

**MEASURE BB BOND BUILDING FUND  
OF  
SANTA MONICA-MALIBU  
UNIFIED SCHOOL DISTRICT**

**AUDIT REPORT**

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

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
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June 30, 2011**

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**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Introduction and Citizens' Bond Oversight Committee Member Listing  
June 30, 2011**

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The District is currently operating ten elementary schools, two middle schools, one K-8 school, two high schools, one continuation high school, one adult education center, and fourteen child care and development centers, along with off-campus learning and regional occupational programs. The District serves approximately 11,700 students. Measure BB funds are used to repair, renovate, and construct District school facilities.

On November 7, 2006, the voters of Santa Monica-Malibu Unified School District approved by more than 55% Measure BB, authorizing the issuance and sale of \$268,000,000 of general obligation bonds. On October 2, 2007, the District issued Series A of the Election of 2006 general obligation bonds in the amount of \$60,000,000 with interest rates ranging 4.0% - 5.0%. On August 5, 2009, the District issued Series B in the amount of \$60,000,000 with interest rates ranging 1.500% - 7.556%. On July 14, 2010, the District issued Series C of the Election of 2006 general obligation bonds in the amount of \$65,000,000 with interest rates ranging 3.000% - 6.634%. As of June 30, 2011, the principal balance outstanding on the 2006 Election general obligation bonds was \$167,210,000.

Measure BB was a Proposition 39 bond, issued by the Santa Monica-Malibu Unified School District. 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.

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 proposition pursuant to the 55% majority authorized in Proposition 39, including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2011:

<b>Member</b>	<b>Title</b>	<b>Representation</b>
Jeffrey Jarow	Chair	Business Organization
Neil Carrey	Vice Chair	Members at Large
Laurie Charchut	Member	Parent Active in PTA
Jerry Nickelsburg	Member	Parent
Steve Rodman	Member	Bona-Fide Taxpayer Association
Vacant	Member	Members at Large
Ralph Erikson	Member	Senior Citizen Organization

## INDEPENDENT AUDITORS' REPORT

Governing Board Members and  
Measure BB Citizens' Bond Oversight Committee  
Santa Monica-Malibu Unified School District  
Santa Monica, California

We have audited the accompanying balance sheet of the Measure BB Bond Building Fund of Santa Monica-Malibu Unified School District (the "District") and the related statement of revenues, expenditures and changes in fund balance as of and 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 Measure BB Bond Building Fund, consisting of the net construction proceeds of Measure BB Election 2006 general obligation bonds as issued by the District, 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 Measure BB Bond Building Fund of Santa Monica-Malibu Unified 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 February 28, 2012 on our consideration of the Santa Monica-Malibu Unified 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Measure BB Bond Building Fund of Santa Monica-Malibu Unified School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

*Christie White Accountancy Corporation*

San Diego, California  
February 28, 2012

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**MANAGEMENT'S DISCUSSION AND  
ANALYSIS**

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**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2011**

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This section of Santa Monica-Malibu Unified School District's (the District's) Measure BB Bond Building Fund annual financial and performance report presents our discussion and analysis of the District's Measure BB bond program during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the District's Measure BB bond financial statements and performance audit, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The Measure BB Bond Building Fund balance increased \$50.9 million in fiscal year 2010-11 to \$128.6 million as of June 30, 2011.
- Expenditures in the program remained fairly consistent from prior year. Fiscal year 2009-10 saw expenditures for acquisition and construction in excess of \$16.5 million dollars. While many of these expenditures continue to be for planning phases of the program, the larger projects are moving into the procurement and construction phases. This includes the new elementary school at Edison Language Academy and renovation work at John Adams and Lincoln Middle Schools.
- As the program progresses and there becomes an additional need for funds, the district will issue portions of the remaining bond authorization. The District issued \$65 million bonds in July 2011. At this time, the final series of bonds are not scheduled for sale.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management discussion and analysis (this section), the Measure BB Bond Building Fund financial statements, and the performance audit required by state law.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The District accounts for Measure BB bond activity in the District's Building Fund. The Building Fund is a governmental fund type accounted for on a modified accrual basis of accounting that does not include long-term assets or liabilities.

