

**The Annual Report  
of the  
Citizens' Oversight Committee  
for the  
2013/2014 School Year**

**November 6, 2014**

Annual Report of  
The Citizens' Oversight Committee  
2013/2014 School Year

**Purpose**

The Citizens' Bond Oversight Committee (referred to as "the Committee" or "CBOC" for the remainder of this document) is charged with informing the public concerning the expenditure of bond proceeds of Measure M. The exact details of the purpose of an oversight Committee and their duties are specified in the California Constitution (AB 1908), and are summarized in the Committee's bylaws. The bylaws state that "*The purpose of the Committee as set forth in Proposition 39 is to inform the public at least annually by issuing a written report concerning the expenditure of bond proceeds from Measure M which was approved by the voters March 5, 2002.*" The Committee is required within the annual report to certify, if valid, that CVUSD is in compliance with Article XIII A, Section 1(b)(3) of the California Constitution.

**Committee Members and School District Staff**

For the 2013/2014 school year, the Committee was comprised of thirteen (13) members. September 2013 nominations and election of CBOC officers resulted in Kevin Cisneros being voted as Chairperson, Brian Johsz as Vice Chairperson, and Roman Nava as Secretary for the 2013-2014 school year. Meetings were held on September 30, 2013 and January 27, 2014 (minutes are attached).

The School District (District) was represented by Mr. Greg Stachura, Assistant Superintendent of Facilities; Mr. Michael Chapko, Director of Maintenance, Operations and Construction, and Mr. Bill Childress, Construction Coordinator, with support from Ms. Laurie Trimbach.

We would like to thank all current and past Committee members for their dedication and commitment to the school district's construction program. Each of them has provided a valuable service to the community.

**Performance Audits**

Mr. Royce Townsend, California Certified Public Account and a partner with Vavrinek, Trine, Day & Co., LLP addressed the committee regarding the Measure M bond performance and financial audits for the District. The audit report disclosed no instances of non-compliance with the terms of Proposition 39 or the terms of the Bond measure as approved by the District voters.

**Bond Funds**

Mr. Stachura distributed to the committee and reviewed the Expenditure Report at every meeting with adjusted figures reflected for applicable quarters. In addition to the bond measure amount of \$150 million, \$10,421,742.89 was earned in interest as of March 31, 2014; \$950,326.03 was transferred from San Bernardino County for construction of county classrooms, bringing the net total to \$161,372,068.12. Of this amount, \$161,239,411.72 has been spent, leaving a cash balance of \$132,656.40, as of June 30, 2014.

### **School Site Visits/Re-Dedications**

The CBOC did not visit any school sites during the 2013/2014 fiscal year. All members were invited to attend the State of the District Address, Measure M Presentation in November 2013.

### **Communications with the School District**

Meeting minutes were submitted quarterly to the Board as an information item, requiring no formal presentation.

### **Construction Update**

Mr. Stachura, Mr. Chapko and/or Mr. Childress gave a presentation and construction update at every meeting providing information on the status and progress of each site. The following projects were completed or are in progress as noted:

1. Chino Hills HS Path of Travel Upgrade – completed

Respectfully submitted,

*The Citizens Bond Oversight Committee*

**Citizens' Bond Oversight Committee Members**  
**2013/2014**

<b><u>Member</u></b>	<b><u>Position</u></b>	<b><u>Term Expires</u></b>
Kevin Cisneros	Chairman /At Large	6/30/2014
Brian Johsz	Vice Chairman / At Large	6/30/2014
Roman Nava	Secretary / At Large	6/30/2015
Patti Arlt	Chamber of Commerce	6/30/2015
Art Bennett	City of Chino Hills	6/30/2015
Brett Benson	Senior Citizen	6/30/2015
Virginia Curry	Senior Citizen	6/30/2015
Glenn Duncan	City of Chino	6/30/2015
Jacob Green	City of Ontario	6/30/2015
Mike Kreeger	Parent/Guardian/PTA	6/30/2015
Al Matta	At Large	6/30/2014
Paul Rodriguez	At Large	6/30/2015
Nick Yaroma	Parent/Guardian/PTA	6/30/2014
Vacant	Taxpayer Organization	



**CHINO VALLEY UNIFIED SCHOOL DISTRICT**  
**Facilities, Planning, and Operations Division**  
Greg Stachura, Assistant Superintendent  
Phone (909) 628-1201, Ext. 1200 ♦ Fax (909) 548-6034

**CITIZENS' BOND OVERSIGHT COMMITTEE**

Meeting Minutes  
September 30, 2013

**Call to Order:** Chairman Roman Nava called the meeting to order at 5:30 p.m.

Members present were Art Bennett, Brett Benson, Al Boling, Kevin Cisneroz, Virginia Curry, Brian Johsz, Mike Kreeger, Al Matta, and Roman Nava. Paul Rodriguez and Nick Yaroma arrived late. Greg Stachura represented District staff.

Mr. Johsz led the group in the Pledge of Allegiance.

1. Public Comment

None.

2. Welcome New Members for 2013/2014

New members Virginia Curry, Kevin Cisneroz, Brett Benson, and Mike Kreeger introduced themselves to the committee and current members introduced themselves.

