

**DINUBA UNIFIED SCHOOL DISTRICT**  
**2006 MEASURE T GENERAL**  
**OBLIGATION BOND FUNDS**  
**AUDIT REPORT**  
**FOR THE YEARS ENDED**  
**JUNE 30, 2012, 2011, 2010, AND 2009**

**DINUBA UNIFIED SCHOOL DISTRICT**  
**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS**  
**AUDIT REPORT**  
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# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees and Citizen's Oversight  
Committee for 2006 Measure T  
Dinuba Unified School District

We have audited the accompanying financial statements of the Dinuba Unified School District (the District) 2006 Measure T General Obligation Bond Funds (the Funds) as of and for the years ended June 30, 2012, 2011, 2010, and 2009 as listed in the table of contents. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note A, the financial statements present the financial activity of the Funds only, and do not purport to, and do not, present the financial position and results of operations of the Dinuba Unified School District as a whole, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, Dinuba Unified School District adopted the provisions of *Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended June 30, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds, as of June 30, 2012, 2011, 2010, and 2009, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Dinuba  
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In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2013, on our consideration of the Funds' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

In accordance with the requirements of Proposition 39, as incorporated in Section 1 (b)(3)C of Article XIII A of the California Constitution, we have also issued our performance audit report dated August 12, 2013 on our consideration of Dinuba Unified School District's compliance with the requirements of Proposition 39. That report is an integral part of our audits of the 2006 Measure T General Obligation Bond Funds for the fiscal years ended June 30, 2012, 2011, 2010, and 2009 and should be considered in assessing the results of our financial audits.

*McQueen and Company LLP*

Visalia, California  
August 12, 2013

**DINUBA UNIFIED SCHOOL DISTRICT**

**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS  
BALANCE SHEETS  
JUNE 30, 2012, 2011, 2010, AND 2009**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>				
Cash in County Treasury	\$ 943,271	\$ 1,511,004	\$ 1,837,795	\$ 8,391,416
Due From Other Funds	5,500	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 948,771</u>	<u>\$ 1,511,004</u>	<u>\$ 1,837,795</u>	<u>\$ 8,391,416</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 244,561	\$ 3,815	\$ 25,971	\$ -
<b>FUND BALANCES</b>				
Restricted	704,210	1,507,189	1,811,824	8,391,416
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 948,771</u>	<u>\$ 1,511,004</u>	<u>\$ 1,837,795</u>	<u>\$ 8,391,416</u>

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

**DINUBA UNIFIED SCHOOL DISTRICT**

**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 2012, 2011, 2010, AND 2009**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES AND OTHER SOURCES</b>				
Interest	\$ 25,549	\$ 47,872	\$ 120,935	\$ 240,970
Net Increase (Decrease) in the Fair Value of Investments	(6,427)	(21,803)	(78,936)	83,037
Total Revenues and Other Sources	<u>19,122</u>	<u>26,069</u>	<u>41,999</u>	<u>324,007</u>
<b>EXPENDITURES</b>				
Plant Maintenance and Operations	-	3,815	3,825	-
Facilities Acquisition and Construction	1,876,365	326,889	973,403	519,303
Operations	-	-	-	4,919
Debt Services	-	-	5,646,704	1,704,875
Total Expenditures	<u>1,876,365</u>	<u>330,704</u>	<u>6,623,932</u>	<u>2,229,097</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	1,054,264	-	-	-
Proceeds From Sale of Bonds	-	-	2,341	4,207,281
Total Other Financing Sources	<u>1,054,264</u>	<u>-</u>	<u>2,341</u>	<u>4,207,281</u>
Net Changes in Fund Balances	(802,979)	(304,635)	(6,579,592)	2,302,191
Fund Balances, July 1	<u>1,507,189</u>	<u>1,811,824</u>	<u>8,391,416</u>	<u>6,089,225</u>
Fund Balances, June 30	<u>\$ 704,210</u>	<u>\$ 1,507,189</u>	<u>\$ 1,811,824</u>	<u>\$ 8,391,416</u>