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Management’s Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2011**

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**FINANCIAL ANALYSIS OF THE MEASURE BB BOND BUILDING FUND**

**Balance Sheet.** The District’s Measure BB Bond Building Fund balance as of June 30, 2011 was \$128.6 million, reflecting an increase of 66% since June 30, 2010 (see Table A-1). The \$99.8 million dollars in the cash in county treasury account represents cash held by the Los Angeles County Treasurer for purposes associated only with the bond authorization approved by the voters. It has been determined that Measure BB funds cannot be used for Routine Restricted Maintenance expenditures in the General Fund.

**Table A-1  
Measure BB Bond Building Sub-Fund Balance Sheet**

	<b>(in millions)</b>		<b>Total</b>
	<b>2010</b>	<b>2011</b>	<b>Percentage Change 2010-11</b>
Cash in county treasury*	\$ 99.8	\$ 130.4	31%
Interest receivable	0.3	0.4	35%
Total assets	100.10	130.80	31%
Accounts payable	22.5	2.2	-90%
Total liabilities	22.5	2.2	-90%
Total Fund Balance	\$ 77.6	\$ 128.6	66%

\*See Note #2 on Notes to Financial Statements Section for full description of cash in County Treasury.



**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2011**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Changes in net assets.** The District's total Measure BB revenues increased 44%. The total cost of the Measure BB expenditures decreased 17%. The interest income reported represents funds earned on the cash held by the county treasurer. The total expenditures of \$16.7 million represents only Measure BB authorized expenditures.

**Table A-2  
Changes in Measure BB Bond Building Fund Balance**

	(in millions)		Total
	2010	2011	Percentage Change 2010-11
Revenues:			
Interest income	\$ 1.2	\$ 1.8	42%
Other local	-	0.0	0%
Total revenues	<u>1.2</u>	<u>1.8</u>	44%
Expenditures:			
Plant services	0.2	-	-100%
Facilities acquisition and construction	19.1	15.9	-17%
Debt service	0.7	0.8	9%
Total expenditures	<u>20.0</u>	<u>16.7</u>	-17%
Excess deficiency of revenues over (under) expenditures	(18.8)	(14.9)	-21%
Other Financing Sources and Uses:			
Proceeds from debt issuance	60.0	65.0	100%
Premiums on bond issuance	0.7	0.8	100%
Total other financing sources and uses	<u>60.7</u>	<u>65.8</u>	100%
<b>Change in fund balance</b>	<u>\$ 41.9</u>	<u>\$ 50.9</u>	-21%

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2011**

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**MEASURE BB BOND BUILDING FUND BUDGETARY HIGHLIGHTS**

Over the course of the year as conditions change, the budget of the Measure BB program is reviewed by staff. When changes occur that are outside of the Board approved allocations, staff will prepare an item for Board approval. The item is reviewed first by the Districts Measure BB Advisory Committee and forwarded to the Board with their recommendation. Staff will address the entire program and recommend budget revision for the entire program. The voter authorization for Measure BB totaled \$268 million. When staff recommends a budget revision they will demonstrate how new allocations are accommodated within that limitation. The original budget of the program had contingencies for construction changes and a program reserve for unexpected changes. With revisions to the program budget, these amounts will be adjusted. Each year, on a single year basis, staff prepares an annual budget. This amount is used to track expenditures in any single year. When the budget is reported in this report that annual budget is used to compare with actual expenditures. It is not uncommon that expenditures may occur more quickly than expected and an annual budget revision is not completed. In this case one might have a discrepancy in the fiscal year annual budget, while the overall program budget is within its limits. This did not actually occur in the 2010-11 fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2011, the District had invested \$64.3 million of Measure BB bond funds in a broad range of capital projects, including capital assets consisting of land improvements, building construction, work in progress, and equipment.

**Long-Term Debt**

At year-end, the District had \$157.2 million in Measure BB general obligation bonds outstanding. The District will issue additional bonded debt as cash needs in the Measure BB program are projected. There is not an estimated date for the next bond issuance.

