

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATIONS BOND**

**FINANCIAL AUDIT**

**JUNE 30, 2010**

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
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## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors and  
Citizens' Oversight Committee  
Cajon Valley Union School District  
El Cajon, California**

We have audited the accompanying financial statements of Building Fund (21-39) of Cajon Valley Union School District 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 as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governments* issued by the American Institute of Certified Public Accountants and the standards applicable to financial audits 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note B, the financial statements present only Building Fund (21-39) which is specific to Proposition D and are not intended to present fairly the financial position and results of operations of Cajon Valley Union 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 Building Fund (21-39) of Cajon Valley Union School District as of 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2010 on our consideration of the District's internal control over Building Fund (21-39) financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts governing the bond funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

El Cajon, California  
November 3, 2010

## **FINANCIAL STATEMENTS**

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
BALANCE SHEET  
JUNE 30, 2010**

**ASSETS**

**Current Assets**

Cash and investment	\$ 32,927,087
Accounts receivable	<u>68,203</u>

<b>TOTAL ASSETS</b>	<u>32,995,290</u>
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**LIABILITIES AND FUND BALANCE**

Accounts payable	1,363,949
Due to other funds	<u>2,021</u>

<b>TOTAL LIABILITIES</b>	<u>1,365,970</u>
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**FUND BALANCE**

Designated for capital projects	<u>31,629,320</u>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 32,995,290</u>
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The accompanying notes are an integral part of these financial statements

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

**REVENUES**

Interest income	\$ <u>360,670</u>
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**EXPENDITURES**

Classified salaries	170,847
Employee benefits	70,657
Other operating expenses:	
Mileage	187
Contracted services	67,773
Capital outlay:	
Site improvements	109,544
Architect fees	1,035,682
DSA fees	126,200
Preliminary tests	35,426
Planning costs	86,987
Miscellaneous fees	100
Main construction	1,509,044
Construction tests	30,473
Inspections	25,069
Other construction costs	260,004
Equipment	<u>168,231</u>

<b>TOTAL EXPENDITURES</b>	<u>3,696,224</u>
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<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(3,335,554)
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<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>34,964,874</u>
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<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 31,629,320</u></u>
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The accompanying notes are an integral part of these financial statements

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Interest income	\$ 350,000	\$ 360,670	\$ 10,670
<b>EXPENDITURES</b>			
Classified salaries	178,340	170,847	7,493
Employee benefits	83,495	70,657	12,838
Other operating expenses:			
Mileage	300	187	113
Contracted services	73,165	67,773	5,392
Capital outlay:			
Site improvements	296,655	109,544	187,111
Architect fees	1,408,448	1,035,682	372,766
DSA fees	146,200	126,200	20,000
CDE fees	-	-	-
Preliminary tests	38,559	35,426	3,133
Planning costs	1,316,694	86,987	1,229,707
Main construction	1,090,196	1,509,044	(418,848)
Construction management	-	-	-
Other construction costs	887,949	260,195	627,758
Labor compliance	-	-	-
Construction tests	70,351	30,473	39,878
Inspections	37,038	25,069	11,969
MRP contingency	331,903	-	331,903
Equipment	168,231	168,231	-
Miscellaneous fees	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>6,127,524</u>	<u>3,696,311</u>	<u>2,431,213</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	(5,777,524)	(3,335,641)	2,441,883
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>34,964,874</u>	<u>34,964,874</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 29,187,350</u>	<u>\$ 31,629,233</u>	<u>\$ 2,441,883</u>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSTION D  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**A. Definition of the Fund**

In August 2008, Building Fund (21-39) was formed to account for property acquisition and construction of new schools as well as renovation of current schools for the Cajon Valley Union School District (District), through expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2008. Fund (21-39) is one of the Building Funds of the District.

**B. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

*Fund Structure*

The accompanying financial statements are used to account for the transactions of the Building Fund specific to Proposition D as defined in Note A and are not intended to present fairly the financial position and results of operations of Cajon Valley Union School District in conformity with accounting principles generally accepted in the United States of America.

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Building Fund is maintained on the modified accrual basis of accounting. Its revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). 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*

The Board of Trustees adopts an operating budget no later than July 1 in accordance with state law. This budget is revised by the Board of Trustees during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**B. Summary of Significant Accounting Policies (Continued)**

*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 at June 30 since they do not constitute expenditures or liabilities.

