13,186,841	2,133,159
Education Center	39,000,000	8,244,170	2,753,978	10,998,148	28,001,852
Support Costs	311,791	311,791	-	311,791	-
Labor Costs	1,726,455	1,416,605	187,517	1,604,122	122,333
<b>Total Early Childhood Education</b>	<b>69,000,000</b>	<b>30,171,710</b>	<b>4,645,462</b>	<b>34,817,172</b>	<b>34,182,828</b>



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## Independent Auditor's Report

The Honorable Board of Education  
Los Angeles Unified School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District (the District), which collectively comprise the District's basic financial statements, as of and for the year ended June 30, 2009 and have issued our report thereon dated February 19, 2010. We have also audited the expenditures incurred included in the accompanying statement of bond expenditures of the **Measure R School Bond Construction Program** of the District for the period from July 1, 2007 to June 30, 2009. Such statement of bond expenditures is the responsibility of the District's management. Our responsibility is to express an opinion on the expenditures incurred included in the accompanying statement of bond expenditures based on our audit. The expenditures incurred included in the statement of bond expenditures from March 2, 2004 (inception) through June 30, 2007 were audited by other auditors whose report dated May 15, 2009 expressed an unqualified opinion on that statement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the expenditures incurred included in the statement of bond expenditures are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of bond expenditures, 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the statement of bond expenditures referred to above presents fairly, in all material respects, the expenditures incurred of the Measure R School Bond Construction Program of the Los Angeles Unified School District for the period from March 2, 2004 (inception) to June 30, 2009, in conformity with U.S. generally accepted accounting principles.

April 13, 2010

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
**MEASURE R SCHOOL BOND CONSTRUCTION PROGRAM**  
Statement of Bond Expenditures  
Period from March 2, 2004 (Inception) through June 30, 2009

COST CATEGORY	Adjusted Budget (Unaudited)	Actual Expenditures Incurred			Unexpended Balance (Unaudited)
		March 2, 2004 (Inception) through June 30, 2008	Expenditure Year Ended June 30, 2009	Total Expenditure through June 30, 2009	
<b>New Construction:</b>					
New Schools Most Impact Campuses	\$ 1,609,527,213	\$ 519,596,715	\$ 322,676,183	\$ 842,272,898	\$ 767,254,315
Full- Day Kindergarten	33,976,642	29,025,789	665,564	29,691,353	4,285,289
Furnitures, Equipment, Fixtures	46,999,173	27,675,066	5,507,413	33,182,479	13,816,694
Interest Expended	85,202,981	6,182,208	4,515,746	10,697,954	74,505,027
Environment Safety	12,580,041	2,823,327	2,299,827	5,123,154	7,456,887
<b>Total New Construction</b>	<b>1,788,286,050</b>	<b>585,303,105</b>	<b>335,664,733</b>	<b>920,967,838</b>	<b>867,318,212</b>
<b>Existing Facilities:</b>					
Airconditioning & Heating	143,655,122	119,205,273	(4,505,409)	114,699,864	28,955,258
Asbestos Hazardous Removal	41,674,500	22,346,172	1,719,068	24,065,240	17,609,260
Basic Repairs	89,578,697	82,246,943	(200,169)	82,046,774	7,531,923
New Major Repairs	294,488,652	60,330,640	95,564,861	155,895,501	138,593,151
Previous Plan Projects	188,287,030	159,510,823	7,414,124	166,924,947	21,362,083
Repair Upgrade	291,178,941	154,909,297	18,247,077	173,156,374	118,022,567
Safety & Technology Upgrade	189,013,902	176,966,602	(36,977,261)	139,989,341	49,024,561
Upgrade School Buildings	20,457,059	10,089,122	315,551	10,404,673	10,052,386
Support Costs	230,337,058	128,241,173	50,745,982	178,987,155	51,349,903
Small Schools (Upgrade/redesign campuses)	74,329,041	13,194,143	20,364,057	33,558,200	40,770,841
<b>Total Existing Facilities</b>	<b>1,563,000,002</b>	<b>927,040,188</b>	<b>152,687,881</b>	<b>1,079,728,069</b>	<b>483,271,933</b>
<b>Adult Education</b>	<b>25,000,000</b>	<b>17,751,052</b>	<b>(3,191,375)</b>	<b>14,559,677</b>	<b>10,440,323</b>
<b>Early Childhood Education</b>	<b>50,000,000</b>	<b>12,910,568</b>	<b>16,929,356</b>	<b>29,839,924</b>	<b>20,160,076</b>
<b>Information Technology Division</b>	<b>179,855,870</b>	<b>37,225,616</b>	<b>12,235,579</b>	<b>49,461,195</b>	<b>130,394,675</b>
<b>Charters</b>	<b>20,000,000</b>	<b>9,498,726</b>	<b>1,608,370</b>	<b>11,107,096</b>	<b>8,892,904</b>
<b>Joint Use</b>	<b>20,000,000</b>	<b>3,146,441</b>	<b>2,205,848</b>	<b>5,352,289</b>	<b>14,647,711</b>
<b>Others:</b>					
Accruals	-	37,367,935	(1,007,152)	36,360,783	(36,360,783)
Election Costs	2,719,535	2,719,535	-	2,719,535	-
Refinance COPS	150,000,000	149,994,712	-	149,994,712	5,288
Employee Benefits	2,765,211	2,105,658	659,553	2,765,211	-
Cost of Issuance	8,389,764	8,389,764	-	8,389,764	-
Prior Year Adjustment Expenditure Transfer	79,914,848	(9,181,659)	87,616,973	78,435,314	1,479,534
Interfund Transfer from Measure R to Other Funds	132,601,979	56,549,052	4,895,594	61,444,646	71,157,333
Unimplemented Budget Adjustment	(1,217,373,668)	-	-	-	(1,217,373,668)
Audit	6,780,000	1,903,921	3,045,016	4,948,937	1,831,063
Library Books	14,500,000	-	2,596,952	2,596,952	11,903,048
<b>Total Others</b>	<b>(819,702,331)</b>	<b>249,848,918</b>	<b>97,806,936</b>	<b>347,655,854</b>	<b>(1,167,358,185)</b>
<b>Total Measure R Bond Expenditures</b>	<b>\$ 2,826,439,591</b>	<b>\$ 1,842,724,614</b>	<b>\$ 615,947,328</b>	<b>\$ 2,458,671,942</b>	<b>\$ 367,767,649</b>