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2011**

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**FACTORS BEARING ON THE DISTRICT BOND PROGRAM'S FUTURE**

The District wishes to take advantage of favorable market conditions in the construction industry and therefore will continue to expedite each of the major projects in the program. The design phases are nearly complete and the District expects to have the entitlement or environmental phases complete by the end of the next fiscal year. Planning for the construction phases began in early 2010. The first phase of construction began in the summer of 2010. As with all construction programs unexpected events can occur. The team of district staff along with Parsons, the project manager, and California Construction Management staff is prepared to meet these challenges as they present themselves. One significant factor affecting the timeline of projects is the review performed by the Division of State Architect (DSA). The District has experienced delays due to the DSA process. District staff works very closely with the DSA to prevent lengthy delays.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's Measure BB bond finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jan Maez, Assistant Superintendent, Business Services, Santa Monica-Malibu Unified School District.

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## **FINANCIAL SECTION**

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**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Balance Sheet  
June 30, 2011**

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<b>ASSETS</b>	
Cash in county treasury*	\$ 130,400,831
Accounts receivable	403,510
Total assets	<u>\$ 130,804,341</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
 <b>LIABILITIES</b>	
Accounts payable	\$ 2,236,314
Total liabilities	<u>2,236,314</u>
 <b>FUND BALANCE</b>	
Restricted for capital projects	<u>128,568,027</u>
Total liabilities and fund balance	<u>\$ 130,804,341</u>

*\*See Note #2 in the Notes to Financial Statements section for a full description of cash in County Treasury.*

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2011**

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<b>REVENUES</b>	
Interest income	\$ 1,765,606
Other local	25,712
Total revenues	<u>1,791,318</u>
<b>EXPENDITURES</b>	
Facility acquisition and construction	15,922,481
Debt service - issuance costs	762,354
Total expenditures	<u>16,684,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,893,517)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from long-term debt	65,000,000
Premiums on bond issuance	796,244
Total other financing sources and uses	<u>65,796,244</u>
Net Change in Fund Balance	50,902,727
Fund balance, July 1, 2010	<u>77,665,300</u>
Fund Balance, June 30, 2011	<u>\$ 128,568,027</u>

**MEASURE BB BOND BUILDING FUND**  
**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Santa Monica-Malibu Unified School District (the District) was established in 1875. The District's boundaries encompass all of the City of Santa Monica and part of Los Angeles County from the Ventura County line on the west; the Malibu area to approximately the top of the Santa Monica Mountains on the north. The boundaries exclude those portions of the north section that are included in the Las Virgenes Unified School District and those portions of Pacific Palisades that are included in the Los Angeles Unified School District. The District is currently operating ten elementary schools, two middle schools, one K-8 school, two high schools, one continuation high school, one adult education center, and fourteen child care and development centers, along with off-campus learning and regional occupational programs.

On November 7, 2006, the voters of the District authorized the issuance and sale of \$268 million in general obligation bonds (Measure BB) for the repair and renovation of district classrooms, bathrooms, plumbing, roofs, computer technology, and fire safety equipment; improvement of handicapped student accessibility; earthquake retrofitting of classrooms; removal of asbestos and mold; and upgrading, acquiring, constructing, repairing and equipping classrooms, science labs, local neighborhood schools, sites and facilities.

A committee to the District's Governing Board and Superintendent, called the Measure BB Advisory Committee (BBAC) was established. The BBAC's goals include advising on District construction priorities, reviewing construction plans, reviewing project plans and budgets, and monitoring construction progress. Their role is in an advisory capacity to the Superintendent.

As a requirement of the Measure BB election, the Board has also established the Measure BB Citizens Bond Oversight Committee (BOC). The BOC duties include:

- Informing the public concerning expenditure of bond proceeds.
- Reviewing expenditure reports produced by the District to ensure that (a) bond proceeds are being expended only for the purposes set forth in the Measure BB; and (b) no bond proceeds were used for any teacher or administrative salaries or other operating expenses.
- Providing an annual report to the Board that includes a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitutions and a summary of the Committee's proceeding and activities for the preceding year.

The statements presented are for the individual Measure BB Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

**MEASURE BB BOND BUILDING FUND**  
**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Accounting Policies**

The District accounts for its financial transactions in accordance with the policies and procedures of the 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).

