

PASADENA UNIFIED SCHOOL DISTRICT

**MEASURE TT, 2009 GENERAL OBLIGATION BONDS
WITH
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2010

PASADENA UNIFIED SCHOOL DISTRICT

**MEASURE TT
2009 GENERAL OBLIGATION BONDS
FINANCIAL AUDIT
JUNE 30, 2010**

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

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JUNE 30, 2010**

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
Pasadena Unified School District
Pasadena, California

We have audited the accompanying financial statements of the Pasadena Unified School District (the District), Building Fund (Measure TT), as of and for the year ended June 30, 2010, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 1, the financial statements present only the Building Fund specific to Measure TT and are not intended to present fairly the financial position and results of operations of Pasadena Unified School District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure TT) of the Pasadena Unified School District at June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

VAVRINEK, TRINE, DAY & CO. LLP

Rancho Cucamonga, California
December 21, 2010

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**BALANCE SHEET
JUNE 30, 2010**

ASSETS

Deposits and investments	\$ 100,530,132
Accounts receivable	351,550
Total Assets	\$ 100,881,682

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 3,973,488
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FUND BALANCES

Unreserved:	
Capital projects funds	96,908,194
Total Liabilities and Fund Balances	\$ 100,881,682

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

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

REVENUES	
Local income	
Interest income	\$ 1,226,496
Other local revenue	265,154
Total Revenues	<u>1,491,650</u>
EXPENDITURES	
Current	
Salaries and benefits	346,580
Supplies	
Materials	36,927
Noncapitalized equipment	32,552
Services	
Rental of equipment	40,680
Repair services	81,994
Insurance	32,947
Duplication	2,717
Legal Fees	32,493
Consulting services	703,573
Other contracted services	17,459
Capital outlay	
Site support costs	102,257
Surveys/preliminary tests	798,878
Interim housing	173,675
Other planning costs	110,268
Site construction costs	4,539,846
Main building contractor	9,136,693
Construction testing	84,986
Architects fees	8,537,406
DSA/Plan check fees	308,860
Equipment	537,379
Other	19,049
Total Expenditures	<u>25,677,219</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(24,185,569)</u>
Other Financing Sources (Uses):	
Other sources - proceeds from bond issuance	125,000,000
Transfers out	(6,556,861)
Net Financing Sources	<u>118,443,139</u>
NET CHANGE IN FUND BALANCES	94,257,570
FUND BALANCE - BEGINNING	2,650,624
FUND BALANCE - ENDING	<u>\$ 96,908,194</u>

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

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local income			
Interest income	\$ 1,000,000	\$ 1,226,496	\$ 226,496
Other local income	-	265,154	265,154
Total Revenues	<u>1,000,000</u>	<u>1,491,650</u>	<u>491,650</u>
EXPENDITURES			
Current			
Salaries and benefits	693,850	346,580	347,270
Supplies			
Materials	432,012	36,927	395,085
Noncapitalized equipment	12,584	32,552	(19,968)
Services			
Rental of equipment	61,020	40,680	20,340
Repair services	1,340,484	81,994	1,258,490
Insurance	-	32,947	(32,947)
Duplication	1,500,000	2,717	1,497,283
Legal Fees	100,000	32,493	67,507
Consulting services	5,000,000	703,573	4,296,427
Other contracted services	2,016,000	17,459	1,998,541
Capital outlay			
Site support costs	5,250	102,257	(97,007)
Surveys/preliminary tests	11,949,731	798,878	11,150,853
Interim housing	167,230	173,675	(6,445)
Other planning costs	1,038,364	110,268	928,096
Site construction costs	28,117,278	4,539,846	23,577,432
Main building contractor	5,991,158	9,136,693	(3,145,535)
Construction testing	90,162	84,986	5,176
Architects fees	27,584,922	8,537,406	19,047,516
DSA/Plan check fees	402,985	308,860	94,125
Equipment	919,133	537,379	381,754
Other	-	19,049	(19,049)
Total Expenditures	<u>87,422,163</u>	<u>25,677,219</u>	<u>61,744,944</u>
DEFICIENCY OF REVENUES			
OVER EXPENDITURES	(86,422,163)	(24,185,569)	62,236,594
Other Financing Sources (Uses):			
Other sources - proceeds from bond issuance	125,000,000	125,000,000	-
Transfers out	(6,556,861)	(6,556,861)	-
Net Financing Sources	<u>118,443,139</u>	<u>118,443,139</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	32,020,976	94,257,570	62,236,594
FUND BALANCE - BEGINNING	2,650,624	2,650,624	-
FUND BALANCE - ENDING	<u>\$ 34,671,600</u>	<u>\$ 96,908,194</u>	<u>\$ 62,236,594</u>