See accompanying notes to statement of bond expenditures.



**LOS ANGELES UNIFIED SCHOOL DISTRICT  
MEASURE R SCHOOL BOND CONSTRUCTION PROGRAM**

Notes to Statement of Bond Expenditures

Period from March 2, 2004 (inception) to June 30, 2009

**(1) Measure R School Bond Construction Program Background**

The Measure R School Bond Construction Program (Program) or "the Safe and Healthy Neighborhood Schools Improvement Act of 2004" is intended to provide the Los Angeles Unified School District (District) funding for continued improvement to schools and to provide an additional 163,233 new seats for children and to build approximately 50 new neighborhood schools.

The Board of Education has established a School Construction Bond Citizens' Oversight Committee to ensure that the proceeds of the Program's bond issuances are used for the purposes stated in the resolution, which placed Measure R on the 2004 ballot. The Measure R School Bond initiative authorized the issuance of \$3.87 billion in bonds. \$2.6 Billion has since been issued between March 2004 and June 2009. The proceeds from the Measure R School Bonds are to be used for projects such as: continue repair/upgrade of aging classrooms, restrooms; build neighborhood schools, early education centers; improve security systems, fire/earthquake safety; purchase library books; upgrade computer technology; eliminate asbestos and lead paint hazards; create small learning communities; and construct/upgrade science laboratories and other buildings. All projects to be funded under the Program must be included in the Strategic Execution Plans approved by the Board of Education. The District has established General Obligation Bond Charging Guidelines to outline the allowable expenditures for the Program. Such guidelines specifically state that no funds will be spent for teacher or administrator salaries or for operating expenses.

All projects are managed by District-approved project managers. Each project manager is responsible for managing all project-related activities, including the maintenance of the District's master schedule and the master project budget.