**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. All encumbrances are liquidated as of June 30.

**E. Deposits and Investments**

In accordance with Education Code Section 41001, the District maintains a portion of its cash in the Los Angeles 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.



**MEASURE BB BOND BUILDING FUND**  
**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Fund Balance**

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications are *Nonspendable, Restricted, Committed, Assigned and Unassigned*. The category applicable to Proposition 39 bonds is the *Restricted* classification. The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

**G. 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.

**H. 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.

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2011**

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**NOTE 2 – CASH AND INVESTMENTS**

**Summary of Cash**

Cash as of June 30, 2011 is classified in the accompanying financial statements as cash in county treasury for \$130,400,831. The California School Accounting Manual requires school districts to report “cash in county treasury” to be reported as cash instead of investments due to the pooled nature of the deposit and the ability of school districts to access funds immediately and with no restrictions.

**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, and 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 its 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.

**MEASURE BB BOND BUILDING FUND**  
**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

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**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>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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 Los Angeles County Investment Pool with a fair value at June 30, 2011 of approximately \$130,452,991, and an amortized book value of \$130,400,831. The weighted average maturity for the Los Angeles County Investment Pool is 600 days as of June 30, 2011.

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2011**

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**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 credit rating organization. The investments within the Los Angeles 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 as of June 30, 2011 consists of interest earned on the District's investment in the County Treasury for \$403,510.

**NOTE 4 – MEASURE BB GENERAL OBLIGATION BONDS**

**General Obligation Bonds**

On November 7, 2006, the voters of the Santa Monica-Malibu Unified School District approved by more than 55% Measure BB, authorizing the issuance and sale of \$268,000,000 of general obligation bonds.

On October 2, 2007, the District issued Series A of the Election of 2006 general obligation bonds in the amount of \$60,000,000. The Series A issuance consists of current interest bonds with stated interest rates ranging from 4.0% to 5.0%, and fully maturing on August 1, 2032. As of June 30, 2011, the principal balance outstanding on the Election of 2006, Series A general obligation bonds was \$45,210,000.

On August 5, 2009, the District issued Series B of the Election of 2006 general obligation bonds in the amount of \$60,000,000. The Series B issuance consists of current interest bonds with stated interest rates ranging from 1.500% to 7.556%, and fully maturing on August 1, 2034. As of June 30, 2011, the principal balance outstanding on the Election of 2006, Series B general obligation bonds was \$57,000,000.

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2011**

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**NOTE 4 – MEASURE BB GENERAL OBLIGATION BONDS (continued)**

On July 14, 2010, the District issued Series C of the Election of 2006 general obligation bonds in the amount of \$65,000,000. The Series C issuance consists of current interest bonds with stated interest rates ranging from 3.000% to 6.634%, and fully maturing on August 1, 2035. As of June 30, 2011, the principal balance outstanding on the Election of 2006, Series B general obligation bonds was \$65,000,000.

Debt service principal and interest are paid out of the District’s separate Bond Interest and Redemption Fund from taxes collected by Los Angeles County Assessor’s Office. The annual requirements to amortize the outstanding Measure BB general obligation bonds payable, as of June 30, 2011, are as follows for Series A, Series B and Series C respectively:

<u>Series A</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 265,000	\$ 2,208,700	\$ 2,473,700
2013	325,000	2,196,900	2,521,900
2014	435,000	2,181,700	2,616,700
2015	555,000	2,161,900	2,716,900
2016	685,000	2,137,100	2,822,100
2017 - 2021	5,130,000	10,128,625	15,258,625
2022 - 2026	10,195,000	8,304,875	18,499,875
2027 - 2031	17,745,000	4,865,375	22,610,375
2032 - 2033	9,875,000	505,125	10,380,125
Total	<u>\$ 45,210,000</u>	<u>\$ 34,690,300</u>	<u>\$ 79,900,300</u>

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2011**

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**NOTE 4 – MEASURE BB GENERAL OBLIGATION BONDS (continued)**