Mr. Kreeger nominated Mr. Cisneroz to serve as the chairman, Mr. Johsz seconded, and all members approved the nomination. Mr. Bennett nominated Mr. Johsz to serve as the vice-chairman, Mr. Nava seconded, and all members approved. Mr. Kreeger nominated Mr. Nava as the secretary, Mr. Johsz seconded, and all members approved.

3. Approval of Minutes for June 10, 2013

Mr. Nava made a motion to approve the minutes for June 10, 2013, and Mr. Johsz seconded the motion; the motion passed. Mr. Kreeger, Mr. Benson, Mr. Rodriguez, and Ms. Curry abstained as they did not attend the meeting.

4. Expenditure Report for Period Ending August 31, 2013

Mr. Stachura reviewed the report for expenditures made during the period ending August 31, 2013 (attached). In addition to the bond measure amount of \$150,000,000.00, \$10,420,931.09 interest was earned as of June 30, 2013; \$950,326.03 was transferred from San Bernardino County for construction of county classrooms, for net total receipts of \$161,371,256.32. \$161,133,291.05 has been spent, leaving a balance of \$237,965.27 as of August 31, 2013. Following is the breakdown for Measure M expenditures to date:

Final Costs	161,301,629.65	
Paid to Date	161,133,291.05	
Remaining Obligation	168,338.60	Includes MM signs allocation \$23,493.79
Cash Balance	237,965.27	
Balance - Unallocated	69,626.67	
Allocated for MM Signs	23,493.79	(Funds from Citizens for Kids)
	<u>93,120.46</u>	

