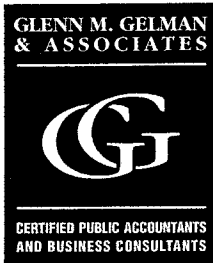


***CHINO VALLEY UNIFIED SCHOOL DISTRICT***

***BOND MEASURE M PROGRAM  
WITH ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
JUNE 30, 2003***

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BOND MEASURE M PROGRAM  
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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees  
Chino Valley Unified School District

and

The Citizens' Bond Oversight Committee  
5130 Riverside Drive  
Chino, CA 91710

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Chino Valley United School District of San Bernardino County, solely to assist the users in identifying finding and recommendations in the areas with respect to the Measure M General Obligation Bonds for the period ended June 30, 2003. 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, finding 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.

*Glenn M. Gelman & Associates*

Santa Ana, California  
July 25, 2003

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BOND MEASURE M PROGRAM  
AGREED-UPON PROCEDURES  
JUNE 30, 2003**

**EXHIBIT A**

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

- A. Obtain an understanding of the internal control over the procurement system for the Bond Measure M Fund, and adherence thereof, including a review of the controls exercised over approval of change orders.
- B. Determine that the procurement procedures were in accordance with procurement laws and regulations.
- C. Review compliance with the expenditure provisions/restrictions in the Measure M Obligation Bonds Initiative, including observing that administrative costs have not been charged to the Fund.
- D. Reconcile the general ledger of the Bond Measure M Fund as of June 30, 2003, with the monthly financial reports of budgets and expenditures prepared for the Citizens' Bond Oversight Committee for the same period.
- E. Observe support for the allocations of bond expenditures to the bond fund expenditure classifications (programs and objects of expenditure).
- F. Review the controls exercised over approval of change orders, including an observation that the approval of purchase orders, as amended by change orders, are approved in accordance with the District's policies and procedures and the Public Contract Code.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BOND MEASURE M PROGRAM  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2003**

**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*

Obtain an understanding of the internal control over the procurement system for the Bond Measure M Fund, and adherence thereof, including a review of the controls exercised over approval of change orders.

*Results*

One exception was noted wherein an invoice payment was not signed by the Assistant Superintendent.

**Agreed-Upon Procedure (B)**

*Procedure*

Determine that the procurement procedures were in accordance with procurement laws and regulations.

*Results*

One finding was noted wherein for one contract awarded; only one bid was obtained for the bid category.

**Agreed-Upon Procedure (C)**

*Procedure*

Reviewed compliance with the expenditure provisions/restrictions in the ballot measure. Performed observations to determine whether administrative costs have been charged to the Fund.

*Results*

The expenditures observed satisfactorily complied with the guidelines defined in the ballot measure dated March 5, 2002.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BOND MEASURE M PROGRAM  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2003**

**EXHIBIT B**

**Agreed-Upon Procedure (D)**

*Procedure*

Reconciled the general ledger of the Bond Measure M Fund as of June 30, 2003, with the monthly financial reports of expenditures.

*Results*

There were no exceptions noted.

**Agreed-Upon Procedure (E)**

*Procedure*

Reviewed the support for the allocation of bond expenditures to the bond fund expenditure classifications.

*Results*

There were no exceptions noted.

**Agreed-Upon Procedure (F)**

*Procedure*

Reviewed the controls exercised over approval change orders, including an observation that the approval of purchase orders, as amended by change orders, are approved in accordance with the District's policies and procedures and the Public Contract Code.

*Results*

There were no exceptions noted.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**  
**(Chino, California)**  
**Bond Measure M Program**

**THE BONDS**

**Authority for Issuance**

The Bonds were issued pursuant to the provisions of the California Education Code commencing with Section 15264 and pursuant to resolutions adopted by the Board of Trustees of the District and by the Board of Supervisors of the County. The District received authorization at an election held on March 5, 2002, by fifty-five percent of the votes cast by eligible voters within the District, to issue the first \$40,000,000 of general obligation bonds not to exceed the aggregate amount of \$150,000,000. The Bonds represent the first series of bonds issued under the Authorization.

**Purpose of Issue**

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

The specific school facilities projects to be funded are as follows:

**PRIORITY PROJECTS**

The District intends to complete the following projects, using a combination of funding sources, totaling approximately \$210 million. It is anticipated that bond proceeds will contribute \$150 million to said total cost. Other anticipated sources include developer fees, interest on investments, reimbursements from other agencies, and available capital facility funds.

The District's Facilities Assessment Report has outlined a number of projects to be accomplished within the next years, with priorities such as: to relieve severe overcrowding by building new schools and adding classrooms, to improve health and safety for children, infrastructure repair, structural preservation and improvements, energy conservation, renovation of classrooms, repairing of roofs, plumbing, and heating/cooling systems, site improvements, acquiring furniture and equipment for instruction, improving security, and providing for technology.

Major projects implemented this year include construction of new schools such as Wickman, Rhodes, and Liberty Elementary Schools, and Woodcrest Jr. High. The elementary schools are expected to be in operation by September 2003 and the junior high school by September 2004. Modernization projects commencing for existing schools include a stadium with concessions, restrooms, and ticket booths at Ayala High School, and painting at Don Lugo High School.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BOND MEASURE M PROGRAM  
STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH  
(CASH BASIS)  
PERIOD ENDING JUNE 30, 2003**

**Receipts**

Interest received	\$ 839,052
Proceeds from issuance of bonds	<u>40,000,000</u>
Total Receipts	<u>40,839,052</u>

**Disbursements**

New construction/adds to buildings	8,440,511
Other construction costs and improvements	2,336,777
Building inspections (capitalized)	327,398
Contracted services	308,968
Other costs	<u>1,850,962</u>

Total Disbursements	<u>13,264,616</u>
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<b>Increase in cash</b>	27,574,436
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<b>Cash, beginning of period</b>	<u>-</u>
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<b>Cash, end of period</b>	<u><u>\$ 27,574,436</u></u>
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