**Series B**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 635,000	\$ 3,883,390	\$ 4,518,390
2013	530,000	3,860,090	4,390,090
2014	645,000	3,836,590	4,481,590
2015	770,000	3,804,440	4,574,440
2016	905,000	3,762,565	4,667,565
2017 - 2021	7,260,000	17,885,919	25,145,919
2022 - 2026	12,105,000	15,056,437	27,161,437
2027 - 2031	17,835,000	9,717,615	27,552,615
2032 - 2035	16,315,000	2,086,401	18,401,401
Total	<u>\$ 57,000,000</u>	<u>\$ 63,893,447</u>	<u>\$ 120,893,447</u>

**Series C**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 315,000	\$ 3,647,281	\$ 3,962,281
2013	345,000	3,552,853	3,897,853
2014	355,000	3,442,931	3,797,931
2015	365,000	3,334,998	3,699,998
2016	375,000	3,222,755	3,597,755
2017 - 2021	3,980,000	14,022,931	18,002,931
2022 - 2026	9,555,000	8,807,525	18,362,525
2027 - 2031	17,900,000	3,436,387	21,336,387
2032 - 2036	31,810,000	1,759,407	33,569,407
Total	<u>\$ 65,000,000</u>	<u>\$ 45,227,068</u>	<u>\$ 110,227,068</u>

**NOTE 5 – CONSTRUCTION COMMITMENTS**

As of June 30, 2011, the Measure BB Bond program had construction commitments with respect to unfinished capital projects of approximately \$11.3 million.

**MEASURE BB BOND BUILDING FUND**  
**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 6 – MEASURE BB EXPENDITURES BY PROJECT**

The following table presents the expenditure amounts by project for the fiscal year ended June 30, 2011:

<u>Project</u>	<u>Amount</u>
Cabrillo Elementary School	\$ 327,184
Edison Elementary School	2,636,837
Franklin Elementary School	20,156
Grant Elementary School	289,210
John Muir Elementary School	206
McKinley Elementary School	166,535
Point Dume Elementary School	270,274
Roosevelt Elementary School	9,384
Webster Elementary School	543,024
Will Rogers Elementary School	232,969
John Adams Middle School	2,915,927
Lincoln Middle School	2,855,472
Malibu High School	1,514,492
Santa Monica High School	2,191,545
Olympic Continuation School	333,925
Santa Monica Alternative School House (SMASH)	74
Muir/SMASH	140,525
Child Development Service	69,443
BB Technology	1,405,300
District-Wide	762,353
Total	<u>\$ 16,684,835</u>

**NOTE 7 – GENERAL OBLIGATION BOND ANTICIPATION NOTES**

The \$20,000,000 in General Obligation Bond Anticipation Notes (BANS) that had been issued on July 23, 2009 were repaid by the Election 2006 General Obligation Bonds, Series C issued on June 30, 2010.

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**SUPPLEMENTARY INFORMATION  
SECTION**

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**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Budgetary Comparison Schedule – Measure BB Bond Building Fund  
For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget -
	Original	Final		Pos (Neg)
<b>REVENUES</b>				
Other local	\$ 1,750,000	\$ 1,775,712	\$ 1,791,318	\$ 15,606
Total revenues	1,750,000	1,775,712	1,791,318	15,606
<b>EXPENDITURES</b>				
Classified salaries	249,548	293,048	285,689	7,359
Employee benefits	112,766	132,151	114,244	17,907
Books and supplies	40,000	216,300	124,312	91,988
Services and other operating expenditures	7,476,071	20,562,055	10,196,360	10,365,695
Capital outlay	29,485,000	35,338,713	5,964,230	29,374,483
Total expenditures	37,363,385	56,542,267	16,684,835	39,857,432
Excess (deficiency) of revenues over (under) expenditures	(35,613,385)	(54,766,555)	(14,893,517)	39,873,038
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds from long-term debt	45,000,000	65,000,000	65,000,000	-
Premiums on bond issuance	-	796,245	796,244	(1)
Total other financing sources and uses	45,000,000	65,796,245	65,796,244	(1)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,386,615	11,029,690	50,902,727	39,873,037
Fund Balance, July 1, 2010	76,833,807	77,665,300	77,665,300	-
Fund Balances, June 30, 2011	\$ 86,220,422	\$ 88,694,990	\$ 128,568,027	\$ 39,873,037

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
For the Fiscal Year Ended June 30, 2011**

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*There were no adjustments between the Annual Financial and Budget Report and the Audited Financial Statements in 2010-11.*

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**OTHER INDEPENDENT AUDITORS'  
REPORTS**

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**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  
Measure BB Citizens' Bond Oversight Committee  
Santa Monica-Malibu Unified School District  
Santa Monica, California

We have audited the financial statements of the Measure BB Bond Building Fund of Santa Monica-Malibu Unified School District as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated February 28, 2012. 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.

