

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees and
Measure E Citizens' Oversight Committee
Dry Creek Joint Elementary School District
Roseville, California

We have performed the procedures enumerated in Attachment II, which were agreed to by Dry Creek Joint Elementary School District (the "District") and the Measure E Oversight Committee (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning disbursements of bond funds as of June 30, 2009. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District and the Committee. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment II either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and conclusions reached as a result of these procedures are identified in Attachment II. Attachment I contains background information about the Measure E Bonds. Attachment III provides a listing of the bond expenditures tested for this report. Attachment IV provides information regarding the financial activity and balance of the bond fund for the year ended June 30, 2009.

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

This report is intended solely for the use of Dry Creek Joint Elementary School District and the Measure E Citizens' Oversight Committee and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Perry-Smith LLP

November 20, 2009

**DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
BACKGROUND INFORMATION**

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate.

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT MEASURE E GENERAL OBLIGATION BONDS

On February 5, 2008, the electorate of the Dry Creek Joint Elementary School District approved the \$67,300,000 Measure E general obligation bonds with greater than 55% of the votes in favor. The text of the ballot language was as follows:

"By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Dry Creek Joint Elementary School District shall be authorized to issue and sell bonds of up to \$67,300,000 in aggregate the principal amount to provide financing for the specific school facilities projects listed in the Bond Project List attached hereto as Attachment III, subject to all of the accountability safeguards specified."

BOND PROJECT LIST

Antelope Crossing Middle School

Acquire and install digital classroom technology infrastructure for approximately 43 existing classrooms; construct/convert/outfit a computer lab; safety surveillance systems; construct and equip visual and performing arts (band) classroom; exterior ground and field improvements including renovation and/or acquisition and construction of turf field, long jump facility, irrigation systems, and bleachers.

Antelope Meadows School

Acquire and install digital classroom technology infrastructure for approximately 40 existing classrooms; science lab upgrades; safety surveillance systems; parking lot expansion.

Barrett Ranch School

Science lab upgrades; purchase of approximately 3 acres of additional land; construct approximately 12 new classrooms; exterior site improvements including concrete flatwork; exterior shade structures; exterior student seating.

**DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
BACKGROUND INFORMATION**
(Continued)

BOND PROJECT LIST (Continued)Coyote Ridge School

Acquire and install digital classroom technology infrastructure for approximately 40 existing classrooms; science lab upgrades; furniture for small group computer labs in small group instructional rooms; upgrade library/media center shelving; safety surveillance systems; exterior shade structures.

Creekview Ranch Middle School

Phase 2 Construction including approximately 24 new classrooms, multi-purpose-room/gym, approximately 6 science labs for 7th and 8th grades, portable facilities for temporary library, administrative offices and some classrooms; Phase 3 Construction including permanent library, safety surveillance systems, computer lab, science labs for 6th grade, main office; and paying off any portion of District interim lease financings of the foregoing (which may be affected by the amount and timing of State reimbursements).

Dry Creek

Acquire and install digital classroom technology infrastructure for approximately 25 existing classrooms; science lab upgrades; demolish old bus barn; new multi-purpose room; new entry; new utility infrastructure; exterior ground and field improvements including site work and landscaping; safety surveillance systems; construct/convert/outfit a computer lab.

Future Elementary School

Construct, on land already owned by the District, approximately 50,000 square feet (which is about two-thirds) of a new elementary school including classrooms, multi-purpose room/cafeteria, kindergarten, safety surveillance systems, and main office including library and computer lab.

Heritage Oak School

Acquire and install digital classroom technology infrastructure for approximately 32 existing classrooms; construct/convert/outfit a computer lab; remodeling of approximately two existing classrooms including removal of partitions and conversion to small group learning centers; science lab upgrades; upgrade to playground equipment; safety surveillance systems.

Olive Grove School

Acquire and install digital classroom technology infrastructure for approximately 35 existing classrooms; construct/convert/outfit a small group learning center classroom; science lab upgrades; safety surveillance systems; construct/convert/outfit computer lab.

**DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
BACKGROUND INFORMATION**
(Continued)

BOND PROJECT LIST (Continued)Quail Glen School

Acquire and install digital classroom technology infrastructure for approximately 35 existing classrooms; construct/convert/outfit a small group learning center classroom; science lab upgrades; visual and performing arts renovations including dishwasher, music office and permanent storage; safety surveillance systems; construct/convert/outfit computer lab.

Silverado Middle School

Acquire and install digital classroom technology infrastructure for approximately 45 existing classrooms; construct/convert/outfit computer lab; add gymnasium storage; visual and performing arts renovations including new windows and drama storage; exterior ground and field improvements including stripping asphalt, and renovation and/or acquisition and construction of long jump facility, bleachers, drainage, and baseball diamond.

All School Sites

Replace worn/broken/out of date student desks and classroom furniture and equipment.

Other Necessary and Incidental Work (in connection with bond financed projects at all school sites)

- Remove and dispose of, or otherwise remediate, hazardous materials, e.g. asbestos, lead, etc., where necessary.
- Address unforeseen conditions revealed by construction/modernization (e.g., plumbing or gas line breaks, dry rot, seismic, structural, etc.).
- Other improvements required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act.
- Furnishing and equipping of newly constructed classrooms and facilities.
- Necessary site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, drainage, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property.
- Rent or construct storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under a lease for any of these authorized facilities.

**DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
BACKGROUND INFORMATION**
(Continued)

BOND PROJECT LIST (Continued)

Other Necessary and Incidental Work (in connection with bond financed projects at all school sites) (Continued)

- For any project involving rehabilitation or renovation of a building or the major portion of the building, the District shall be authorized to proceed with new replacement construction instead, if the Board of Trustees determines that replacement and new construction is more economically practical than rehabilitation and renovation, considering the building's age, condition, expected remaining life, and other relevant factors.
- All other costs incidental to and necessary for completion of the foregoing.

The above listing does not suggest any particular priority for construction amongst the proposed projects.

All bond expenditures are subject to review by a Citizens' Oversight Committee which reports to the public, as provided in Education Code Section 15278 *et seq.*

**DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
PROCEDURES PERFORMED AND CONCLUSIONS**

PROCEDURES PERFORMED

Dry Creek Joint Elementary School District provided to us a list of all Measure E project expenditures (the "List"). An approximate total of 337 warrants were identified representing \$17,134,433 in expenditures from July 1, 2008 to June 30, 2009. We performed the following procedures to the List of Measure E bond expenditures:

- Verified the mathematical accuracy of the List.
- Selected a sample of 60 expenditures totaling \$12,780,679. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The audit sample represented 18% of the total number of expenditures and 75% of the total expenditure value. Verified that funds were used for the construction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities and that funds were not spent for salaries or other administrative expenses.

CONCLUSIONS

- The List was mathematically accurate.
- Each of the 60 expenditures tested represented valid Bond expenditures, were properly charged to the location indicated, were properly coded as to the nature of the expenditure, and were determined to represent construction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities and were not spent for salaries or other administrative expenses.

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF SELECTED MEASURE E BOND EXPENDITURES