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

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Pasadena Unified School District Building Fund (Measure TT) 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 Pasadena Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Pasadena Unified School District used to account for Measure TT projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2009. These financial statements are not intended to present fairly the financial position and results of operations of the Pasadena Unified School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund 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 fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

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/expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In March 2009, the 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 reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

NOTE 2 - INVESTMENTS

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 instrument; 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 agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly 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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

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 is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool. The District maintains a building fund investment of \$100,530,132 with the Los Angeles County Investment Pool. The fair value of this investment is approximately \$101,114,785 with an average maturity of 536 days.

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010, consisted of the following:

Interest	<u>\$ 351,550</u>
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NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

Salaries and benefits	\$ 31,673
Supplies	5,746
Services	86,448
Capital outlay	3,591,167
Other Vendor Payables	258,454
	<u>\$ 3,973,488</u>

NOTE 5 - INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2010, were as follows:

The Measure TT sub-fund of the Building Fund transferred \$2,456,861 to the Special Reserve Fund for Capital Outlay Projects for the reimbursement of construction costs.

The Measure TT sub-fund of the Building Fund transferred \$4,100,000 to the Measure Y sub-fund of the Building Fund for the repayment of a temporary loan.

NOTE 6 - FUND BALANCE

The fund balance is composed of the following:

Unreserved	
Undesignated, reported in	
Capital projects	<u>\$ 96,908,194</u>

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7 - GENERAL LONG-TERM DEBT

The outstanding general obligation bonded debt is as follows:

Date of Issuance	Interest Rate	Maturity Date	Amounts Outstanding Issue	Amounts Outstanding July 1, 2009	Issued	Deductions	Amounts Outstanding June 30, 2010
09/01/09	2.5-7.193%	08/01/34	\$ 125,000,000	\$ -	\$ 125,000,000	\$ -	\$ 125,000,000

Debt Service Requirements to Maturity

The outstanding general obligation bonded debt is as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2011	\$ 4,000,000	\$ 10,406,004	\$ 14,406,004
2012	5,640,000	7,435,160	13,075,160
2013	6,000,000	7,245,560	13,245,560
2014	1,295,000	7,114,660	8,409,660
2015	1,495,000	7,058,860	8,553,860
2016-2020	11,290,000	33,873,550	45,163,550
2021-2025	19,585,000	29,967,276	49,552,276
2026-2030	30,450,000	21,951,379	52,401,379
2031-2034	45,245,000	8,628,543	53,873,543
Total	\$ 125,000,000	\$ 133,680,992	\$ 258,680,992

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2010, the Building Fund (Measure TT) had the following commitments with respect to unfinished capital projects:

MEASURE TT PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Altadena Elementary School Modernization Project	\$ 418,419	9/1/2013
Blair IB School Science Lab and Main Bldg Renovation/HVAC Upgrades	439,070	TBD
Blair IB School 9th Grade CR Wing, Amphitheater, Parking	478,205	TBD
Blair Middle School Campus	5,136,685	TBD
Burbank Elementary School Mod Kitchen/Cafe	79,254	9/2/2011
Burbank Elementary School Plumbing/Fountains/ADA Upgrades	4,587	9/2/2011
Cleveland Elementary School New Classroom Wing	273,970	9/15/2012
Culinary Academy/Kitchen Construction	956,963	9/1/2013
Don Benito Elementary School Campus Modernization	1,161	9/7/2012
Elliot Middle School Cafeteria/Auditorium/Kitchen Modernization	101,474	4/15/2011
Elliot Middle School Field Bleacher Replacement and ADA Upgrades	28,112	4/15/2011
Elliot Middle School Security Upgrades	8,500	4/15/2011
Elliot Middle School Tower Structural Assessment	36,764	4/15/2011
Elliot Middle School Lunch Shelter	13,775	4/15/2011
District Wide Exterior Improvements	33,772	TBD
District Wide Facilities Administration	2,278,479	TBD
Field Elementary School Shade Structure and Playground Improvements	11,044	3/31/2012
Franklin Elementary School Cafeteria and MPR Modernization	143,575	TBD
Hamilton Elementary School Cafe and MPR Modernization	81,025	12/31/2011
Hamilton Elementary School Drainage Correction	8,463	12/31/2011
Hamilton Elementary School R and R Electrical Panels	1,469	12/31/2011
Jackson Elementary School Modernize Cafe & Kitchen	262,400	1/24/2012
Jefferson Elementary School Kindergarten Renovation	112,760	12/31/2012
Jefferson Elementary School Kitchen/Cafe/MPR Modernization	67,400	12/31/2012
Jefferson Elementary School Lighting Upgrade Bldgs C,E and U	35,007	12/31/2012
Jefferson Elementary School New CC Buildings	101,829	12/31/2012
Jefferson Elementary School Playground Improvements	94,070	12/31/2012
John Muir High School Cafe/Kitchen/Auditorium Modernization	913,500	6/29/2012
John Muir High School HVAC Project	109,771	6/29/2012
Loma Alta Elementary School Modernization Project	125,421	TBD
Loma Alta Elementary School Retaining Wall and Street Improvements	229,911	TBD