**(2) Basis of Presentation**

The accompanying statement of bond expenditures has been prepared in conformity with U.S. generally accepted accounting principles. The accompanying statement of bond expenditures reflects the flow of current financial resources measurement focus and is presented on the modified accrual basis of accounting.

**(a) Adjusted Budget (Unaudited)**

The amounts included within the adjusted budget (unaudited) column in the accompanying statement of bond expenditures represent the prior year expenditures from March 2, 2004 (inception) through June 30, 2008 and FY 2008-09 budget authority requested from the Board of Education for the costs that are expected to be expended and/or obligated to complete the various projects.

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
MEASURE R SCHOOL BOND CONSTRUCTION PROGRAM**

Notes to Statement of Bond Expenditures  
Period from March 2, 2004 (inception) to June 30, 2009

**(b) Actual Expenditures Incurred**

The amounts included within the actual costs incurred column in the accompanying statement of bond expenditures represent actual expenditures paid and accrued by the Los Angeles Unified School District for the period from March 2, 2004 (inception) through June 30, 2009.

**(c) Unexpended Balance (Unaudited)**

The amounts included within the unexpended balances (unaudited) column in the accompanying statement of bond expenditures costs represent the difference between the adjusted budget (unaudited) column and the total bond project expenditures through June 30, 2009 column.

**(3) Fund Balances from Inception to Fiscal Year Ended June 30, 2009 (Unaudited)**

The following is a summary of the sources of funds and uses of funds for the Program from March 2, 2004 (inception) through June 30, 2009:

**Actual:**

Bond Issued from Inception through June 30, 2008	2,050,000,000
Bond Issued - FY 2008-09	550,000,000
Interest Issued - Actual from Inception through June 30, 2008	67,765,216
Interest Issued - Actual FY 2008-09	7,379,346
Income - Actual from Inception through June 30, 2008	10,058,418
Interfund Transfer-Other Fund Sources FY 2005-07	2,620,882
Interfund Transfer-Other Fund Sources FY 2007-08	36,734,638
Interfund Transfer-Other Fund Sources FY 2008-09	93,246,459
Other Financing Sources - Bond Premium FY 2006-09	<u>11,082,578</u>
Total Bonds Issued, Interest and Income/IFT as of June 30, 2009	2,828,887,537
Less: Expenditures from Inception through June 30, 2009	(2,458,671,942)
Less: Cost of Issuance/Underwriter's Discount FY09	<u>(2,447,946)</u>
<b>Available Fund Balance as of June 30, 2009</b>	<b><u>367,767,649</u></b>



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## Independent Auditor's Report

The Honorable Board of Education  
Los Angeles Unified School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District (the District), which collectively comprise the District's basic financial statements, as of and for the year ended June 30, 2009 and have issued our report thereon dated February 19, 2010. We have also audited the expenditures incurred included in the accompanying statement of bond expenditures of the **Measure Y School Bond Construction Program** of the District for the period from July 1, 2007 to June 30, 2009. Such statement of project expenditures is the responsibility of the District's management. Our responsibility is to express an opinion on the expenditures incurred included in the accompanying statement of bond expenditures based on our audit. The expenditures incurred included in the statement of bond expenditures from November 8, 2005 (inception) through June 30, 2007 were audited by other auditors whose report dated May 15, 2009 expressed an unqualified opinion on that statement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the expenditures incurred included in the statement of bond expenditures are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of bond expenditures, 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the statement of bond expenditures referred to above presents fairly, in all material respects, the expenditures incurred by the Measure Y School Bond Construction Program of the Los Angeles Unified School District for the period from November 8, 2005 (inception) to June 30, 2009 in conformity with U.S. generally accepted accounting principles.