**Internal Control Over Financial Reporting**

Management of Santa Monica-Malibu Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Santa Monica-Malibu Unified 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 Santa Monica-Malibu Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Santa Monica-Malibu Unified 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 would not necessarily identify all deficiencies in internal control 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 Measure BB Bond Building Fund of Santa Monica-Malibu Unified School District 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*.

This report is intended solely for the information and use of the Santa Monica-Malibu Unified School District's Governing Board, the Measure BB Citizens' Bond Oversight Committee, management, others within the entity, and the taxpayers Santa Monica-Malibu Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

  
San Diego, California  
February 28, 2012

## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board Members and  
Measure BB Citizens' Bond Oversight Committee  
Santa Monica-Malibu Unified School District  
Santa Monica, California

We have audited the financial statements of the Measure BB Bond Building Fund of the Santa Monica-Malibu Unified School District (the District) as of and for the fiscal year ended June 30, 2011 and have issued our report thereon dated February 28, 2012. 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 recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations 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 39/Measure BB 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 Measure BB bonds were only used for the purposes set forth in the ballot proposition and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot proposition, evaluated the remodeling, new construction and renovation of District facilities which will repair and renovate local schools and improve student safety conditions of the District.

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

<b>Internal Control Evaluation</b>
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**Procedures Performed:**

Inquiries were made of construction management and management of the District office regarding internal controls to:

- Prevent fraud, waste, or abuse regarding Measure BB projects, including budgetary controls
- Ensure adequate separation of duties exists in the business services department for Measure BB funds
- Prevent material misstatements in the Measure BB financial statements
- Ensure expenditures are allocated to the proper District fund(s)

**Internal Control Overview:**

There were three companies engaged to help create the Facilities Master Plan for the Santa Monica-Malibu Unified School District: Harley Ellis Devereaux (HED), Concordia, and Sidewalk Studio. In addition, there is a School Board appointed group called the Measure BB Advisory Committee, which oversees the projects. The project team was put together to develop a facilities master plan that identified the physical needs of the District, including the sites that are in need of repair and renovation. This repair and renovation includes: removal of asbestos and mold from schools, repair leaky roofs, install fire safety equipment, upgrade outdated bathrooms and plumbing and make classrooms seismically safe. The plan will reduce overcrowding in neighborhood schools and allow schools to build and equip more science labs and upgrade computer technology. The original facilities master plan is not being brought forward as a formal and final plan. The plan was used during the bond election and it identified over a billion dollars worth of needs over a 25 year period. The current plan being used is more site specific and was drafted with input from consultants and the Measure BB Advisory Committee. All of the projects are going to be managed by site so that if any delays occur at a site, they will not affect the progress of the total project.

The allocation process of the funds focused on secondary schools including 5 middle schools and high schools. Additionally the Board made an allocation for a new/replaced elementary school and several smaller safety projects. The allocation was primarily based on individual site's needs. The Board of Trustees was very involved in the Measure BB Funds and the decisions to be made in regards to them. Parsons Corp. was chosen as the project manager and California Construction Management (CCM) was chosen as the construction manager. Parsons Corp. and CCM have had an ongoing working relationship.