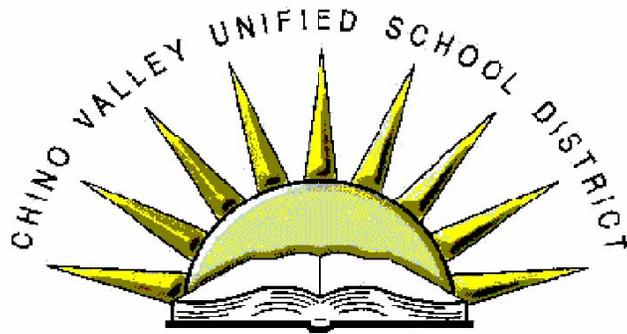


**ACTIVE CAPITAL FACILITIES PROJECT LIST - Measure M Funded**  
 Prepared: 9/2013

Project	Facilities Assessment Report Estimates	Measure M		OPSC&OTHER	COMBINED	
		Budget / Contracted	Balance	Contracted	As of 8/31/13 Expended	Balance
<b>MEASURE M GENERAL EXPENSE</b>						
1. Program Manager - PCM3		2,227,780.32	0.00		2,227,780.32	0.00
2. Bond Performance Audit		196,062.36	8,000.00		188,062.36	8,000.00
3. Bond Misc. Cost		116,358.48	40,679.19		75,679.29	40,679.19
4. Legal Fees		12,573.23	0.00		12,573.23	0.00
5. CVUSD Payroll		903,034.97	18,135.30		884,899.67	18,135.30
<b>SUBTOTAL</b>	<b>0.00</b>	<b>3,455,809.36</b>	<b>66,814.49</b>		<b>3,388,994.87</b>	<b>66,814.49</b>
<b>NEW CONSTRUCTION - Measure M Match</b>						
1. CHHS	0.00					
2. Preserve	0.00					
3. Rhodes ES	12,400,000.00	6,444,257.23	0.00	8,416,259.96	14,860,517.19	0.00
4. Chaparral ES	12,000,000.00	8,811,832.00	0.00	7,544,362.14	16,356,194.14	0.00
5. Woodcrest JH	17,200,000.00	14,372,387.28	0.00	12,331,223.09	26,703,610.37	0.00
6. Liberty ES	14,500,000.00	9,921,394.06	0.00	9,701,147.76	19,622,541.82	0.00
7. Wickman ES	12,200,000.00	5,940,956.37	0.00	9,023,621.76	14,964,578.13	0.00
8. Super-Wickman Addition	2,000,000.00	417,127.40	0.00	1,487,802.82	1,904,930.22	0.00
<b>SUBTOTAL</b>	<b>70,300,000.00</b>	<b>45,907,954.34</b>	<b>0.00</b>	<b>48,504,417.53</b>	<b>94,412,371.87</b>	<b>0.00</b>
<b>MODERNIZATION PHASE I - Measure M Match</b>						
1. Glenmeade ES	0.00					
2. Magnolia JH	0.00					
3. Don Lugo HS (Red Ph & BLdg A) DM	1,900,000.00	4,249,923.18	0.00	6,026,899.42	10,276,822.60	0.00
4. Walnut ES	1,200,000.00	2,286,011.74	0.00	2,922,350.88	5,208,362.62	0.00
5. Cortez ES	1,100,000.00	1,375,765.25	0.00	3,388,274.16	4,764,039.41	0.00
6. Dickson ES	1,400,000.00	2,009,604.13	0.00	2,336,324.51	4,345,928.64	0.00
7. Buena Vista HS	500,000.00	2,799,908.01	0.00	1,260,573.10	4,060,481.11	0.00
<b>SUBTOTAL</b>	<b>6,100,000.00</b>	<b>12,721,212.31</b>	<b>0.00</b>	<b>15,934,422.07</b>	<b>28,655,634.38</b>	<b>0.00</b>
<b>MODERNIZATION PHASE II - Measure M Match</b>						
1. Borba ES	0.00	986,159.90	0.00	1,474,834.77	2,460,994.67	0.00
2. El Rancho ES DM	400,000.00	798,456.07	0.00	1,463,120.66	2,261,576.73	0.00
3. Gird ES DM	500,000.00	747,371.75	0.00	1,540,085.98	2,287,457.73	0.00
4. Los Serranos ES DM	400,000.00	696,474.66	0.00	1,132,004.22	1,828,478.88	0.00
5. Marshall ES DM	300,000.00	552,244.27	0.00	1,094,206.21	1,646,450.48	0.00
6. Newman ES DM	300,000.00	530,914.71	0.00	1,166,105.50	1,697,020.21	0.00
7. Ramona JH	700,000.00	1,240,626.94	0.00	1,215,466.85	2,456,093.79	0.00
8. Don Lugo HS (Yellow Phase) DM	0.00	1,953,525.26	0.00	4,357,195.67	6,310,720.93	0.00
<b>SUBTOTAL</b>	<b>2,600,000.00</b>	<b>7,505,773.56</b>	<b>0.00</b>	<b>13,443,019.86</b>	<b>20,948,793.42</b>	<b>0.00</b>
<b>SUBTOTAL - Projects w/ State Funding</b>	<b>79,000,000.00</b>	<b>66,134,940.21</b>	<b>0.00</b>	<b>77,881,859.46</b>	<b>144,016,799.67</b>	<b>0.00</b>
<b>MEASURE M WORK - Fully Measure M Funded</b>						
1. Ayala HS	8,380,361.00	8,727,149.28	0.00		8,727,149.28	0.00
2. Walnut ES	6,367,503.00	6,207,567.41	0.00	431,428.18	6,638,995.59	0.00
3. Buena Vista HS (MM added to Mod)	1,385,280.00	622,530.23	0.00		622,530.23	0.00
4. Cortez ES	1,760,587.00	2,735,866.27	0.00		2,735,866.27	0.00
5. Dickson ES	1,464,875.00	2,928,918.17	0.00		2,928,918.17	0.00
6. Don Lugo HS (Blue Phase + Ag)	15,541,162.00	22,470,704.51	0.00	767,981.46	23,238,685.97	0.00
7. Borba ES	2,179,726.00	21,178.72	0.00		21,178.72	0.00
8. El Rancho ES	2,485,974.00	99,391.66	0.00		99,391.66	0.00
9. Gird ES	1,509,084.00	232,086.95	574.62		231,512.33	574.62
10. Los Serranos ES	1,289,896.00	197,389.12	0.00		197,389.12	0.00
11. Newman ES	2,055,455.00	358,463.41	574.62		357,888.79	574.62
12. Marshall ES	5,297,450.00	3,385,574.04	574.62		3,384,999.42	574.62
13. Ramona JHS (Phase II Mod) Msr M	7,885,431.00	2,707,181.02	574.62	829,565.00	3,536,171.40	574.62
14. Chino HS	6,438,165.00	13,829,876.50	0.00		13,829,876.50	0.00
15. Dickey ES	2,023,655.00	1,031,456.08	0.00	1,567,365.72	2,598,821.80	0.00
16. Canyon Hills JH	3,990,600.00	2,676,880.97	0.00		2,676,880.97	0.00
17. Cattle ES	1,236,125.00	3,799,445.83	0.00	739,991.46	4,530,732.91	8,704.38
18. Townsend JH	1,509,041.00	1,800,965.42	0.00		1,800,965.42	0.00
19. Briggs FS	1,414,025.00	3,700,612.26	0.00	2,150,399.23	5,842,893.72	8,117.77
20. Butterfield ES	946,998.00	383,259.61	21,573.00		361,686.61	21,573.00
21. Eagle Canyon ES	1,151,450.00	453,825.12	0.00		453,825.12	0.00
22. Country Springs	1,927,884.00	936,579.08	0.00		936,579.08	0.00
23. Glenmeade + (CHS Mod Reimb)	600,533.00	2,731,407.47	22,308.39	620,755.92	3,329,855.00	22,308.39
24. Hidden Trails	194,900.00	210,521.04	0.00		210,521.04	0.00
25. Litel	685,937.00	630,404.91	0.00		630,404.91	0.00
26. Magnolia JH+(CHS Mod Reimb)+CFD+State	3,298,958.00	209,268.99	13,541.75	1,875,729.90	2,067,840.14	17,158.75
27. Oak Ridge ES	1,398,046.00	387,741.16	0.00		387,741.16	0.00
28. Rolling Ridge ES	1,736,100.00	735,318.54	0.00		735,318.54	0.00
29. Woodcrest JH	1,334,950.00	0.00	0.00		0.00	0.00
30. Chino Hills HS	2,205,000.00	7,499,316.31	41,802.49		7,457,513.82	41,802.49
<b>SUBTOTAL</b>	<b>89,695,151.00</b>	<b>91,710,880.08</b>	<b>101,524.11</b>	<b>8,983,216.87</b>	<b>100,572,133.69</b>	<b>121,963.26</b>
<b>TOTAL MEASURE M BOND PROJECTS</b>	<b>168,695,151.00</b>	<b>161,301,629.65</b>	<b>168,338.60</b>	<b>86,865,076.33</b>	<b>247,977,928.23</b>	<b>188,777.75</b>