*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 reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

*Cash in County Treasury*

In accordance with Education Code §41001, the District maintains a substantial amount of its cash in the San Diego 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 fair value, in accordance with the requirements of GASB Statement No. 31.

Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et.seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

*Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables. Accounts receivable are recorded net of estimated uncollectible amounts. There were no significant receivables that are not scheduled for collection within one year of year-end.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**B. Summary of Significant Accounting Policies (Continued)**

*Fund Balance Reserves and Designations*

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

**C. Cash and Investments**

*Cash in County Treasury*

The District maintains significantly all of its cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2010, the portion of cash in county treasury attributed to Building Fund (21-39) was \$32,927,087. The fair value of Building Fund (21-39)'s portion of this pool as of that date, as provided by the pool sponsor, was \$32,927,087. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

*Analysis of Specific Deposit and Investment Risks*

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit Risk is the risk that an issuer or their counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

**b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**C. Cash and Investments (Continued)**

*d. Interest Rate Risk*

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

*e. Foreign Currency Risk*

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

*f. Investment Accounting Policy*

The district is required by GASB statement No. 31 to disclose its policy for determining which investments, if any are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts using a cost-based measure; however, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**D. Accounts Receivable**

Accounts Receivable at June 30, 2010 consisted of:

Interest	<u>\$ 68,203</u>
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**E. Accounts Payable**

Accounts Payable at June 30, 2010 consisted of:

Vendor payables	<u>\$ 1,363,949</u>
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**F. General Obligation Bonds**

On July 9, 2008, the District issued \$35,000,000, Series A General Obligation Bonds in order to finance the construction of new schools, classrooms, and instructional facilities in addition to financing the repair and renovation of existing schools. The bonds mature on August 1, 2032 and yield an interest rate of 3.00-4.80 percent.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39)-PROPOSITION D  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

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

The outstanding bonded debt of Building Fund (21-39) as of June 30, 2010 is as follows:

Date of Issuance	Interest Rate	Maturity Date	Amounts Outstanding Issued	Amounts Outstanding 1-Jul-09	Issued Current Year	Redeemed Current Year	Amounts Outstanding 30-Jun-10
7/9/2008	3.00-4.80%	8/1/1932	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 730,000</u>	<u>\$ 34,270,000</u>

The annual requirements to amortize the general obligation bonds payable outstanding as of June 30, 2010 is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 800,000	\$ 1,540,882	\$ 2,340,882
2012	855,000	1,516,882	2,371,882
2013	910,000	1,489,095	2,399,095
2014	955,000	1,457,245	2,412,245
2015	1,005,000	1,423,820	2,428,820
2016-2020	5,990,000	6,438,913	12,428,913
2021-2025	7,455,000	4,956,331	12,411,331
2026-2030	9,485,000	3,070,371	12,555,371
2031-2034	<u>6,815,000</u>	<u>683,870</u>	<u>7,498,870</u>
Totals	<u>\$ 34,270,000</u>	<u>\$ 22,577,410</u>	<u>\$ 56,847,410</u>

**G. Construction Commitments –**

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

Construction in Process:	Commitment	*Expected Date of Final Completion
Playground Upgrades	\$ 52,848	June 2011
Electrical Upgrades (Phase 1)	725,143	August 2010
Rebuild Cajon Valley Middle School	14,352,758	August 2011
MPR Remodel, Flying Hills	65,739	July 2010
Technology (Phase 1)	15,511	September 2012
Greenfield Middle School Gym/MPB	534,105	February 2012
HVAC (Phase 1)	1,480,707	August 2010

## **SUPPLEMENTARY INFORMATION**

**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***

**Board of Directors and  
Citizens Oversight Committee  
Cajon Valley Union School District  
El Cajon, California**

We have audited the financial statements of Building Fund (21-39) of Cajon Valley Union School District (District) for the year ended June 30, 2010, and have issued our report thereon dated November 3, 2010. 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**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on Building Fund (21-39)'s financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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 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 District's Building Fund (21-39) financial statements 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 management, the Citizens Oversight Committee, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California  
November 3, 2010

**CAJON VALLEY UNION SCHOOL DISTRICT**

**BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS**

**AGREED-UPON PROCEDURES**

**PERFORMANCE REPORT**

**JUNE 30, 2010**

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
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**INTRODUCTION**

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

**Board of Directors and  
Citizens' Oversight Committee  
Cajon Valley Union School District  
El Cajon, California**

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Cajon Valley Union School District of San Diego County, solely to assist the users in identifying findings and recommendations in the areas with respect to the Proposition D, General Obligation Bonds, Election 2008, Series A, General Obligation Bonds for the period 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, findings and recommendations 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.

