

**PROPOSITION P BOND BUILDING FUND
OF
ENCINITAS UNION SCHOOL DISTRICT**

AUDIT REPORT

**For the Fiscal Year Ended
June 30, 2011**

**PROPOSITION P BOND BUILDING FUND
ENCINITAS UNION SCHOOL DISTRICT
TABLE OF CONTENTS
June 30, 2011**

FINANCIAL SECTION

Introduction and Citizens' Oversight Committee Member Listing..... 1

Independent Auditors' Report 2

Balance Sheet..... 4

Statement of Revenues, Expenditures and Changes in Fund Balance 5

Notes to Financial Statements..... 6

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards 12

Independent Auditors' Report on Performance 14

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Schedule of Findings and Recommendations 17

FINANCIAL SECTION

**PROPOSITION P BOND BUILDING FUND
ENCINITAS UNION SCHOOL DISTRICT
Introduction and Citizens' Oversight Committee Member Listing
June 30, 2011**

The Encinitas Union School District was formed in 1944 and encompasses 24.6 square miles. It is located in the north coastal portion of San Diego County and serves the City of Encinitas and the La Costa area of Carlsbad. The District began with a one room school, built in 1883. Presently, the District serves students in grades kindergarten through six, with nine elementary school facilities. All of the District's schools have been recognized as California Distinguished Schools, and La Costa Heights, Mission Estancia, Olivenhain Pioneer, and Park Dale Lane have been recognized as National Blue Ribbon Schools.

In November 2010, the District's voters approved by more than the required 55% favorable vote, Proposition P, authorizing the issuance and sale of general obligation bonds, not to exceed \$44,200,000. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

The Proposition 39 bonds were issued by the District, through the County of San Diego. On April 20, 2011, Election of 2010, Series 2011 of the Proposition P bond authorization was issued, which consisted of capital appreciation bonds and convertible capital appreciation bonds with an initial par amount of \$12,998,719 with stated interest rates of 5.43% to 6.75% and maturing through August 1, 2035. As of June 30, 2011, the principal balance outstanding on the Election of 2010, Series 2011 bond was \$13,173,830.

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

The Citizens' Oversight Committee had the following members as of June 30, 2011, all of whom were appointed by the District's Board of Education with two year terms of office:

Name	Title	Representation	Education Code Section
Jeff Bassman	President	Parent of Child Enrolled in District	15282(a)(4)
Allan Juliussen	Vice President	Community -at- Large	15282(a)
William Berrier	Member	Community -at- Large	15282(a)
Steve Gerken	Member	Active in a Bona Fide Taxpayers' Organization	15282(a)(3)
Lloyd O'Connell	Member	Active in a Senior Citizens' Organization	15282(a)(2)
Brenda Smith	Member	Active in a Business Organization	15282(a)(1)
Rimiga Viskanta	Member	Parent of Child Enrolled in District and Active in a Parent-Teacher Organization	15282(a)(5)

INDEPENDENT AUDITORS' REPORT

Governing Board Members and
Proposition P Citizens' Oversight Committee
Encinitas Union School District
Encinitas, California

We have audited the accompanying balance sheet of the Proposition P Bond Building Fund of Encinitas Union School District (the "District") as of June 30, 2011, and the related statement of revenues, expenditures and changes in fund balance for the fiscal year ended June 30, 2011. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the financial statements present only the individual Proposition P Bond Building Fund, consisting of the net construction proceeds of Proposition P general obligation bonds as issued by the District, through the County of San Diego, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Proposition P Bond Building Fund of Encinitas Union School District as of June 30, 2011, and the results of its operations for the fiscal year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011 on our consideration of Encinitas Union School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated September 20, 2011 on our consideration of Encinitas Union School District's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Proposition P Bond Building Fund for the fiscal year ended June 30, 2011 and should be considered in assessing the results of our financial audit.

Christine White (Accountancy Corporation)

San Diego, California

September 20, 2011

**PROPOSITION P BOND BUILDING FUND
ENCINITAS UNION SCHOOL DISTRICT
Balance Sheet
June 30, 2011**

ASSETS	
Cash in county treasury	\$ 10,862,365
Accounts receivable	7,495
	<hr/>
Total Assets	\$ 10,869,860
	<hr/> <hr/>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 619,630
	<hr/>
Total Liabilities	619,630
	<hr/>
Fund Balance	
Unreserved	10,250,230
	<hr/>
Total Fund Balance	10,250,230
	<hr/>
Total Liabilities and Fund Balance	\$ 10,869,860
	<hr/> <hr/>

The accompanying notes to financial statements are an integral part of this statement.