x

Final Costs	Measure M	149,999,999.20	Bonds Issued
Paid to Date	161,133,291.05	10,420,931.09	Interest Earned 6/30/13
Remaining Obligation	168,338.60	950,326.03	Walnut SDC & Campaign
Cash Balance	237,965.27	161,371,256.32	Total Receipts
Balance - Unallocated	69,626.67	161,133,291.05	Total Expended
Allocated for MM Signs	23,493.79	237,965.27	Cash Balance
	93,120.46	237,965.27	as of 8/31/13
			(0.00)



**The Annual Report  
of the  
Citizens' Oversight Committee  
for the  
2012/2013 School Year**

**June 2013**

Annual Report of  
The Citizens' Oversight Committee  
2012/2013 School Year

## **Purpose**

The Citizens' Bond Oversight Committee (referred to as "the Committee" or "CBOC" for the remainder of this document) is charged with informing the public concerning the expenditure of bond proceeds of Measure M. The exact details of the purpose of an oversight Committee and their duties are specified in the California Constitution (AB 1908), and are summarized in the Committee's bylaws. The bylaws state that "*The purpose of the Committee as set forth in Proposition. 39 is to inform the public at least annually by issuing a written report concerning the expenditure of bond proceeds from Measure M which was approved by the voters March 5, 2002.*" The Committee is required within the annual report to certify, if valid, that CVUSD is in compliance with Article XIII A, Section 1(b)(3) of the California Constitution.

## **Committee Members and School District Staff**

The Committee is currently comprised of eleven (11) members. Two vacancies existed due to the lack of candidate applications and the resignation of one member. September 2012 nominations and election of CBOC officers resulted in Roman Nava being voted as Chairperson, Glen Duncan as Vice Chairperson, and Valerie James as Secretary for the 2012-2013 school year. Six positions will become open when current committee members' terms expire on June 30, 2013. Including the vacancies, a total of eight (8) positions are available to be filled. The committee met a total of four times, September 10 and December 3, 2012, and March 4 and June 10, 2013, the minutes of which are attached hereto. A brief meeting was scheduled for June 17 to approve the annual report and meeting minutes for June 10, 2013. The June 17<sup>th</sup> meeting did not have a quorum of members.

The School District (District) was represented by Mr. Greg Stachura, Assistant Superintendent of Facilities; Mr. Michael Chapko, Director of Maintenance, Operations and Construction, and Mr. Bill Childress, Construction Coordinator; with support from Ms. Iris Chu and Ms. Laurie Trimbach.

We would like to thank all exiting Committee members for their dedication and commitment to the school district's construction program. Each of them has provided a valuable service to the community.

## **Performance Audits**

Mr. Royce Townsend, California Certified Public Account and a partner with Vavrinek, Trine, Day & Co., LLP addressed the committee regarding the Measure M bond performance and financial audits for the District. The audit report disclosed no instances of non-compliance with the terms of Proposition 39 or the terms of the Bond measure as approved by the District voters.

## **Bond Funds**

Mr. Stachura distributed to the committee and reviewed the Expenditure Report at every meeting with adjusted figures reflected for applicable quarter. In addition to the bond measure amount of \$150 million, \$10,420,226.90 was earned in interest as of March 31, 2013; \$950,326.03 was transferred from San Bernardino County for construction of county classrooms, bringing the net total to \$161,370,552.13. Of this amount, \$160,635,078.44 has been spent, leaving a cash balance of \$735,473.69, as of May 31, 2013.

## **School Site Visits/Dedications**

The CBOC did not visit any school site during this fiscal year. All members were invited to attend the Pool Dedication at Chino Hills High School on May 16, 2013.

## **Communications with the School District**

Meeting minutes were submitted quarterly to the Board as an information item, requiring no formal presentation. One written report, the annual report, will be orally presented to the Board in June 2013.

## **Construction Update**

Mr. Stachura, Mr. Chapko and/or Mr. Childress gave a presentation and construction update at every meeting providing information on the status and progress of each site. The following projects were completed:

1. Magnolia Junior High:
  - a. Library Expansion/Renovation
  - b. School Modernization
2. Glenmeade Elementary School:
  - a. Exterior Modernization
    - i. New Parking Lot
    - ii. ADA Upgrades
    - iii. New Kindergarten play equipment/asphalt and grass areas.
    - iv. Re-engineered north slope
    - v. Bus Cut out
  - b. Interior Modernization
3. Briggs Fundamental School:
  - a. Modernization
  - b. HVAC Replacement
4. Cattle Elementary School: New Classroom Wing Addition
5. Chino Hills High School: New Swimming Pool/Aquatics Center