April 13, 2010

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
**MEASURE Y SCHOOL BOND CONSTRUCTION PROGRAM**  
Statement of Bond Expenditures  
Period from November 8, 2005 (Inception) through June 30, 2009

Cost Category	Actual Expenditures Incurred				Unexpended Balance (Unaudited)
	Adjusted Budget (Unaudited)	November 8, 2005 (Inception) through June 30, 2008	Expenditure Year Ended June 30, 2009	Total Expenditure through June 30, 2009	
<b>New Construction:</b>					
School Construction	\$ 253,255,119	\$ 11,088,616	\$ 201,448,405	\$ 212,537,021	\$ 40,718,098
Labor Compliance Penalties	600,000	-	-	-	600,000
<b>Total New Construction</b>	<b>253,855,119</b>	<b>11,088,616</b>	<b>201,448,405</b>	<b>212,537,021</b>	<b>41,318,098</b>
<b>Existing Facilities:</b>					
Major Repairs	51,480,800	5,462,660	7,619,531	13,082,191	38,398,609
Basic Repairs	4,747,178	1,594,069	(40,264)	1,553,805	3,193,373
Install And Upgrade Fire Alarm Systems	47,974,999	4,644,923	12,211,706	16,856,629	31,118,370
Program Support	120,109,800	71,698,040	22,785,939	94,483,979	25,625,821
Airconditioning & Heating	37,482,154	-	-	-	37,482,154
Upgrade Deficient School Buildings	42,951,199	1,429,089	13,692,510	15,121,599	27,829,600
Asbestos Hazard Removal	55,620,001	6,943,797	9,811,969	16,755,766	38,864,235
Alterations And Improvement	52,479,999	3,686,756	7,581,390	11,268,146	41,211,853
Bond Support Costs	26,200,000	1,716,033	6,009,115	7,725,148	18,474,852
Small Learning Community	43,399,111	625,493	8,757,896	9,383,389	34,015,722
Labor Compliance Penalties	800,000	-	-	-	800,000
<b>Total Existing Facilities</b>	<b>483,245,241</b>	<b>97,800,860</b>	<b>88,429,792</b>	<b>186,230,652</b>	<b>297,014,589</b>
Achievement Gap	10,000,000	3,223,233	1,978,012	5,201,245	4,798,755
Adult Education	50,000,000	506,874	9,092,036	9,598,910	40,401,090
Early Childhood Education	60,000,000	325,988	13,306,541	13,632,529	46,367,471
Information Technology Division	125,000,000	2,386,446	1,198,282	3,584,728	121,415,272
Innovation	34,000,000	12,184,967	4,218,414	16,403,381	17,596,619
Joint Use	25,000,000	-	2,221,179	2,221,179	22,778,821
Charter	6,000,000	-	276,266	276,266	5,723,734
<b>Others:</b>					
Accruals	-	15,128,697	12,234,681	27,363,378	(27,363,378)
Employee Benefits	582,813	124,207	458,606	582,813	-
Interest - New Construction	35,419,216	-	-	-	35,419,216
Prior Year Adjustments- Expenditures Transfer	(4,305,343)	963,282	(5,268,625)	(4,305,343)	-
Interfund Transfer to General Fund for Deferred Maintenance	120,000,000	90,000,000	30,000,000	120,000,000	-
Cost of Issuance	6,617,878	6,671,876	-	6,671,876	(53,998)
Interfund Transfer to Capital Service Fund (071)	178,617,579	178,617,579	-	178,617,579	-
Interfund Transfer from Measure Y to Other Funds	20,775,362	13,097,536	7,558,167	20,655,703	119,659
Unimplemented Budget Adjustment	(509,762,420)	-	4,723,623	4,723,623	(514,486,043)
<b>Total Others</b>	<b>(152,054,915)</b>	<b>304,603,177</b>	<b>49,706,452</b>	<b>354,309,629</b>	<b>(506,364,544)</b>
<b>Total Measure Y Bond Expenditures</b>	<b>\$ 895,045,445</b>	<b>\$ 432,120,161</b>	<b>\$ 371,875,379</b>	<b>\$ 803,995,540</b>	<b>\$ 91,049,905</b>

See accompanying notes to statement of bond expenditures.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
**MEASURE Y SCHOOL BOND CONSTRUCTION PROGRAM**  
Notes to Statement of Bond Expenditures  
Period from November 8, 2005 (inception) to June 30, 2009

**(1) Measure Y School Bond Construction Program Background**

The Measure Y School Bond Construction Program (Program) or "the Safe and Healthy Neighborhood Schools Repair and Construction Measure of 2005" is intended to provide the Los Angeles Unified School District (District) funding to continue the repair and modernization of existing schools, replace bungalows with permanent classrooms, abate asbestos hazards, upgrade fire and safety systems, expand early education facilities, and provide sufficient core facilities at hundreds of schools.