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

**DINUBA UNIFIED SCHOOL DISTRICT**  
**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2012, 2011, 2010, AND 2009**

**NOTE A - Summary of Significant Accounting Policies**

The accounting policies of the 2006 Measure T General Obligation Bond Funds (the Funds) of the Dinuba Unified School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Funds account for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

**1. Financial Reporting Entity**

The financial statements include the financial activity of the 2006 Measure T General Obligation Bond Funds only. The Funds were established to account for the expenditures of proceeds from general obligation bonds issued under the Measure T Bond Election of 2006. These financial statements are not intended to present the financial position and results of operations of Dinuba Unified School District as a whole, in conformity with accounting principles generally accepted in the United States of America. The authorized issuance amount of the bonds is \$37,000,000. The bonds, Series 2007 and 2009, in the amounts of \$8,499,985 and \$4,199,999 respectively were sold on September 27, 2007 and April 2, 2009, respectively.

**2. Fund Accounting**

The operations of the Funds are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the Funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**3. Basis of Accounting**

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

**4. Fund Balance**

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**DINUBA UNIFIED SCHOOL DISTRICT**  
**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2012, 2011, 2010, AND 2009**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**5. Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. The County of Tulare collects supplemental taxes for repayment of bond proceeds from all taxable property within the District. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10, and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District. The tax revenues collected for repayment of the bonds are accumulated in the bond interest and redemption funds of the Dinuba Unified School District, which have not been included in these financial statements.

**6. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

**7. Budgets and Budgetary Accounting**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the Funds. By State law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was used as a management control device during the year. The District employs budget control by minor object and function and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at year end.

**8. Accounting Pronouncement**

In March of 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in the governmental funds. Dinuba Unified School District adopted GASB 54 for the fiscal year ending June 30, 2011. The statements contained herein reflect the changes in fund balance reporting and presentation.



**DINUBA UNIFIED SCHOOL DISTRICT**  
**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2012, 2011, 2010, AND 2009**

**NOTE B - Cash In County Treasury**

**1. Cash in County Treasury**

Deposits with the County Treasury are not categorized because they do not represent securities, which exist in physical or book entry form. The deposits with the County Treasurer are valued using the amortized cost method (which approximates fair value). The fair value was provided by the County Treasurer. The reported amounts at June 30, 2012, 2011, 2010, and 2009 are \$943,271, \$1,511,004, \$1,837,795, and \$8,391,416, respectively. The fair values at June 30, 2012, 2011, 2010, and 2009 are \$943,271, \$1,511,004, \$1,837,795, and \$8,391,416, respectively.

**2. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Investment Pool.

**NOTE C - Interfund Balances and Activities**

The Dinuba Unified School District made an interfund transfer on November 22, 2011 in the amount of \$1,054,264 from the Developer Fees Fund to the Bond Funds. The transfer was for the purpose of capital projects expenditures. The expenditures associated with this transfer were not included in our performance audit.

**NOTE D - Long Term Debt**

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds. However, they are reported as liabilities on the Statement of Net Assets in the Government-wide financial statements of the Dinuba Unified School District. The following information is provided for informational purposes.

**1. General Obligation Bonds**

The outstanding general obligation bonded debt as of June 30, 2012, 2011, 2010, and 2009 is as follows:

Issue Date	Maturity Date	Interest/ Accretion Rate	Original Issue	Bonds Outstanding July 1, 2011	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2012
Current Interest, Series 2007							
2007	08/2029	3.40-4.20%	\$ 8,225,000	\$ 7,960,000	\$ -	\$ -	\$ 7,960,000
Current Interest, Series 2009							
2009	08/2033	3.88-6.39%	3,555,000	3,555,000	-	-	3,555,000
Capital Appreciation, Series 2007							
2007	08/2032	4.59-4.62%	274,985	406,855	43,643	-	450,498
Capital Appreciation, Series 2009							
2009	08/2024	5.38-5.75%	644,999	825,128	91,973	-	917,101
<b>Totals</b>			<b>\$ 12,699,984</b>	<b>\$ 12,746,983</b>	<b>\$ 135,616</b>	<b>\$ -</b>	<b>\$ 12,882,599</b>

