

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**

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**2002 GENERAL OBLIGATION BONDS  
MEASURE M  
AUDIT REPORT**

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**JUNE 30, 2012**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT**

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**2002 GENERAL OBLIGATION BONDS  
MEASURE M  
FINANCIAL AUDIT**

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**JUNE 30, 2012**

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

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JUNE 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Chino Valley Unified School District (the District) Building Fund (Measure M) as of and for the year ended June 30, 2012, 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to previously 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, 2012, 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 our report dated January 30, 2013, 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* and should be considered in assessing the results of our audit.

VAVRINEK, TRINE, DAY & CO., LLP

Rancho Cucamonga, California  
January 30, 2013

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

**BALANCE SHEET  
JUNE 30, 2012**

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**ASSETS**

Deposits and investments	\$ 10,264,239
Accounts receivable	20,330
<b>Total Assets</b>	<u><u>\$ 10,284,569</u></u>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable	\$ 2,122,920
Due to other funds	20,502
<b>Total Liabilities</b>	<u><u>2,143,422</u></u>

**Fund Balance**

Restricted	
Capital projects fund	<u>8,141,147</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 10,284,569</u></u>

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, 2012**

**REVENUES**

Local income	
Interest income	\$ 79,443
Other local revenue	19,046
<b>Total Revenues</b>	<b>98,489</b>

**EXPENDITURES**

Salaries and benefits	217,652
Services	
Rentals and leases	6,082
Reprographics	11
Computer set-up	14,040
Audit expense	8,000
Contracted services	67
Other administrative charges	20,521
Printing/art set-up	233
Capital outlay	
Architect fees on site improvement	163,261
Prints/plans site improvement	1,079
Architect sub consultant site improvement	10,045
City/agency fees site improvement	1,641
DSA fees	1,443
Land improvements	1,537,399
Playground or shade structures	747,140
Testing/inspection site improvement	174,510
Site other costs	226,022
Architect fees on buildings	228,746
Prints and plans	2,025
Sub consultants	18,557
DSA plan check fees	5,528
CDE plan check fees	2,415
Routers, hubs, and network related	17,338
New construction/adds to buildings	2,484,895
Improvements to existing buildings	3,868,864
Construction testing building/improvement	44,204
Building inspections (capitalized)	258,168
Other costs - buildings and improvement	574,921
Equipment	63,509
Computers and other computer hardware	370,000
<b>Total Expenditures</b>	<b>11,068,316</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,969,827)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>19,110,974</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 8,141,147</b>

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, 2012**

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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, 2012**

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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, 2012, 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, 2012

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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 investment of \$10,264,239 with the San Bernardino County Investment Pool. The fair value of this investment is approximately \$10,289,876 with an average maturity of 357 days.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE 3 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2012, consisted of the following:

Interest	<u><u>\$ 20,330</u></u>
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***NOTE 4 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2012, consisted of the following:

Capital outlay	\$ 2,115,838
Other vendor payables	<u>7,082</u>
	<u><u>\$ 2,122,920</u></u>

***NOTE 5 - INTERFUND TRANSACTIONS***

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

Interfund payable balance at June 30, 2012, was as follows:

Due to other funds - General Fund

The Building Fund owes the General Fund for payroll related benefits and operating costs.

<u><u>\$ 20,502</u></u>
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**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND (MEASURE M)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

As of June 30, 2012, 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>
Briggs Fundamental - renovation	\$ 46,725	11/1/2012
Cattle Elementary - new classroom addition	254,465	11/1/2012
Glenmeade Elementary - interior renovation	1,278,089	11/1/2012
Glenmeade Elementary - exterior site improvements	846,874	12/13/2012
Butterfield Elementary - additional security gate	9,101	11/15/2012
Magnolia Junior High - renovation	48,899	3/31/2013
Chino Hills High - swimming pool facility	5,333,481	3/31/2013
	<u>\$ 7,817,634</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 the accompanying financial statements of the Chino Valley Unified School District (the District), Building Fund (Measure M), as of and for the year ended June 30, 2012, and have issued our report thereon dated January 30, 2013. 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.

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 results of operations of Chino Valley Unified School District in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

Management of the District Building Fund's (Measure M) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Chino Valley Unified School District Building Fund's (Measure M) 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 Building Fund's (Measure M) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chino Valley Unified School District Building Fund's (Measure A) 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.

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 deficiencies, 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 previously.

## Compliance and Other Matters

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

This report is intended solely for the information and use of the governing board, management, the Measure M's Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

VADENSK. TRINE, Day + Co. CP

Rancho Cucamonga, California  
January 30, 2013

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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, 2012**

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None reported.



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2012**

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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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**2002 GENERAL OBLIGATION BONDS  
MEASURE M  
PERFORMANCE AUDIT**

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**JUNE 30, 2012**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT  
2002 GENERAL OBLIGATION BONDS  
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 General Obligation Bond funds for the year ended June 30, 2012.

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 General Obligation Bond 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 30, 2013

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

**JUNE 30, 2012**

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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, 2012**

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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, 2011 to June 30, 2012. 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, 2012, 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, 2012 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, 2011 and ending June 30, 2012, 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 \$8,106,091. This represents 73 percent of the total expenditures of \$11,068,316.
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, 2012**

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None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2012**

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None reported.