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

MEASURE TT PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Longfellow Elementary School Auditorium Renovation	\$ 52,601	8/31/2011
Longfellow Elementary School Children's Center Mod and Shade Structure	53,328	8/31/2011
Longfellow Elementary School Kitchen and Cafeteria Modernization	43,810	6/10/2011
Longfellow Elementary School Shade Structure	6,300	8/31/2011
Madison Elementary School Auditorium and Bldg A Restoration	274,346	3/8/2013
Madison Elementary School Drop-Off Area Construction	17,558	9/24/2012
Madison Elementary School Kitchen/Cafe Modernization w/Trash Enclosure	149,033	3/8/2013
Madison Elementary School New Early Childhood/Healthy Start Center	96,225	9/24/2012
Madison Elementary School Plumbing/Fountains/ADA Compliance	9,216	9/24/2012
Madison Elementary School Shade Shelters and Kinder Playground	18,349	9/24/2012
Madison Elementary School Window Replacement	123,838	10/29/2010
Marshall High School Auditorium Band Room Renovation	10,767	5/1/2014
Marshall High School Auditorium Electrical Upgrades	58,574	5/1/2014
Marshall High School Auditorium Kitchen/Cafeteria Renovations	48,575	5/1/2014
Marshall High School Auditorium Library Improvements	130,582	5/1/2014
Marshall High School Auditorium Restoration	63,143	5/1/2014
Marshall High School Auditorium Sports Complex	93,617	5/1/2014
Marshall High School Auditorium Window Replacement	223,454	5/1/2014
McKinley K-8 School Campus Improvements Phase 1	550,053	12/21/2012
Norma Combs Alternative School ADA Compliance Upgrade	19,803	TBD
Norma Combs Alternative School Wheel Chair Lifts	851	TBD
Pasadena High School Campuswide Signage and Identity	945	6/1/2013
Pasadena High School Restroom Improvements	94,448	1/15/2012
Pasadena High School Campus-Wide ADA Compliance Upgrade	3,944	6/1/2013
Pasadena High School Electrical Board Replacement in Bldgs. A, B, T and W	25,715	6/1/2013
Pasadena High School Modernize Athletic Facilities	8,598	6/1/2013
Roosevelt Elementary School Multi-purpose Facility	8,250	9/17/2012
San Rafael Elementary School Modernization and New Construction	419,226	TBD
SIE Campus Improvements	1,495,732	TBD
SIE Phase I - New Construction	196,755	TBD
Summer 2009 Energy Conservation Measures	3,570,615	9/1/2010

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

<u>MEASURE TT PROJECTS</u>	Remaining Construction Commitment	Expected Date of Completion
Washington Elementary School Campus Improvements	\$ 266,246	9/7/2013
Washington Elementary School New Construction and Modernization	378,946	9/7/2013
Washington Elementary School Water Meter Separation	61,506	9/7/2013
Webster Elementary School Modernize Admin/Kitchen/MPR	65,047	5/12/2012
Webster Elementary School Pre-School Alterations	13,681	5/12/2012
Willard Elementary School Kinder and Pre-K Complex	3,482	TBD
Willard Elementary School Power and Fire Alarm Upgrade	161,200	TBD
Wilson Elementary School Electrical Panel Upgrade	2,695	TBD
Wilson Elementary School Modernization of Cafe, Kitchen, and Auditorium	107,225	TBD
	<u>\$ 21,515,114</u>	

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2010.

**PASADENA UNIFIED SCHOOL DISTRICT
REVIEW OF MEASURE TT
2009 GENERAL OBLIGATION BONDS
ELECTION OF 2009**

WITH

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2010

**PASADENA UNIFIED SCHOOL DISTRICT
MEASURE TT
2009 GENERAL OBLIGATION BONDS**

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Governing Board
Pasadena Unified School District

and

The Pasadena Citizens' Bond Oversight Committee

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Pasadena Unified School District of Los Angeles County, solely to assist the users in identifying findings and recommendations in the areas with respect to the Measure TT, 2009 General Obligation Bonds for the year ended June 30, 2010. This engagement to perform agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated results are described in this report as Exhibits A and B, respectively.