El Cajon, California  
November 3, 2010

## **EXHIBITS**

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
AGREED-UPON PROCEDURES  
JUNE 30, 2010**

**Exhibit A**

The Cajon Valley Union School District requested that the following agreed-upon procedures be performed:

- A. Verify that a separate Building Fund of the District has been established to account for the receipt of proceeds and expenditures of the funds for the period July 1, 2009 through June 30, 2010.
- B. 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.
- C. Select 80 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 for this purpose.
- D. For those items selected in Item C, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

## **SUPPLEMENTARY INFORMATION**

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2010**

**Exhibit B**

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

**Agreed-Upon Procedure (A)**

*Procedure*

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

*Results*

There were no exceptions noted.

**Agreed-Upon Procedure (B)**

*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.

**Agreed-Upon Procedure (C)**

*Procedure*

Select all expenditures totaling at least 80 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 for this purpose.

*Results*

The expenditures observed satisfactorily complied with the guidelines defined in the ballot measure dated February 5, 2008. 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.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2010  
(Continued)**

**Agreed-Upon Procedure (D)**

*Procedure*

For those items selected in Item C, 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.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
BONDS ISSUANCE  
JUNE 30, 2010**

**AUTHORITY FOR ISSUANCE**

The Bonds are issued pursuant to the provisions of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act") and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on October 30, 2007 (the "District Resolution") and a resolution adopted by the Board of Supervisors of the County (the "Bond Resolution" and together with the District Resolution, the "Resolution"). The District received authorization at an election held on February 5, 2008, by an affirmative vote of 55 percent of the votes cast by eligible voters within the District (the "Authorization") to issue and not to exceed \$156,500,000 of General Obligation Bonds. The Bonds represent the first series of Bonds sold under the Authorization. Total issuance of Bonds was \$35,000,000 under this Authorization.

**PURPOSE OF ISSUE**

Pursuant to the Authorization, bond proceeds will be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the District located at various sites. Bond proceeds will also be expended to construct new classrooms, restrooms, computer labs, and other educational and joint-use facilities, including site improvements, acquisition of furniture and equipment, and technology upgrades.

Facility replacement and new construction shall include, but not be limited to:

- Replace outdated and inadequate classrooms and school facilities at Cajon Valley Middle School.
- Construct new joint-use gymnasiums at Emerald, Greenfield, and Montgomery Middle Schools, which do not currently have gymnasium facilities.
- Build new elementary schools, including joint-use library and multipurpose buildings, on existing campus of schools that are 50 years or older.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
BOND PROJECT LIST  
JUNE 30, 2010**

Bond proceeds will be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the District located at the following locations:

Anza Elementary – Built in 1960	Avocado Elementary – Built in 1970
Blossom Valley Elementary – Built in 1993	Bostonia Elementary – Built in 1995
Cajon Valley Home School	Cajon Valley Middle School – Built in 1953
Chase Elementary – Built in 1979	Community Day – Built in 2007
Crest Elementary – Built in 1956	Cuyamaca Elementary – Built in 1948
Emerald Middle – Built in 1958	Flying Hills Elementary – Built in 1959
Fuerte Elementary – Built in 1959	Greenfield Middle – Built in 1959
Hillsdale Middle – Built in 1995	Jamacha Elementary – Built in 1991
Johnson Elementary – Built in 1954	Lexington Elementary – Built in 1956
Los Coches Creek Elementary – Built in 2006	Madison Avenue Elementary – Built in 1958
Magnolia Elementary – Built in 1952	Meridian Elementary – Built in 1949
Montgomery Middle – Built in 1974	Naranja Elementary – Built in 1957
Rancho San Diego Elementary – Built in 1986	Rios Elementary – Built in 1959
Sevick – Built in 1974	Vista Grande Elementary – Built in 1981
W.D. Hall Elementary – Built in 1960	

Such projects shall include, but shall not be limited to:

- Improve energy efficiency in the District including, but not limited to replacing and upgrading heating, ventilation, and air conditioning (HVAC) systems with energy efficient systems.
- Install cutting edge instructional technology infrastructure to improve student access to computers and modern technology.
- Maintenance improvements to classrooms and school facilities including, but not limited to, upgrades to electrical and storm drain systems, and master clocks.
- Classroom and school facilities upgrades including, but not limited to, improvements to playgrounds and equipment and expansion of counseling centers.
- Upgrade and modernize school libraries.
- Install security fencing, cameras, and lighting systems to ensure campuses are adequately secured.
- Upgrade and modernize Rancho San Diego and Vista Grande Elementary Schools.
- Conduct necessary site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of portable classrooms.
- Address unforeseen conditions revealed by construction/modernization (e.g., plumbing or gas line breaks, dry rot, seismic, structural, etc.)
- Furnish and equip schools as needed to the extent permitted by law.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D  
GENERAL OBLIGATION BONDS  
BOND PROJECT LIST  
JUNE 30, 2010**

Bond proceeds will also be expended to construct new classrooms, restrooms, computer labs, and other educational and joint-use facilities, including site improvements, acquisition of furniture and equipment, and technology upgrades.

Facility replacement and new construction shall include, but not limited to:

- Replace outdated and inadequate classrooms and school facilities at Cajon Valley Middle School.
- Construct new joint-use gymnasiums at Emerald, Greenfield, and Montgomery Middle Schools, which do not currently have gymnasium facilities.
- Build new elementary schools, including joint-use library and multipurpose buildings, on existing campus of schools that are 50 years or older.

**CAJON VALLEY UNION SCHOOL DISTRICT  
BUILDING FUND (21-39) PROPOSITION D-GENERAL OBLIGATION BONDS  
BOND PROJECT LIST  
JUNE 30, 2010**

	Original Bond Implementation Plan	Revised Bond Implementation Plan	Actuals to Date	Difference (Budget Balance)
<b>Receipts</b>				
Interest received	\$ -	\$ 688,944	\$ 1,049,614	\$ (360,670)
Proceeds from issuance of bonds	\$ 156,500,000	\$ 156,500,000	\$ 35,000,000	\$ 121,500,000
Total Receipts	<u>\$ 156,500,000</u>	<u>\$ 157,188,944</u>	<u>\$ 36,049,614</u>	<u>\$ 121,139,330</u>
<b>Disbursements</b>				
Meridian Water Line Replacement	\$ 60,000	\$ 60,000	\$ 54,892	\$ 5,108
Security Camera Upgrades	\$ 350,000	\$ 350,000	\$ 60,110	\$ 289,890
Clock System Upgrades	\$ 275,000	\$ 275,000	\$ 67,523	\$ 207,477
Playground Upgrades	\$ 424,365	\$ 424,365	\$ 237,254	\$ 187,111
Greenfield Middle New Gymnasium	\$ 9,000,000	\$ 9,000,000	\$ 108,670	\$ 8,891,330
Electrical Upgrades	\$ 1,849,000	\$ 1,849,000	\$ 125,836	\$ 1,723,164
Cajon Valley Middle Reconstruction	\$ 20,000,000	\$ 20,000,000	\$ 1,299,548	\$ 18,700,452
HVAC	\$ 6,895,000	\$ 6,895,000	\$ 1,113,602	\$ 5,781,398
Flying Hills MPR Remodel	\$ 590,000	\$ 590,000	\$ 528,724	\$ 61,276
Vista Grande Modernization	\$ 980,000	\$ 980,000	\$ 48,017	\$ 931,983
Rancho San Diego Modernization	\$ 1,333,000	\$ 1,333,000	\$ -	\$ 1,333,000
Technology	\$ 14,864,504	\$ 14,864,504	\$ 166,778	\$ 14,697,726
Lexington Elementary Reconstruction	\$ 35,000,000	\$ 35,000,000	\$ -	\$ 35,000,000
Add Restrooms	\$ 750,000	\$ 750,000	\$ -	\$ 750,000
Emerald Middle New Gymnasium	\$ 9,000,000	\$ 9,000,000	\$ -	\$ 9,000,000
Montgomery Middle New Gymnasium	\$ 9,000,000	\$ 9,000,000	\$ -	\$ 9,000,000
Elementary Reconstruction	\$ 35,000,000	\$ 35,000,000	\$ -	\$ 35,000,000
Erosion Control, Crest	\$ 65,000	\$ 65,000	\$ -	\$ 65,000
Fencing	\$ 1,610,000	\$ 1,610,000	\$ 7,366	\$ 1,602,634
Library Improvements	\$ 900,000	\$ 900,000	\$ -	\$ 900,000
Mechanical Screens	\$ 460,000	\$ 460,000	\$ -	\$ 460,000
Parking Lot Upgrades	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Phone System Upgrades	\$ 73,800	\$ 73,800	\$ -	\$ 73,800
Minor Renovations	\$ 1,210,000	\$ 1,210,000	\$ -	\$ 1,210,000
Security Lighting	\$ 400,400	\$ 400,400	\$ -	\$ 400,400
Sidewalk Upgrades	\$ 500,000	\$ 500,000	\$ -	\$ 500,000
Window Replacement, Blossom Valley	\$ 200,000	\$ 200,000	\$ -	\$ 200,000
Program Management	\$ 4,000,000	\$ 4,000,000	\$ 601,975	\$ 3,398,025
Contingency	\$ 1,459,931	\$ 1,459,931	\$ -	\$ 1,459,931
Totals	<u>\$ 156,500,000</u>	<u>\$ 156,500,000</u>	<u>\$ 4,420,295</u>	<u>\$ 152,079,705</u>