Respectfully submitted,

*The Citizens Bond Oversight Committee*

**Citizens' Bond Oversight Committee Members  
2012/2013**

Roman Nava, Chairman	At Large	6/30/2013
Glenn Duncan, Vice Chairman	City of Chino	6/30/2013
Valerie James, Secretary	Parent/PTA	6/30/2013
Ted Athans	Business	6/30/2013
Kevin Cisneroz	At Large	6/30/2014
Brian Johsz	At Large	6/30/2014
Al Matta	At Large	6/30/2014
Nick Yaroma	Parent/Guardian	6/30/2014
Art Bennett	City of Chino Hills	6/30/2013
Debra Dorst-Porada (Al Boling)	City of Ontario	06/30/2014
Patti Arlt	Chamber of Commerce	06/30/2013
Vacant	Taxpayer Organization	
Vacant	Senior Citizen	

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**CHINO VALLEY UNIFIED SCHOOL DISTRICT**  
**Facilities, Planning, and Operations Division**  
Greg Stachura, Assistant Superintendent  
Phone (909) 628-1201, Ext. 1200 ♦ Fax (909) 548-6034

**CITIZENS' BOND OVERSIGHT COMMITTEE**

Meeting Minutes  
January 27, 2014

**Call to Order:** Chairman Kevin Cisneros called the meeting to order at 5:38 p.m.

Members present were Patti Arlt, Art Bennett, Brett Benson, Kevin Cisneros, Jacob Green, Roman Nava, and Nick Yaroma. Greg Stachura represented District staff.

Mr. Nava led the group in the Pledge of Allegiance.

1. Public Comment

None.

2. Approval of Minutes for September 30, 2013

Mr. Nava made a motion to approve the minutes for September 30, 2013, and Mr. Bennett seconded the motion; the motion passed 7 – 0.

3. Expenditure Report for Period Ending December 31, 2013

Mr. Stachura reviewed the report for expenditures made during the period ending December 31, 2013 (attached). In addition to the bond measure amount of \$150,000,000.00, \$10,421,468.86 interest was earned as of September 30, 2013; \$950,326.03 was transferred from San Bernardino County for construction of county classrooms, for net total receipts of \$161,371,794.09. \$161,171,745.85 has been spent, leaving a balance of \$200,048.24 as of December 31, 2013. Following is the breakdown for Measure M expenditures to date:

Final Costs	\$161,299,389.90
Paid to Date	<u>\$161,171,745.85</u>
Encumbered	\$117,644.05
Cash Balance	<u>\$200,048.24</u>
Unrestricted	\$72,404.19
Restricted	<u>\$15,047.59</u>
<b>Fund Balance</b>	<b>\$87,478.78</b>

Mr. Benson reported that he was asked how the District justified spending Measure M money on the presentation and video provided at the golf tournament. Mr. Stachura responded that the funds used on the presentation was from left-over cash that was raised for the campaign to advertise and help pass Measure M. These funds were separate from the bond money and kept specifically for signs and advertising.

4. 2012/2013 Measure M Financial and Performance Audit Reports

Mr. Royce Townsend from Vavrinek, Trine, Day & Co., LLP, addressed the committee regarding the Proposition 39 Measure M bond performance and financial audits performed for the District. Members

received copies of the audit reports (attached). Mr. Townsend provided an overview of the reports. He stated there were no exceptions or deficiencies as a result of either audit.

#### 5. Meeting Dates for 2014

After discussion, April 21, 2014 was selected as the next meeting date. June 16<sup>th</sup> was tentatively set for another meeting date to be confirmed.

#### 6. Planning/Construction Update

Mr. Stachura reported that the remaining Measure M funds will be spent on the following projects:

Chino Hills HS path-of-travel	\$20 - \$25,000
Buena Vista HS marquee	\$20,000
Eagle Canyon furniture	\$35,000
Glenmeade ES	\$35,000
Cattle ES playground equipment	\$40,000
Approximate total:	\$150 - \$155,000

Even though the total amount of these projects is greater than the remaining Measure M money, costs will be augmented with other available funds.

#### 7. Member Communications

Members discussed a variety of topics and reported on upcoming community events.

#### 8. Other Topics

The next meeting is scheduled for April 21, 2014. The meeting was adjourned at 6:36 p.m.

Attachments:       Expenditure Report for period ending December 31, 2013  
                          2012/2013 Measure M Financial and Performance Audit Reports

