

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

Board of Education and Independent Citizens' Bond
Oversight Committee for Measure A
Nevada Joint Union High School District
Grass Valley, California

We have performed the procedures enumerated in Attachment II, which were agreed to by Nevada Joint Union High School District (the "District") and the Independent Citizens' Bond Oversight Committee for Measure A (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning disbursements of bond funds as of June 30, 2005 as detailed in Attachments III and IV. This agreed-upon procedures engagement was performed in accordance with 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.

Background information regarding Measure A bonds is included as Attachment I. The procedures performed and conclusions reached as a result of these procedures are identified in Attachment II. Attachments III and IV provide information regarding the financial activity and balances of bond funds for the year ended June 30, 2005.

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 additional 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 Nevada Joint Union High School District and the Independent Citizens' Bond Oversight Committee for Measure A 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

October 7, 2005

NEVADA JOINT UNION HIGH 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 real property for school facilities", upon approval by 55% of the electorate.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT MEASURE A GENERAL OBLIGATION BONDS

On March 5, 2002, the electorate of the Nevada Joint Union High School District approved the \$15 million Measure A general obligation bonds with greater than 55% of the votes in favor. The text of the ballot language was as follows:

To repair local school classrooms and buildings and obtain eligibility for state funding for construction and renovation, shall the Nevada Joint Union High School District issue \$15 million of bonds at interest rates within the legal limit, provide adequate classrooms for students, acquire and construct local school sites and facilities to relieve overcrowding, appoint a citizens oversight committee, and perform annual financial and performance audits, with no proceeds used for teacher or administrator salaries or other school operating expenses?

This specific project list is provided below:

Nevada Union High School: The District plans to undertake the following specific capital improvements projects at the Nevada Union High School Campus:

- Repair, renovate and modernize the existing gymnasiums, locker rooms and athletic field
- Repair, renovate and modernize existing classroom facilities
- Repair, renovate and modernize existing restroom facilities
- Install a new HVAC system

Bear River High School: The District plans to undertake the following specific capital improvements projects at the Bear River High School Campus:

- Design and construct a new performing arts building
- Design and construct a new aquatic center

Sierra Foothill High School: The District plans to undertake the following specific capital improvements projects at the Sierra Foothill High School Campus:

- Repair, renovate and modernize existing classroom facilities
- Repair, renovate and modernize existing restroom facilities
- Install a new HVAC system

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT
BACKGROUND INFORMATION**
(Continued)

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT MEASURE A GENERAL OBLIGATION
BONDS (Continued)**

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.*

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT
PROCEDURES PERFORMED AND CONCLUSIONS**

PROCEDURES PERFORMED

Nevada Joint Union High School District provided a list of all Measure A project expenditures (the "List"). A total of 210 warrants were identified representing \$4,756,190 in expenditures from July 1, 2004 to June 30, 2005. We performed the following procedures to the List of Measure A bond expenditures:

- Verified the mathematical accuracy of the List.
- Selected a sample of 20 expenditures totaling \$3,406,083. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The audit sample represented 10% of the total number of expenditures and 72% 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 20 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.

Board of Education and
Independent Citizens' Bond Oversight
Committee for Measure A
Nevada Joint Union High School District
Grass Valley, California

We have compiled the accompanying Schedule of Measure A General Obligation Bonds – Fund Update as of June 30, 2005 (Attachment III) and Schedule of Measure A General Obligation Bonds Summary Financial Information – Building Fund for the fiscal year ended June 30, 2005 (Attachment IV) and, 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 Schedule of Measure A General Obligation Bonds – Fund Update as of June 30, 2005 or Schedule of Measure A General Obligation Bonds Summary Financial Information – Building Fund for the fiscal year ended June 30, 2005 and, accordingly, do not express an opinion or any other form of assurance on them.

Perry - Smith CP

Sacramento, California
October 7, 2005

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
FUND UPDATE

June 30, 2005

<u>Location/Site</u>	<u>Project Number</u>	<u>Activity To Date</u>
<u>GENERAL OBLIGATION BOND</u>		
<u>Funding</u>		
Beginning balance, unspent funds		\$ 6,301,158
Interest Income		<u>138,531</u>
<i>Net Available Funds</i>		<u>6,439,689</u>
<u>Projects</u>		
Nevada Union High School Modernization	9893	2,756,590
Bear River High School Performing Arts	9892	1,111,155
Bear River High School Aquatic Center	9891	110,587
Sierra Foothill High School Modernization	9895	<u>778,858</u>
<i>Total Project Costs</i>		<u>4,756,190</u>
<i>Total Unspent Funds</i>		<u>\$ 1,683,499</u>

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF MEASURE A GENERAL OBLIGATION BONDS
SUMMARY FINANCIAL INFORMATION
BUILDING FUND**

Fiscal Year Ended June 30, 2005

Revenues:	
Interest income	<u>\$ 138,531</u>
Expenditures:	
Capital outlay	<u> 4,756,190</u>
Net activity	(4,617,659)
Fund balance:	
Beginning of year	<u> 6,301,158</u>
End of year	<u><u>\$ 1,683,499</u></u>