The Board of Education has established a School Construction Bond Citizens' Oversight Committee to ensure that the proceeds of the Program's bond issuances are used for the purposes stated in the resolution, which placed Measure Y on the 2005 ballot. The Measure Y School Bond initiative authorized the issuance of \$3.985 billion in bonds. \$0.844 billion has since been issued between November 2005 and June 2009. The proceeds from the Measure Y School Bonds are to be used for projects such as the following: build neighborhood schools; bungalow repair and removal; upgrade and redesign campuses to create smaller schools; install and upgrade fire alarm systems; undertake complete asbestos hazard removal program; air condition remaining non-air-conditioned buildings; perform school alterations and improvements; upgrade and reinforce computer networks, school information systems, and technology capability; upgrade emergency radio systems; build new and repair existing early education centers in neediest areas; promote alternative education models like joint use and small learning communities; build, plan, and equip charter schools; replace all special education buses; give low performing schools added resources to improve results; audit and oversight of bond projects; and open new schools with sufficient number of library books. All projects to be funded under the Program must be included in the Strategic Execution Plans approved by the Board of Education. The District has established General Obligation Bond Charging Guidelines to outline the allowable expenditures for the Program. Such guidelines specifically state that no funds will be spent for teacher, administrator salaries or for operating expenses.

All projects are managed by District-approved District project managers. Each project manager is responsible for managing all project-related activities, including the maintenance of the District's master schedule and the master project budget.

**(2) Basis of Presentation**

The accompanying statement of bond expenditures has been prepared in conformity with U.S. generally accepted accounting principles. The accompanying statement of bond expenditures reflects the flow of current financial resources measurement focus and is presented on the modified accrual basis of accounting.

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
MEASURE Y SCHOOL BOND CONSTRUCTION PROGRAM**

Notes to Statement of Bond Expenditures  
Period from November 8, 2005 (inception) to June 30, 2009

**(a) Adjusted Budget (Unaudited)**

The amounts included within the adjusted budget (unaudited) column in the accompanying statement of bond expenditures represent the prior year budgeted expenditures from November 8, 2005 (inception) through June 30, 2008 and FY 2008-09 budget authority requested from the Board of Education for the costs that are expected to be expended and/or obligated to complete the various projects.

**(b) Actual Expenditures Incurred**

The amounts included within the actual expenditures incurred column in the accompanying statement of bond expenditures represent actual expenditures paid and accrued by the District for the period from November 8, 2005 (inception) through June 30, 2009.

**(c) Unexpended Balance (Unaudited)**

The amounts included within the unexpended balances (unaudited) column in the accompanying statement of bond expenditures represent the difference between the adjusted budget (unaudited) column and the total bond expenditures through June 30, 2009 column.

**(3) Fund Balances from Inception to Fiscal Year Ended June 30, 2009 (Unaudited)**

The following is a summary of the sources of funds and uses of funds for the Program from November 8, 2005 (inception) to June 30, 2009:

Actual:

Bonds Issued from Inception through June 30, 2008	\$ 694,385,000
Bonds Issued - FY 2008-09	150,000,000
OFS All Other Sources-Actual FY 2005-09	6,614,884
Interest - Actual from Inception through June 30, 2008	27,512,310
Interest - Actual FY 2008-09	6,684,636
Interfund Transfer-Other Fund Sources FY 2005-07	1,457
Interfund Transfer-Other Fund Sources FY 2007-08	8,908,714
Interfund Transfer-Other Fund Sources FY 2008-09	383,670
Local Income-Actual FY 2006-07	326,257
Local Income-Actual FY 2007-08	369,445
Local Income-Actual FY 2008-09	<u>526,568</u>
Total Bonds Issued and Interest/OFS as of June 30, 2009	\$ 895,712,941
Less: Expenditures from Inception through June 30, 2009	(803,995,540)
Less: Cost of Issuance/Underwriter's Discount FY09	<u>(667,496)</u>
<b>Available Fund Balance as of June 30, 2009</b>	<b><u>\$ 91,049,905</u></b>

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# Agenda Item # 7

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