**PROPOSITION P BOND BUILDING FUND
ENCINITAS UNION SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011**

REVENUES	
Interest income	\$ 7,495
	<hr/>
Total Revenues	7,495
	<hr/>
EXPENDITURES	
Capital outlay	2,275,072
Services and other operating expenditures	298,269
Supplies and noncapitalized equipment	397,002
	<hr/>
Total Expenditures	2,970,343
	<hr/>
OTHER FINANCING SOURCES AND USES	
Proceeds from long-term debt	13,000,000
Premium from bond issuance	213,078
	<hr/>
Total Other Financing Sources and Uses	13,213,078
	<hr/>
Net Change in Fund Balance	10,250,230
Fund Balance, July 1, 2010	-
	<hr/>
Fund Balance, June 30, 2011	\$ 10,250,230
	<hr/> <hr/>

The accompanying notes to financial statements are an integral part of this statement.

**PROPOSITION P BOND BUILDING FUND
ENCINITAS UNION SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Encinitas Union School District (the “District”) was established in 1944. The District serves approximately 5,297 students in nine elementary schools.

On November 2, 2010 the District voters authorized \$44,200,000 in general obligation bonds (Proposition P) to improve the quality of education, upgrade computers and technology, improve energy efficiency/water conservation, replace aging roofs, upgrade inadequate electrical, plumbing, heating/ventilation/air-conditioning systems, renovate outdated classrooms, restrooms, and school facilities, and make health, safety and handicapped accessibility improvements.

An oversight committee to the District’s Governing Board and Superintendent, called the Citizens’ Oversight Committee (COC), was established pursuant to the requirements of state law and the provisions of the Proposition P bond. The COC is required by state law to actively review and report on the proper expenditure of taxpayers’ money for school construction. The COC provides oversight and advises the public whether the District is spending the Proposition P Bond funds for school capital improvements within the scope of projects outlined in the Proposition P Bond project list. In fulfilling its duties, the COC reviews, among other things, the District’s annual performance and financial audits of Proposition P activity.

The statements presented are for the individual Proposition P Bond Building Fund of the District, consisting of the net construction proceeds of Election of 2010, Series 2011 general obligation bonds as issued by the District, through the County of San Diego, and are not intended to be a complete presentation of the District’s financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

B. Accounting Policies

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

**PROPOSITION P BOND BUILDING FUND
OF ENCINITAS UNION SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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 are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Encumbrances

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

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**PROPOSITION P BOND BUILDING FUND
OF ENCINITAS UNION SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as cash in county treasury for \$10,862,365.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; 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 agreements; 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. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

Cash in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements 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.

**PROPOSITION P BOND BUILDING FUND
OF ENCINITAS UNION SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011**

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
Agency Obligations	5 years	None	25%
Local Agency Obligations	5 years	15%	10%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	5%
Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	40%	10-15%
Reverse Repurchase Agreements	92 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	10%	10%
Corporate Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	15%	10%
Bond Funds	N/A	2.5%	2.5%
Pass-Through Securities	5 years	20%	5%

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the San Diego County Investment Pool with a fair value of approximately \$10,898,470 and an amortized book value of \$10,862,365. The weighted average maturity for this pool as of June 30, 2011 was 425 days.

**PROPOSITION P BOND BUILDING FUND
OF ENCINITAS UNION SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011**

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments within the San Diego County Investment Pool are rated at least A by Moody's Investors Service.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable amounting to \$7,495 as of June 30, 2011 consists of interest earned on the District's investment in the County Treasury.

NOTE 4 – CONSTRUCTION COMMITMENTS

The Proposition P Bond Building Fund had construction commitments of \$1,200,000 as of June 30, 2011.

NOTE 5 – PROPOSITION P GENERAL OBLIGATION BONDS

As of June 30, 2011, the principal balance outstanding on the District's Proposition P general obligation bonds is indicated as follows:

	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2010	Additions	Deletions	Outstanding June 30, 2011
Series 2011	4/20/2011	5.43% - 6.75%	8/1/2035	\$ 12,998,720	\$ -	\$ 13,173,830	\$ -	\$ 13,173,830

**PROPOSITION P BOND BUILDING FUND
OF ENCINITAS UNION SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011**

NOTE 5 – PROPOSITION P GENERAL OBLIGATION BONDS (continued)

Election of 2010, Series 2011

On April 20, 2011, Series 2011 bonds of the Proposition P bond authorization were issued, which consisted of current interest and capital appreciation bonds with an initial par amount of \$12,998,720, with stated interest rates of 5.43% to 6.75% and maturing through August 1, 2035.