For the Fiscal Year Ended June 30, 2009

<u>Date</u>	<u>Description</u>	<u>Amount</u>
07/16/2008	Technology Digital Classroom	\$ 7,833
07/18/2008	Technology Digital Classroom	5,058
07/18/2008	Technology Digital Classroom	7,833
07/18/2008	Computer Lab	17,172
07/18/2008	Computer Lab	23,884
07/18/2008	Permanent Construction	88,486
08/15/2008	Safety Equipment	26,040
08/15/2008	Safety Equipment	142,383
08/15/2008	Safety Equipment	26,158
08/29/2008	Site Improvements	3,795
08/29/2008	Permanent Construction	24,940
08/29/2008	Permanent Construction	1,506,786
08/29/2008	Permanent Construction	893,915
09/12/2008	Technology Digital Classroom	1,501
09/12/2008	Safety Equipment	43,005
09/12/2008	Site Improvements	1,547
09/12/2008	Permanent Construction	5,610
09/12/2008	Construction Inspection	5,120
09/19/2008	Safety Equipment	11,806
09/26/2008	Permanent Construction	18,088
10/03/2008	Permanent Construction	34,124
10/10/2008	Permanent Construction	6,247
10/10/2008	Permanent Construction	723,533
10/17/2008	Permanent Construction	2,847,155
10/17/2008	Permanent Construction	747,375
10/17/2008	Permanent Construction	403,512
11/07/2008	Safety Equipment	5,148
11/07/2008	Computer Lab	13,599
11/21/2008	Technology Digital Classroom	2,327
11/21/2008	Permanent Construction	5,626
12/05/2008	Permanent Construction	11,857
12/05/2008	Permanent Construction	1,070,181
12/12/2008	Permanent Construction	2,850
12/18/2008	Permanent Construction	898,946
01/30/2009	Safety Equipment	1,179
01/30/2009	Construction Inspection	36,999
02/06/2009	Safety Equipment	3,600
02/06/2009	Permanent Construction	906,220
02/13/2009	Playground Equipment	9,947
02/13/2009	Media Shelving	5,000
02/13/2009	Permanent Construction	287,609
03/06/2009	Permanent Construction	5,775
03/27/2009	Permanent Construction	1,294,625
04/03/2009	Performing Arts Construction	7,623
04/03/2009	Technology Digital Classroom	6,407
04/03/2009	Shade Structures	1,652
04/24/2009	Parking Lot Construction	3,710

(Continued)

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF SELECTED MEASURE E BOND EXPENDITURES
(Continued)
For the Fiscal Year Ended June 30, 2009

<u>Date</u>	<u>Description</u>	<u>Amount</u>
04/24/2009	Performing Arts Construction	\$ 5,509
04/24/2009	Technology Digital Classroom	4,366
05/08/2009	Permanent Construction	387,852
05/15/2009	Safety Equipment	52,680
05/29/2009	Technology Digital Classroom	3,414
06/26/2009	Professional Services	385
06/26/2009	Professional Services	192
06/26/2009	Shade Structures	27,317
06/26/2009	Shade Structures	27,317
06/26/2009	Permanent Construction	9,365
06/30/2009	Parking Lot Construction	14,906
06/30/2009	Performing Arts Construction	25,537
06/30/2009	Permanent Construction	<u>18,053</u>
		<u>\$ 12,780,679</u>

Board of Trustees and
Measure E Citizens' Oversight Committee
Dry Creek Joint Elementary School District
Roseville, California

We have compiled the accompanying Statement of Revenues, Expenditures and Change in Fund Balance – Fund 21 Measure E Bond Fund for the fiscal year ended June 30, 2009 (Attachment IV), in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying Statement of Revenues, Expenditures and Change in Fund Balance – Fund 21 Measure E Bond Fund for the fiscal year ended June 30, 2009 and, accordingly, we do not express an opinion or any other form of assurance on it.

Perry-Smith LLP

Sacramento, California
November 20, 2009

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FUND 21 MEASURE E BOND FUND
For the Fiscal Year Ended June 30, 2009

Revenues:	
Interest and investment income	\$ 612,383
Proceeds from issuance of General Obligation Bond	<u>11,877,506</u>
Total revenues	<u>12,489,889</u>
Expenditures:	
Books and supplies	165,000
Contract services and operating expenditures	286,359
Capital outlay	16,683,073
Debt service:	
Principal retirement	<u>11,620,000</u>
Total expenditures	<u>28,754,432</u>
Net activity	(16,264,543)
Fund balance:	
Beginning of year	<u>20,599,863</u>
End of year	<u>\$ 4,335,320</u>

See accountant's compilation report and
note to financial statements.