ACTIVE CAPITAL FACILITIES PROJECT LIST - Measure M Funded

Prepared: 1/2014

Project	Facilities Assessment Report Estimates	Measure M	OPSC&OTHER	C O M B I N E D	
		Budget / Contracted	Contracted	As of 12/31/13 Expended	Balance
<b>MEASURE M GENERAL EXPENSE</b>					
1. Program Manager - PCM3		2,227,780.32		2,227,780.32	0.00
2. Bond Performance Audit		196,062.36		188,062.36	8,000.00
3. Bond Misc. Cost		113,101.12		90,952.73	22,148.39
4. Legal Fees		12,573.23		12,573.23	0.00
5. CVUSD Payroll		903,030.49		903,030.49	0.00
<b>SUBTOTAL</b>	<b>0.00</b>	<b>3,452,547.52</b>		<b>3,422,399.13</b>	<b>30,148.39</b>
<b>NEW CONSTRUCTION - Measure M Match</b>					
1. CHHS	0.00				
2. Preserve	0.00				
3. Rhodos ES	12,400,000.00	6,444,257.23	8,416,259.96	14,860,517.19	0.00
4. Chaparral ES	12,000,000.00	8,811,832.00	7,544,362.14	16,356,194.14	0.00
5. Woodcrest JH	17,200,000.00	14,372,387.28	12,331,223.09	26,703,610.37	0.00
6. Liberty ES	14,500,000.00	9,921,394.06	9,701,147.76	19,622,541.82	0.00
7. Wickman ES	12,200,000.00	5,940,956.37	9,023,621.76	14,964,578.13	0.00
8. Super-Wickman Addition	2,000,000.00	417,127.40	1,487,802.82	1,904,930.22	0.00
	<b>70,300,000.00</b>	<b>45,907,954.34</b>	<b>48,504,417.53</b>	<b>94,412,371.87</b>	<b>0.00</b>
<b>MODERNIZATION PHASE I - Measure M Match</b>					
1. Glenmeade ES	0.00				
2. Magnolia JH	0.00				
3. Don Lugo HS (Red Ph & Bldg A) DM	1,900,000.00	4,249,923.18	6,026,899.42	10,276,822.60	0.00
4. Walnut ES	1,200,000.00	2,286,011.74	2,922,350.88	5,208,362.62	0.00
5. Cortez ES	1,100,000.00	1,375,765.25	3,388,274.16	4,764,039.41	0.00
6. Dickson ES	1,400,000.00	2,009,604.13	2,336,324.51	4,345,928.64	0.00
7. Buena Vista HS	500,000.00	2,799,908.01	1,260,573.10	4,060,481.11	0.00
	<b>6,100,000.00</b>	<b>12,721,212.31</b>	<b>15,934,422.07</b>	<b>28,655,634.38</b>	<b>0.00</b>
<b>MODERNIZATION PHASE II - Measure M Match</b>					
1. Borba ES	0.00	986,159.90	1,474,834.77	2,460,994.67	0.00
2. El Rancho ES DM	400,000.00	798,456.07	1,463,120.66	2,261,576.73	0.00
3. Gird ES DM	500,000.00	747,371.75	1,540,085.98	2,287,457.73	0.00
4. Los Serranos ES DM	400,000.00	696,474.66	1,132,004.22	1,828,478.88	0.00
5. Marshall ES DM	300,000.00	552,244.27	1,094,206.21	1,646,450.48	0.00
6. Newman ES DM	300,000.00	530,914.71	1,166,105.50	1,697,020.21	0.00
7. Ramona JH	700,000.00	1,240,626.94	1,215,466.85	2,456,093.79	0.00
8. Don Lugo HS (Yellow Phase) DM	0.00	1,953,525.26	4,357,195.67	6,310,720.93	0.00
	<b>2,600,000.00</b>	<b>7,505,773.56</b>	<b>13,443,019.86</b>	<b>20,948,793.42</b>	<b>0.00</b>
<b>SUBTOTAL - Projects w/ State Funding</b>	<b>79,000,000.00</b>	<b>66,134,940.21</b>	<b>77,881,859.46</b>	<b>144,016,799.67</b>	<b>0.00</b>
<b>MEASURE M WORK - Fully Measure M Funded</b>					
1. Ayala HS	8,380,361.00	8,727,149.28		8,727,149.28	0.00
2. Walnut ES	6,367,503.00	6,207,567.41	431,428.18	6,638,995.59	0.00
3. Buena Vista HS (MM added to Mod)	1,385,280.00	622,530.23		622,530.23	0.00
4. Cortez ES	1,760,587.00	2,735,866.27		2,735,866.27	0.00
5. Dickson ES	1,464,875.00	2,928,918.17		2,928,918.17	0.00
6. Don Lugo HS (Blue Phase + Ag)	15,541,162.00	22,471,536.00	767,981.46	23,239,517.46	0.00
7. Borba ES	2,179,726.00	21,178.72		21,178.72	0.00
8. El Rancho ES	2,485,974.00	99,391.66		99,391.66	0.00
9. Gird ES	1,509,084.00	232,086.95		232,086.95	0.00
10. Los Serranos ES	1,289,896.00	197,389.12		197,389.12	0.00
11. Newman ES	2,055,455.00	358,463.41		358,463.41	0.00
12. Marshall ES	5,297,450.00	3,385,574.04		3,385,574.04	0.00
13. Ramona JHS (Phase II Mod) Msr M	7,885,431.00	2,707,181.02	829,565.00	3,536,480.03	265.99
14. Chino HS	6,438,165.00	13,829,876.50	9,077.62	13,838,954.12	0.00
15. Dickey ES	2,023,655.00	1,031,456.08	1,567,365.72	2,598,821.80	0.00
16. Canyon Hills JH	3,990,600.00	2,676,880.97		2,676,880.97	0.00
17. Cattle ES	1,236,125.00	3,799,445.83	739,991.46	4,531,732.91	7,704.38
18. Townsend JH	1,509,041.00	1,800,965.42		1,800,965.42	0.00
19. Briggs FS	1,414,025.00	3,700,612.26	2,150,899.23	5,846,772.31	4,739.18
20. Butterfield ES	946,998.00	383,259.61		362,762.86	20,496.75
21. Eagle Canyon ES	1,151,450.00	453,825.12		453,825.12	0.00
22. Country Springs	1,927,884.00	936,579.08		936,579.08	0.00
23. Glenmeade + (CHS Mod Reimb)	600,533.00	2,731,476.07	620,755.92	3,330,060.80	22,171.19
24. Hidden Trails	194,900.00	210,521.04		210,521.04	0.00
25. Litel	685,937.00	630,943.91		630,943.91	0.00
26. Magnolia JH+(CHS Mod Reimb)+CFD4+State	3,298,958.00	209,268.99	1,877,838.28	2,074,348.03	12,759.24
27. Oak Ridge ES	1,398,046.00	387,741.16		387,741.16	0.00
28. Rolling Ridge ES	1,736,100.00	735,318.54		735,318.54	0.00
29. Woodcrest JH	1,334,950.00	0.00		0.00	0.00
30. Chino Hills HS	2,205,000.00	7,498,899.31		7,457,096.82	41,802.49
				0.00	0.00
<b>SUBTOTAL</b>	<b>89,695,151.00</b>	<b>91,711,902.17</b>	<b>8,994,902.87</b>	<b>100,596,865.82</b>	<b>109,939.22</b>
<b>TOTAL MEASURE M BOND PROJECTS</b>	<b>168,695,151.00</b>	<b>161,299,389.90</b>	<b>86,876,762.33</b>	<b>248,036,064.62</b>	<b>140,087.61</b>

