

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**

**GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT**

**JUNE 30, 2007**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
REVIEW OF MEASURE M  
GENERAL OBLIGATION BONDS  
2002 ELECTION  
WITH  
ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
JUNE 30, 2007**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
MEASURE M  
GENERAL OBLIGATION BONDS, 2002 ELECTION**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Accountants' Report</b>	<b>1</b>
<b>Agreed-Upon Procedures (Exhibit A)</b>	<b>2</b>
<b>Findings and Recommendations (Exhibit B)</b>	<b>3</b>
<b>Supplementary Information</b>	
<b>The Bonds</b>	<b>5</b>



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

Governing Board  
Chino Valley Unified School District

and

The Chino Valley Citizens' Bond Oversight Committee

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Chino Valley Unified School District of San Bernardino County, solely to assist the users in identifying findings and recommendations in the areas, with respect to the Measure M, General Obligation Bonds, 2002 Election, for the period ended June 30, 2007. 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 the financial statements of the District, the objective of which would be the expression of an opinion relating to the matters included in the agreed-upon procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*VAVRINEK, TRINE, DAY & CO., LLP*

Rancho Cucamonga, California  
December 21, 2007

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
MEASURE M  
GENERAL OBLIGATION BONDS, 2002 ELECTION  
AGREED-UPON PROCEDURES  
JUNE 30, 2007**

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**EXHIBIT A**

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

1. Obtain an understanding of the internal control over the procurement system for the Bond Fund, including a review of the controls exercised over approval of Change Orders.
2. Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the period July 1, 2006, through June 30, 2007.
3. 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.
4. Select all materially significant expenditures and at least 30 percent of the total expenditures. 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.
5. For those expenditures selected in item 4, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
MEASURE M  
GENERAL OBLIGATION BONDS, 2002 ELECTION  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2007**

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**EXHIBIT B**

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

**Agreed-Upon Procedure (1)**

*Procedure*

Obtain an understanding of the internal control over the procurement system for the Building Fund, including a review of the controls exercised over the approval of Change Orders.

*Results*

There were no exceptions noted.

**Agreed-Upon Procedure (2)**

*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, 2006, through June 30, 2007.

*Results*

There were no exceptions noted.

**Agreed-Upon Procedure (3)**

*Procedure*

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. In reviewing the Measure M General Obligation Bonds, 2002 Election, 2006 Series D issuance, the auditor confirmed that \$50 million was deposited into the Bond Fund. In addition, the auditor confirmed that the net proceeds (total proceeds less cost of issuance) of \$1.5 million were deposited into the related Bond Interest and Redemption Fund.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
MEASURE M  
GENERAL OBLIGATION BONDS, 2002 ELECTION  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2007**

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**EXHIBIT B**

**Agreed-Upon Procedure (4)**

***Procedures***

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

***Results***

The expenditures observed satisfactorily complied with the guidelines defined in the ballot measure dated March 5, 2002. We included 32 percent of all expenditures charged to the Measure M Bond Funds for the 2006-2007 fiscal year in our examination. Based upon our examination of actual invoices and purchase orders, there were no exceptions noted in the District's procedures related to the disbursement of Measure M Bond Funds. For the items not tested, nothing came to our attention to indicate that the District expenditures were not in compliance with the provisions/restrictions in the ballot measure.

**Agreed-Upon Procedure (5)**

***Procedure***

Verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

***Results***

There were no exceptions noted. The District used formal bid procedures for those contracts over the construction bid level requirements to select contractors in accordance with Education Code requirements and District policies.

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## **Supplementary Information**

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**CHINO VALLEY UNIFIED SCHOOL DISTRICT**  
**(San Bernardino, California)**  
**GENERAL OBLIGATION BONDS, 2002 ELECTION**

**THE BONDS**

***AUTHORITY FOR ISSUANCE***

The Election of 2002 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 Election of 2002 Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County (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 million to finance specific construction and renovation projects approved by eligible voters within the District. The measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

***PURPOSE OF ISSUE***

"To relieve severe overcrowding, improve safety for children, repair/renovate local schools, shall Chino Valley Unified School District acquire, construct, and improve school sites and facilities, obtain eligibility for state funding, add classrooms, build schools, repair roofs, eliminate asbestos/other safety hazards, upgrade electricity, plumbing, heating/cooling systems, improve security and provide for technology, issue \$150 million of bonds, at legal interest rates, with independent Citizens Oversight and annual audit of expenditures, with no money for administrators' salaries."