<b>Internal Control Evaluation (continued)</b>
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**Procedures Performed (continued):**

**Business Services Department:**

The Purchasing or Facilities Department initiates a purchase with a purchase requisition which must be approved by the Director of Purchasing before a purchase order is generated. All contracts are encumbered by the accounts payable department for budgeting purposes. The accounts payable clerk makes sure all necessary supporting documentation is attached for any expenditure that exceeds bid limits. Once the invoice is approved for payment by either purchasing or facilities, whichever department initiated the requisition, it is processed for payment in the QSS system. Depending on the type of invoice, it may require approval from both departments. The accounts payable clerk matches up the invoice with the purchase order for amount, purchase order number, goods/services rendered, approvals, etc. The invoice information is entered into the QSS system by the accounts payable clerk and a voucher ID is assigned to the invoice once it is downloaded into the County system PeopleSoft. Los Angeles County Office of Education (LACOE) requires the supporting documentation then be sent to their office for review before they will release a warrant. The County then mails warrants back to the District Office to be sent to the vendor. The Director of Fiscal Services then authorized and signs the checks.

The buyer inputs purchase orders into fixed assets files if it exceeds \$500 (if over the \$5,000 capitalization threshold, it is bar-coded).

Director of Purchasing puts together bid packages with the Assistant Superintendent outlining the time frame for bid opening, bid submitting, bid in newspaper, etc. The Director of Purchasing meets with Parsons Corp. to create the details of the bid packages. Bid packages require bidders to submit references and any other necessary prequalification documentation which is checked and verified by the purchasing department. The Director of Purchasing with other members of the Parsons/CCM team open bids together and the Assistant Superintendent compiles the bid tabulation spreadsheet and submits the recommendation to the board for approval of contract award. The contract is awarded after it has been Board approved.

The Director of Fiscal Services makes or reviews all journal entries. All revenue is posted by LACOE except for local income. An administrative assistant receives all checks from the mail while an account technician processes and posts local revenue to the financial system (QSS). The Director of Fiscal Services reviews journal entries for accuracy and reasonableness before it is posted to QSS. Any discrepancies are followed up with the LACOE. The QSS and PeopleSoft systems are reconciled on a monthly basis by the Director of Fiscal Services for Measure BB funds.



<b>Internal Control Evaluation (continued)</b>
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**Procedures Performed (continued):**

**Construction Management/Project Management:**

The Program Controls Manager oversees cost scheduling and budgeting. Parsons Corp. meets with the District to approve and finalize the method used to allocate costs to the various projects/sites. The proposal includes a budget by project/site and a ratio calculated by dividing the total construction budget by site that will be used to allocate most expenses. Parsons Corp. inputs all the data from a QSS report generated by the District into their computer software, Impact, and allocates all the expenses for the year based on a proposed ratio. Each site is assigned a separate account code and the bulk of the invoices get routed to Parsons Corp. where they will determine the account string to charge each invoice. Any discrepancies in account coding are followed up on by District and Parsons Corp. Parsons Corp. is performing monthly reconciliations between their system, Impact, and the District's system, QSS. Parsons Corp. also tracks the expenses in comparison to the contract amounts to ensure contracts stay within their contracted amounts.

The escalating market factor was determined by a subcontractor of Parsons Corp. who performed the estimate. Parsons Corp. compiles a monthly cash flow statement that looks forward six years and is updated annually. Parsons Corp. has Fund 21 read only access in the QSS system and can identify the expenditures that do not pass through Parsons Corp. Parsons Corp Project Manager approves all invoices and checks for accuracy and reasonableness. Written procedures are in place to initiate, track, and monitor disbursements.

The Parsons Corp software has three interfaces that communicate with each other: Impact which contains all financial data, Orbit which tracks all transmittals including request for information, change orders, meeting minutes, etc, and P6 which maintains all of the schedules. The Orbit software emails documentation to all necessary or approving parties. All of their responses are tracked in P6. A change order cannot be executed in orbit without board approval. Orbit will even track and monitor supporting documentation for change orders.

The main Project Manager at Parsons Corp has regular meetings at least weekly with the District to address progress and any concerns that may arise. Financial concerns are addressed with the Director of Fiscal Services and the Assistant Superintendent of Business and Fiscal Services/Chief Financial Officer.

The district also maintains a program controls software by project that is managed by district staff. Information is entered into this system and provides the district another check on the program budget.

<b>Internal Control Evaluation (continued)</b>
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**Procedures Performed (continued):**

**Tests of Controls:**

Based on the internal control procedures documented in summary form above, we then performed tests to determine whether the controls designated by management were operating effectively, and to provide reasonable assurance that the fiscal year 2010-11 financial statement balances for the Measure BB Bond Building Fund are not materially misstated.