The annual requirements to amortize all Proposition P general obligation bonds payable outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal*	Interest	Total
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	-	-	-
2022-2026	2,491,716	4,086,843	6,578,559
2027-2031	3,835,505	6,231,599	10,067,104
2032-2036	6,671,499	3,013,276	9,684,775
Total	<u>\$ 12,998,720</u>	<u>\$ 13,331,718</u>	<u>\$ 26,330,438</u>

* Principal excludes \$105,066 of accreted interest as of June 30, 2011.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board Members and
Proposition P Citizens' Oversight Committee
Encinitas Union School District
Encinitas, California

We have audited the financial statements of the Proposition P Bond Building Fund of Encinitas Union School District (the "District") as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Encinitas Union School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Encinitas Union School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Encinitas Union School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Proposition P Bond Building Fund of Encinitas Union School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Encinitas Union School District's responses to the findings identified in our audit are described in the accompanying schedule of audit findings and management's responses. We did not audit Encinitas Union School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's Governing Board, the Proposition P Citizens' Oversight Committee, management, others within the entity, and the taxpayers of Encinitas Union School District, and is not intended to be and should not be used by anyone other than these specified parties.

Chintan Patel Accountancy Corporation

San Diego, California
September 20, 2011

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board Members and
Proposition P Citizens' Oversight Committee
Encinitas Union School District
Encinitas, California

We have audited the financial statements of the Proposition P Bond Building Fund of the Encinitas Union School District (the "District") as of and for the fiscal year ended June 30, 2011 and have issued our report thereon dated September 20, 2011. Our audit was made in accordance with generally accepted auditing standards in the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the Proposition P General Obligation Bonds for the fiscal year ended June 30, 2011. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Proposition P Bonds were only used for the purposes set forth in the Proposition P ballot language and not for any other purpose, such as teacher and administrative salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Proposition P projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Proposition P funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

Internal Control Evaluation (continued)

Procedures Performed: (continued)

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the fiscal year 2010-11 financial statement balances for the Proposition P Bond Building Fund are not materially misstated.

Results of Procedures Performed:

The result of our audits tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unqualified opinion was expressed on the financial statements.

Facilities Site Walk

Procedures Performed:

We performed a site walk to verify that Proposition P funds expended for the fiscal year ended June 30, 2011 were for valid facilities acquisition and construction purposes. CWA toured two District construction sites where construction work had commenced: Flora Vista Elementary (media center renovation, technology upgrades) and Ocean Knoll Elementary (new carpet installations in 14 classrooms, technology upgrades).

Results of Procedures Performed:

Results of the site walks indicate that the major 2010-11 Proposition P construction projects at Flora Vista Elementary and Ocean Knoll Elementary were successfully completed and advanced into 2011-12 expenditure/construction phases where applicable.

Test of Expenditures

Procedures Performed:

The following performance tests of expenditures and transfers were performed:

We tested approximately \$2.7 million (91%) of the 2010-11 expenditures (15 separate payments) for validity, allowability and accuracy. Expenditures sampled in our test included payments made to contractors, consultants and other vendors.

Results of Procedures Performed:

We found the expenditures and transfers tested to be in compliance with the terms of the Proposition P ballot measure, Facilities Plan, and applicable state laws and regulations without exception.

Test of Contracts and Bid Procedures

Procedures Performed:

We did not perform test of contracts and bid procedures for 2010-11 due to no construction contracts being subject to formal bidding requirements.

Our audit of compliance was made for the purposes set forth in the second and third paragraphs of this report would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied, in all material respects, with the compliance requirements for the Measure C General Obligation Bond as listed and tested above.

This report is intended solely for the information and use of the Measure C Citizens' Bond Oversight Committee, the District's Governing Board, management, and the taxpayers of Encinitas Union School District and is not intended to be and should not be used by anyone other than these specified parties.

Christle White Accountancy Corporation

San Diego, California

September 20, 2011

**SCHEDULE OF FINDINGS AND
RECOMMENDATIONS**

**PROPOSITION P BOND BUILDING FUND
OF ENCINITAS UNION SCHOOL DISTRICT
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2011**

There were no findings or recommendations related to the audit of the Proposition P Bond Building Fund for the fiscal year ended June 30, 2011.