# Cajon Valley Union School District

## Proposition D – Project Status

### Completed Projects

PROJECT	DESCRIPTION
Clock Systems	New Clock Systems were installed at eleven schools in October 2009.
Fencing Project	Approx. 180 linear ft. of 6' chain link fencing with 3 roll gates and 3 walk gates were installed at Anza Elementary in May 2009. The remainder of the fencing project will be completed at a later date.
Multipurpose Bldg Expansion– Flying Hills Elementary School	This project includes an 1162 sq ft addition to the multipurpose building, as well as a 1162 sq ft basement below for storage of props and costumes. The bid was awarded to the Augustine Company on 9/22/09. Construction began in October 2009 and was completed in April 2010.
Playground Upgrades	New playground equipment was installed at Anza, Meridian, Naranca & W.D. Hall (summer 2009).
Security Cameras	Security cameras were installed at Avocado Elementary School in 2009.
Waterline Project	A new waterline was installed at Meridian Elementary in Spring 2008.

### Current Projects

PROJECT	DESCRIPTION
Electrical Upgrades	The engineering & design work is complete for the electrical upgrade projects at Chase Elementary, Madison Elementary and Emerald Middle School. Construction will be completed over the summer 2010. Upgrades at additional schools are scheduled for 2016/2017.
Heating Ventilation & Air Conditioning (HVAC)	The engineering & design work is complete for the HVAC replacements at Anza, Chase, Crest, Madison, Meridian and Naranca. Installation will be completed over the summer 2010. Plans and specifications are being developed for additional HVAC projects at Emerald, Flying Hills, Fuerte, Johnson, Magnolia, and Rancho San Diego.
Modernization – Vista Grande	Shade structures were installed over winter break 2009/2010 (this portion of the modernization project was completed ahead of schedule). Staff is working with the County Office of Education & the Office of Public School Construction to establish eligibility and apply for state modernization grant funds. Negotiations have begun for architectural services.
New Gymnasium/Multipurpose Bldg – Greenfield	Planning and design is nearly complete. Drawings will be submitted to the Division of the State Architect (DSA) within the next couple of months. The project scope was increased to include a Theater, Serving Kitchen, and School Administrative Offices, in addition to the originally planned Gymnasium & Locker Building. It is now estimated that construction will start in February 2011.
Playground Upgrades	Blossom Valley playground upgrades will be completed in the summer of 2010. Plans are being developed for "path of travel" enhancements to the completed playground projects.
Rebuild – Cajon Valley M.S.	Increment 1, which included abatement and demolition of the old buildings, will be completed over the summer 2010. Construction of the new building will begin once final approval has been received from DSA for Increment 2 (this is expected on 10/12/10).
Security Cameras	Plans and specifications are complete. The infrastructure work will be completed over the summer and camera installations will be completed in the fall for the security cameras at Emerald, Greenfield, Hillsdale, and Montgomery Middle Schools.
Technology	Technology upgrades are being incorporated into current projects. The District-wide technology upgrade recommendations are being reviewed and updated, and the implementation plan is being refined.