Final Costs	Measure M	149,999,999.20	Bonds Issued
Paid to Date	161,171,745.85	10,421,468.86	Interest Earned 9/30/13
Encumbered	127,644.05	950,326.03	Walnut SDC & Campaign
Cash Balance	200,048.24	161,371,794.09	Total Receipts
Unrestricted	72,404.19	161,171,745.85	Total Expended
Restricted	15,074.59	200,048.24	Cash Balance
Fund Balance	87,478.78	200,048.24	as of 12/31/13
			0.00

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND (MEASURE M)  
AUDIT REPORT**

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**JUNE 30, 2013**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND (MEASURE M)  
FINANCIAL AUDIT**

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**JUNE 30, 2013**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Governing Board and  
Citizens' Oversight Committee  
Chino Valley Unified School District  
Chino, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Chino Valley Unified School District's (the District), Building Fund (Measure M), and the related notes to the financial statements, as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure M) of the Chino Valley Unified School District at June 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure M, and are not intended to present fairly the financial position and changes in financial position of Chino Valley Unified School District in conformity with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, on our consideration of the District Building Fund's (Measure M) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control 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* in considering the District's Building Fund's (Measure M) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

VADJENSK, TIZNE, Day + Co. LLP

Rancho Cucamonga, California  
January 27, 2014

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**BALANCE SHEET  
JUNE 30, 2013**

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**ASSETS**

Deposits and investments	\$	555,479
Accounts receivable		704
Due from other funds		4
<b>Total Assets</b>	<b>\$</b>	<b>556,187</b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable	\$	389,578
Due to other funds		18,135
<b>Total Liabilities</b>		<b>407,713</b>

**Fund Balance**

Restricted		
Capital projects fund		148,474
<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b>556,187</b>

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

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

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**REVENUES**

Local income	
Interest income	\$ 18,822
Other local revenue	945
<b>Total Revenues</b>	<u>19,767</u>

**EXPENDITURES**

Salaries and benefits	208,539
Services	
Audit expense	8,000
Other administrative charges	9,764
Capital outlay	
Architect fees on site improvement	112,853
Prints/plans site improvement	7,410
Architect sub consultant site improvement	7,731
DSA fees	5,162
Land improvements	5,436,123
Testing/inspection site improvement	318,483
Site other costs	480,916
Architect fees on buildings	91,938
Sub consultants	4,397
DSA plan check fees	2,694
Improvements to existing buildings	1,053,534
Construction testing building/improvement	10,126
Building inspections (capitalized)	4,835
Other costs - buildings and improvement	111,242
Computers and other computer hardware	138,693
<b>Total Expenditures</b>	<u>8,012,440</u>

<b>NET CHANGE IN FUND BALANCE</b>	(7,992,673)
<b>FUND BALANCE - BEGINNING</b>	<u>8,141,147</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 148,474</u>

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

# CHINO VALLEY UNIFIED SCHOOL DISTRICT BUILDING FUND (MEASURE M)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting policies of the Chino Valley Unified School District Building Fund (Measure M) 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 (AICPA). The Chino Valley 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 Chino Valley Unified School District used to account for Measure M projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2002. These financial statements are not intended to present fairly the financial position and results of operations of the Chino Valley Unified School District in compliance with accounting principles generally accepted in the United States of America.

#### **Fund Accounting**

The operations of the Building Fund (Measure M) 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 (Measure M) 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 balances 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.

# CHINO VALLEY UNIFIED SCHOOL DISTRICT BUILDING FUND (MEASURE M)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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### 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 - Building Fund (Measure M)

As of June 30, 2013, the fund balance is classified as follows:

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

### Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### 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.

### *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.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**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 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.