**Results of Procedures Performed:**

The results of our audit 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.

<b>Facilities Site Walk</b>
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**Procedures Performed:**

The majority of the expenditures for the Measure BB bond were for professional services including architect fees however, we performed a site walk to verify that Measure BB funds expended for capital outlay were for valid facilities acquisition and construction purposes. We toured two District construction sites where 2010-11 construction work occurred: Lincoln Middle School and John Adams Middle School.

**Results of Procedures Performed:**

At Lincoln Middle School, we noted 3 portable buildings (2 classrooms, 1 library) and extensive asphalt cuts related to running water, power utilities to portables. Two new fire hydrants along with bars put in place to protect them from collision. At the primary two floor classroom building, windows had been cut and that a full scale gutting and modernization was taking place to add sprinkler systems, technology systems (projector, screen, control podium, sound), and improve the appearance of the classrooms. During our visit of John Adams Middle School, we noted 8 portable buildings (3 admin, 5 classrooms), as well as landscaping and low lighting posts around the artificial fields complex. We also noted 250' of asphalt cuts for the installation of an improved sewer/drainage system. Per inquiry with Stuart Sam we noted that there was considerable design work for modernization of a new building, with construction slated to begin in 2011-12.

## **Test of Expenditures**

### **Procedures Performed:**

The following performance tests of expenditures were performed:

1. We tested expenditures to determine whether Measure BB Bond funds were spent solely on voter and Board approved school facilities projects (as set forth in the District's Facilities Master Plan and the Measure BB ballot measure language). The expenditure test included a sample of 50 payments, totaling \$7.3 million, or approximately 44% of total expenditures for 2010-11.
2. We tested payments made to Parsons Commercial Technology, the Measure BB project management; HMC Architects, and Osborn Architects, two of the Measure BB main architect firms to design the construction projects. We obtained the contracts for the companies listed above and ensured that position rates per contract were accurately billed to the District. In addition, for project management, we analyzed the billing rates, hours charged, and ratio of consultants to District employees as compared to other school districts' project management agreements.

### **Results of Procedures Performed:**

We found the expenditures tested to be in compliance with the terms of the Measure BB ballot measure and applicable state laws and regulations without exception. Also, our analysis indicated that the District is receiving program management services that are reasonable as compared to other school districts, with regard to billing rates, hours charged, and the ratio of consultants to District employees.

## **Test of Contracts and Bid Procedures**

### **Procedures Performed:**

For the fiscal year ended June 30, 2011, CWA performed testing of 8 contracts to determine compliance with District policy and Public Contract Code provisions related to contracting and bidding.

### **Results of Procedures Performed:**

We found that the contracts tested followed proper bidding procedures, and were awarded in all cases to the lowest responsible bidder. During our review of bids, we found two projects have change orders with an aggregate amount of \$60,504. We tested all change order and determined the change order was executed in accordance with District internal controls and was in compliance with applicable provisions of Public Contract Code. Moreover, we noted that the District has been providing the Governing Board with a listing of change orders to contracts that relate to Measure BB Bond projects in fiscal year 2010-11.

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

In our opinion, based on the fieldwork described above as well as other tests that we conducted, the District complied with the compliance requirements for the Measure BB Bond proceeds as listed and tested above.

This report is intended solely for the information and use of the Santa Monica-Malibu Unified School District's Governing Board, the Measure BB Citizens' Bond Oversight Committee, management, others within the entity, and the taxpayers Santa Monica-Malibu Unified 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  
February 28, 2012

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## **FINDINGS AND RESPONSES SECTION**

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**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2011**

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*We found Santa Monica-Malibu Unified School District's accounting systems to be functioning efficiently and effectively to account for the Measure BB Bond Building Fund. In addition, our tests resulted in no findings and recommendations related to the financial and performance audit of the Measure BB Bond Building Fund for the fiscal year ended June 30, 2011.*

**MEASURE BB BOND BUILDING FUND  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2011**

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*There were no findings and responses in the fiscal year ending 2009-10.*