**DINUBA UNIFIED SCHOOL DISTRICT**

**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012, 2011, 2010, AND 2009**

**NOTE D - Long Term Debt (continued)**

**1. General Obligation Bonds (continued)**

Issue Date	Maturity Date	Interest/ Accretion Rate	Original Issue	Bonds Outstanding July 1, 2010	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2011
Current Interest, Series 2007							
2007	08/2029	3.40-4.20%	\$ 8,225,000	\$ 7,960,000	\$ -	\$ -	\$ 7,960,000
Current Interest, Series 2009							
2009	08/2033	3.88-6.39%	3,555,000	3,555,000	-	-	3,555,000
Capital Appreciation, Series 2007							
2007	08/2032	4.59-4.62%	274,985	367,440	39,415	-	406,855
Capital Appreciation, Series 2009							
2009	08/2024	5.38-5.75%	644,999	742,378	82,750	-	825,128
<b>Totals</b>			<b>\$ 12,699,984</b>	<b>\$ 12,624,818</b>	<b>\$ 122,165</b>	<b>\$ -</b>	<b>\$ 12,746,983</b>

Issue Date	Maturity Date	Interest/ Accretion Rate	Original Issue	Bonds Outstanding July 1, 2009	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2010
Current Interest, Series 2007							
2007	08/2029	3.40-4.20%	\$ 8,225,000	\$ 8,225,000	\$ -	\$ 265,000	\$ 7,960,000
Current Interest, Series 2009							
2009	08/2033	3.88-6.39%	3,555,000	3,555,000	-	-	3,555,000
Capital Appreciation, Series 2007							
2007	08/2032	4.59-4.62%	274,985	335,400	32,040	-	367,440
Capital Appreciation, Series 2009							
2009	08/2024	5.38-5.75%	644,999	668,003	74,375	-	742,378
<b>Totals</b>			<b>\$ 12,699,984</b>	<b>\$ 12,783,403</b>	<b>\$ 106,415</b>	<b>\$ 265,000</b>	<b>\$ 12,624,818</b>

Issue Date	Maturity Date	Interest/ Accretion Rate	Original Issue	Bonds Outstanding July 1, 2008	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2009
Current Interest, Series 2007							
2007	08/2029	3.40-4.20%	\$ 8,225,000	\$ 8,225,000	\$ -	\$ -	\$ 8,225,000
Current Interest, Series 2009							
2009	08/2033	3.88-6.39%	3,555,000	-	3,555,000	-	3,555,000
Capital Appreciation, Series 2007							
2007	08/2032	4.59-4.62%	274,985	299,567	35,833	-	335,400
Capital Appreciation, Series 2009							
2009	08/2024	5.38-5.75%	644,999	-	668,003	-	668,003
<b>Totals</b>			<b>\$ 12,699,984</b>	<b>\$ 8,524,567</b>	<b>\$ 4,258,836</b>	<b>\$ -</b>	<b>\$ 12,783,403</b>

**DINUBA UNIFIED SCHOOL DISTRICT**  
**2006 MEASURE T GENERAL OBLIGATION BOND FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2012, 2011, 2010, AND 2009**

**NOTE D - Long Term Debt (continued)**

**1. General Obligation Bonds (continued)**

The annual requirements to amortize General Obligation Bonds payable outstanding as of June 30, 2012, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 522,839	\$ 522,839
2014	116,962	535,877	652,839
2015	129,517	553,322	682,839
2016	322,830	550,009	872,839
2017	341,908	555,931	897,839
2018-2022	2,208,461	2,760,934	4,969,395
2023-2027	3,612,423	2,276,488	5,888,911
2028-2032	4,274,783	2,697,210	6,971,993
2033-2034	1,875,715	1,117,823	2,993,538
<b>Totals</b>	<u><u>\$ 12,882,599</u></u>	<u><u>\$ 11,570,433</u></u>	<u><u>\$ 24,453,032</u></u>

Repayment of the Bonds is funded by a separate property tax override levied on property residing within the District boundaries. Property tax revenues will be collected and disbursed out of a separate Bond Interest and Redemption Fund under the control of the Tulare County Controller's Office. This fund is not included as part of these financial statements. General school district revenues will not be required to fund the debt service on the bonds.