**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 San Bernardino County Investment Pool. The District maintains a Building Fund (Measure M) investment of \$555,479 with the San Bernardino County Investment Pool. The fair value of this investment is approximately \$555,097 with an average maturity of 381 days.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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***NOTE 3 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2013, consisted of the following:

Interest	<u><u>\$ 704</u></u>
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***NOTE 4 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2013, consisted of the following:

Capital outlay	\$ 389,257
Other vendor payables	321
	<u><u>\$ 389,578</u></u>

***NOTE 5 - INTERFUND TRANSACTIONS***

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable balance at June 30, 2013, was as follows:

Due from other funds - General Fund

The General Fund owes the Building Fund (Measure M) for reimbursement of payroll related benefits.

\$ 4
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Interfund payable balance at June 30, 2013, was as follows:

Due to other funds - General Fund

The Building Fund (Measure M) owes the General Fund for payroll related benefits and operating costs.

<u><u>\$ 18,135</u></u>
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**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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***NOTE 6 - COMMITMENTS AND CONTINGENCIES***

As of June 30, 2013, the Building Fund (Measure M) had the following commitments with respect to unfinished capital projects:

<u>Measure M Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Butterfield Elementary - front gates improvement	\$ 21,573	12/31/2013
Buena Vista High - marquee	25,000	9/30/2014
Chino Hills High - swimming pool facility	20,000	6/30/2014
Eagle Canyon Elementary - furniture and equipment	20,000	6/30/2014
Glenmeade Elementary - furniture and equipment	20,000	6/30/2014
	<u>\$ 106,573</u>	

**Litigation**

The District is not currently a party to any legal proceedings relating to Measure M.

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***INDEPENDENT AUDITORS' REPORT***

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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 and  
Citizens' Oversight Committee  
Chino Valley Unified School District  
Chino, California

We have audited, in accordance with the 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, the accompanying financial statements of the Chino Valley Unified School District (the District) Building Fund (Measure M), and the related notes of the financial statements as of and for the year ended June 30, 2013, and have issued our report thereon dated January 27, 2014.

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure M, and are not intended to present fairly the financial position and changes in financial position of Chino Valley Unified School District in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Chino Valley Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chino Valley Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chino Valley 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 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chino Valley Unified School District's Building Fund (Measure M) 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*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

VADRENSE TRINE, Day + Co. LLP

Rancho Cucamonga, California  
January 27, 2014

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2013**

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None reported.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2013**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND (MEASURE M)  
PERFORMANCE AUDIT**

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**JUNE 30, 2013**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

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## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and  
Citizens' Oversight Committee  
Chino Valley Unified School District  
Chino, California

We were engaged to conduct a performance audit of the Chino Valley Unified School District (the District), Measure M funds for the year ended June 30, 2013.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure M funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

VAVRINEK, TRINE, DAY & CO., LLP

Rancho Cucamonga, California  
January 27, 2014

# CHINO VALLEY UNIFIED SCHOOL DISTRICT BUILDING FUND (MEASURE M)

**JUNE 30, 2013**

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## ***AUTHORITY FOR ISSUANCE***

The Measure M Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the *California Education Code*, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on March 5, 2002 (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on December 6, 2001.

The District received authorization at an election held on March 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$150,000,000 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 2002 Authorization).

## ***PURPOSE OF ISSUANCE***

"To relieve overcrowding; repair, upgrade, construct, acquire, equip neighborhood schools/classrooms; install fire doors; replace outdated plumbing sewer and decayed drainage systems, leaking, rundown roofs/bathrooms; upgrade electrical wiring for technology; improve student safety conditions; and qualify for State funds by issuing \$150,000,000 of bonds at legal rates, requiring annual audits, citizen oversight, and no money for administrators' salaries".

## ***AUTHORITY FOR THE AUDIT***

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens' oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

# CHINO VALLEY UNIFIED SCHOOL DISTRICT BUILDING FUND (MEASURE M)

**JUNE 30, 2013**

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## ***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure M.
2. Determine whether salary transactions charged to the Building Fund were in support of Measure M and not for District general administration or operations.

## ***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2012 to June 30, 2013. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2013, were not reviewed or included within the scope of our audit or in this report.

## ***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013 for the Building Fund (Measure M). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure M as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2012 and ending June 30, 2013, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$7,899,899. This represents 99 percent of the total expenditures of \$8,012,440.
3. We verified that funds from the Building Fund (Measure M) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund (Measure M) were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

## ***CONCLUSION***

The results of our tests indicated that, in all significant respects, the Chino Valley Unified School District has properly accounted for the expenditures held in the Building Fund (Measure M) and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund (Measure M), and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013**

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None reported.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2013**

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None reported.



To the Governing Board  
Chino Valley Unified School District

We have audited the financial statements of the Building Fund (Measure M) of the Chino Valley Unified School District for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting on April 3, 2013. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Chino Valley Unified School District are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements of the financial statements.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 27, 2014.

*Management Consultations with Other Independent Accountant*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

(Other Information in Documents Containing Audited Financial Statements)

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Governing Board and management of Chino Valley Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

VADIRSK, TIRNE, Day + Co. LLP

Rancho Cucamonga, California  
January 27, 2014