We were not engaged to, and did not, perform an audit of all financial statements of the District, the objective of which would be the expression of an opinion relating to the matters included in the agreed-upon procedures. 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 the specified users listed above 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.

VAVRINEK, TRINE, DAY & CO., LLP

Rancho Cucamonga, California
December 21, 2010

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)**

EXHIBIT A

**2009 GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
JUNE 30, 2010**

The Pasadena Unified School District requested that the following agreed-upon procedures be performed:

1. Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the year of July 1, 2009 through June 30, 2010.
2. Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the related Bond Interest and Redemption Fund.
3. Select at least 30 percent of the total expenditures for the year. Obtain supporting documentation (invoices, purchase orders, receiving documentation, contracts, etc.) and verify that the funds expended complied with the purpose that was specified to the registered voters of the District. Election materials, District resolutions, master plan, and other documents available at the District will be used to determine the purpose of expenditures.
4. For those items selected in Procedure 3, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

**2009 GENERAL OBLIGATION BONDS
PROCEDURES AND RESULTS
JUNE 30, 2010**

Based upon the performance of the agreed-upon procedures, as discussed in Exhibit A, the following results were noted:

Agreed-Upon Procedure (1)

Procedure

Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the period July 1, 2009 through June 30, 2010.

Results

There were no exceptions noted. The District utilized the Building Fund, Sub fund 21.1 to properly account for the receipt of bond proceeds and expenditures.

Agreed-Upon Procedure (2)

Procedure

Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the related Bond Interest and Redemption Fund.

Results

There were no exceptions noted. The District properly recorded the receipts of bond proceeds within the Building Fund and recorded funds set aside for debt service in the Bond Interest and Redemption Fund.

Agreed-Upon Procedure (3)

Procedures

Select at least 30 percent of the total expenditures for the year. Obtain supporting documentation (invoices, purchase orders, receiving documentation, contracts, etc.) and verify that the funds expended complied with the purpose that was specified to the registered voters of the District. Election materials, District resolutions, master plan, and other documents available at the District will be used to determine purpose of expenditures.

**2009 GENERAL OBLIGATION BONDS
PROCEDURES AND RESULTS
JUNE 30, 2010**

Results

The expenditures selected for review appear to be in compliance with the guidelines defined in the ballot measure dated November 4, 2008. We included 55 percent of all expenditures charged to the Measure TT Bond Funds for the 2009-2010 fiscal year in our examination. Based upon our examination of actual invoices and purchase orders, there were no exceptions noted in the District's procedures related to the disbursement of Measure TT Bond Funds. For the items not tested, nothing came to our attention to indicate that the District expenditures were not in compliance with the provisions/restrictions in the ballot measure.

Agreed-Upon Procedure (4)

Procedure

For those items selected in Procedure 3, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

Results

There were no exceptions noted. The District properly used a formal bid procedure for those contracts over the construction bid level requirements in accordance with Education Code requirements and District policies. Year-end accruals should include that portion of construction contracts represented by work done by the close of the fiscal period, invoices for materials or equipment received prior to June 30, and so forth. At June 30, 2010, the District recorded the contract retention amount for several contracts.

Supplementary Information

**PASADENA UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE TT)
(Pasadena, California)**

GENERAL OBLIGATION BONDS ELECTION

THE BONDS

AUTHORITY FOR ISSUANCE

The District received authorization at an election held on November 4, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$350,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2009 Authorization). The Bonds represent the first series of the authorized bonds to be issued under the 2009 Authorization and will be issued to finance authorized projects.

On September 1, 2009, the District issued \$125,000,000 of 2009 General Obligation Bonds Series 2009A-1 and 2009A-2. The Series A-1 bonds of \$40,320,000 were issued as direct payment "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA). The bonds have a final maturity to occur on August 1, 2034, with interest rates of 2.50 to 7.193 percent. At June 30, 2010, the principal balance outstanding of the 2009 General Obligation Bonds Series 2009A-1 and 2009A-2 was \$125,000,000.

PURPOSE OF ISSUE

Proceeds from the sale of the bonds will be used to repair or replace deteriorating and outdated plumbing, heating, ventilation, and fire alarm systems; replace aging portable classrooms; make disabled access improvements; implement energy and water saving projects; modernize or reconstruct kindergarten, cafeteria, and multipurpose facilities, and gyms.