**2. Capital Lease**

On June 1, 2007, the District entered into a financing agreement with Public Property Financing Corporation of California for the purpose of financing a construction contract with Chevron Corporation under a lease-leaseback arrangement. Public Property Financing Corporation of California then assigned this agreement to Citi Capital who then completed the financing arrangement. Title to the property under this agreement then passed to the District when the final lease payment was made in December, 2009. This financing agreement served as a bridge financing arrangement to pay for construction under the contract with Chevron Corporation. The contract between Chevron Corporation and the District was performed in accordance with the terms of the Bond Indenture for the 2006 Measure T Bond Issue of the Dinuba Unified School District whereby a portion of the bond funds were subsequently used to pay off the lease agreement which financed the construction. The total capitalized value was \$7,587,456 and the final lease payment was made in December, 2009.

The District received no sublease rental revenues nor paid any contingent rentals associated with this lease.

**OTHER INDEPENDENT AUDITORS' REPORTS**



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

Board of Trustees and Citizen's Oversight  
Committee for 2006 Measure T  
Dinuba Unified School District

We have audited the financial statements of the Dinuba Unified School District (the District) 2006 Measure T General Obligation Bond Funds (the Funds) as of and for the years ended June 30, 2012, 2011, 2010, and 2009 and have issued our report thereon dated August 12, 2013. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of Dinuba Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Funds' 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 Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Funds' 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.

**Dinuba  
Hanford  
Tulare  
Visalia**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free of material misstatement, we performed tests of 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Citizen's Oversight Committee for 2006 Measure T Bonds, Management, the District's Governing Board, and the taxpayers of Dinuba Unified School District, and is not intended to be and should not be used by anyone other than these specified parties.

*McQueen and Company LLP*

Visalia, California  
August 12, 2013



# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Board of Trustees and Citizen's Oversight  
Committee for 2006 Measure T  
Dinuba Unified School District

We have audited the financial statements of the Dinuba Unified School District (the District) 2006 Measure T General Obligation Bond Funds as of and for the years ended June 30, 2012, 2011, 2010, and 2009 and have issued our report thereon dated August 12, 2013. Our audits were made in accordance with generally accepted auditing standards in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We conducted our performance audits in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives. Our audits do not provide a legal determination of the District's compliance with those requirements.

In connection with our audits, we also performed audits for compliance as required in the performance requirements for the 2006 Measure T General Obligation Bonds for the years ended June 30, 2012, 2011, 2010, and 2009. 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 2006 Measure T Bonds were used only for the purposes approved by the voters and only on specific projects developed by the District Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution. Compliance with the requirements of Proposition 39 and the bond issue is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audits.

Solely to assist us in planning and performing our performance audits, we made a study and evaluation of the internal controls of Dinuba Unified School District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1 (b)(3)C of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal controls.

The scope of our performance audits included a listing of all 2006 Measure T General Obligation Bond project expenditures for the years ended June 30, 2012, 2011, 2010, and 2009. A total of \$11,060,098 in expenditures was identified from July 1, 2008 through June 30, 2012. As stated in Note C, funding for \$1,054,264 of those expenditures was provided by interfund transfers. Therefore, such expenditures were not included in our performance audit.

**Dinuba  
Hanford  
Tulare  
Visalia**

The methodology of our performance audits included the following procedures for the 2006 Measure T General Obligation Bond project expenditures for the years ended June 30, 2012, 2011, 2010, and 2009:

- We verified that the expenditures of funds were accounted for separately in the accounting records to allow for proper accountability.
- We tested \$9,043,404 (90%) of the total capital project expenditures, exclusive of issuance costs and amounts funded by transfers in, and verified that the specific nature of the expenditures complied with the purpose that was specified to the registered voters of the District through election material or as included in the project priority list that was distributed to the voters.

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

In our opinion, Dinuba Unified School District complied, in all material respects, with the compliance requirements for the 2006 Measure T General Obligation Bonds as listed and tested above.

This report is intended solely for the information and use of the Citizen's Oversight Committee for 2006 Measure T Bonds, the District's Governing Board, Management, and the taxpayers of the Dinuba Unified School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Visalia, California  
August 12, 2013

*M. Queen and Company LLP*