

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

**AUDIT REPORT**

**JUNE 30, 2013**

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
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**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION 39 GENERAL OBLIGATIONS BOND  
PROPOSITION D  
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING**

On February 5, 2008 the Cajon Valley Union School District was successful in obtaining authorization from District voters to issue up to \$156,500,000 in General Obligations Bonds pursuant to a 55% vote in a Bond election. The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The Cajon Valley USD Proposition D Citizens' Oversight Committee as of June 30, 2013 was comprised of the following members:

Karen Bunkell	Chair
Craig Wollitz	Co-Chair
George Hawkins	Member
Les Henderson	Member
Richard Nasif	Member
Timothy Zelt	Member
Linda Webb	Member

## INDEPENDENT AUDITOR'S REPORT

**Governing Board Members and  
Citizens' Oversight Committee  
Cajon Valley Union School District  
El Cajon, California**

We have audited the accompanying financial statements of Proposition D Building Fund (21-39) of Cajon Valley Union School District as of and for the year ended June 30, 2013 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governments* issued by the American Institute of Certified Public Accountants and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note B, the financial statements present only Building Fund (21-39) which is specific to Proposition D and are not intended to present fairly the financial position and results of operations of Cajon Valley Union School District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proposition D Building Fund (21-39) of Cajon Valley Union School District as of June 30, 2013, 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 November 11, 2013, on our consideration of Cajon Valley Union School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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.

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
November 11, 2013

## **FINANCIAL SECTION**

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
BALANCE SHEET  
JUNE 30, 2013**

**ASSETS**

**Current Assets**

Cash in county treasury	\$ 16,198,472
Accounts receivable	<u>15,505</u>

<b>TOTAL ASSETS</b>	<u>16,213,977</u>
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**LIABILITIES AND FUND BALANCE**

Accounts payable	241,327
Due to other funds	<u>4,890</u>

<b>TOTAL LIABILITIES</b>	<u>246,217</u>
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**FUND BALANCE**

Restricted for capital projects	<u>15,967,760</u>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 16,213,977</u>
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The accompanying notes are an integral part of these financial statements

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>REVENUES</b>	
Interest income	\$ 95,717
<b>EXPENDITURES</b>	
Classified salaries	163,942
Employee benefits	64,528
Other operating expenses:	
Mileage	187
Legal fees	3,030
Contracted services	45,950
Capital outlay:	
Architect fees	702,923
DSA fees	2,200
Preliminary tests	24,200
Planning costs	994,640
Miscellaneous fees	5,788
Main construction	12,814,825
Construction tests	130,514
Inspections	181,158
Other construction costs	6,371,633
Equipment	3,066,313
<b>TOTAL EXPENDITURES</b>	<u>24,571,831</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(24,476,114)
<b>OTHER SOURCES</b>	
Proceeds from bond issuance	<u>19,999,932</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,476,182)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>20,443,942</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 15,967,760</u>

The accompanying notes are an integral part of these financial statements

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**A. Definition of the Fund**

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

**B. Summary of Significant Accounting Policies**

*Basis of Presentation*

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

*Fund Structure*

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

*Basis of Accounting*

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

The Building Fund is maintained on the modified accrual basis of accounting. Its revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

*Budgets and Budgetary Accounting*

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



**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)**

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

*Encumbrances*

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

*Cash in County Treasury*

In accordance with Education Code §41001, the District maintains a substantial amount of its cash in the San Diego County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

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

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

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

*Receivables and Payables*

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)**

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

*Fund Balance Reserves and Designations*

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

**C. Cash and Investments**

*1. Cash in County Treasury*

The District maintains significantly all of its cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2013, the portion of cash in county treasury attributed to Building Fund (21-39) was \$16,198,472. The fair value of Building Fund (21-39)'s portion of this pool as of that date, as provided by the pool sponsor, was \$16,198,472. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

*2. Analysis of Specific Deposit and Investment Risks*

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

*a. Credit Risk*

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

*b. Custodial Credit Risk*

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)**

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

*c. Concentration of Credit Risk*

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

*d. Interest Rate Risk*

This is the risk that changes in 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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the San Diego Investment Pool. At year end, the District was not exposed to interest rate risk.

*e. Foreign Currency Risk*

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

**D. Accounts Receivable**

Accounts Receivable at June 30, 2013 consisted of:

Interest	\$ 15,505
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**E. Accounts Payable**

Accounts Payable at June 30, 2013 consisted of:

Vendors payables	\$ 239,147
Payroll and related benefits payable	<u>2,180</u>
 Total	 <u>\$ 241,327</u>

**F. General Obligation Bonds**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)**

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

On May 25, 2011, the District issued \$13,093,060, Series B General Obligation Bonds in order to finance the construction, rehabilitation or repair of public school facilities, which may include interest payments during the construction period. The bond proceeds received by the District is part of an \$18,000,000 General Obligation Revenue Bonds of the California Qualified School Bond Joint Powers Authority (QSCB). The bonds mature on September 1, 2025 and yield an interest rate of 4%.

In August 2012, the District authorized the sale and issuance of General Obligation Bonds, 2008 Election, Series C, in the amount of \$19,999,932 consisting of \$12,000,000 in current interest serial bonds and \$7,999,932 in capital appreciation bonds. Proceeds from the sale of bonds will be used primarily for financing the renovation, construction, and improvement of school facilities. The current interest bonds are payable semiannually on each February 1 and August 1 of year commencing February 1, 2013 and mature August 1, 2032. The capital appreciation bonds accrete interest compounding semiannually on February 1, and August 1, of each year. Principal is payable August 1, commencing August 1, 2017 and mature August 1, 2030. The overall true interest cost is 4.14%.

The outstanding bonded debt of Proposition D Building Fund (21-39) as of June 30, 2013 is as follows:

Date of Issuance	Type	Interest Rate	Maturity Date	Original Issue Amount	Amounts Outstanding 7/1/12	Issued Current Year	Redeemed Current Year	Amounts Outstanding 6/30/13
2008	GO Bonds	3.00-5.00%	2032	\$ 35,000,000	\$ 32,615,000	\$ -	\$ 910,000	\$ 31,705,000
2011	GO Bonds	4.00%	2026	13,093,060	12,758,175	-	-	12,758,175
2012	GO Bonds	2.00-3.38%	3032	19,999,932	-	19,999,932	-	19,999,932
Total				<u>\$ 68,092,992</u>	<u>\$ 45,373,175</u>	<u>\$ 19,999,932</u>	<u>\$ 910,000</u>	<u>\$ 64,463,107</u>

The annual requirements to amortize the general obligation bonds payable outstanding as of June 30, 2013 is as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,525,000	\$ 2,362,841	\$ 3,887,841
2015	1,623,121	2,312,954	3,936,075
2016	1,762,897	2,250,846	4,013,743
2017	1,955,194	2,178,158	4,133,352
2018	2,155,883	2,115,782	4,271,665
2019-2023	13,628,746	10,085,956	23,714,702
2024-2028	17,894,967	10,322,662	28,217,629
2029-2033	23,917,299	4,981,819	28,899,118
Totals	<u>\$ 64,463,107</u>	<u>\$ 36,611,018</u>	<u>\$ 101,074,125</u>

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)**

**G. Construction Commitments**

As of June 30, 2013, the Building Fund (21-39) had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>*Expected Date of Final Completion</u>
Construction in process:		
Security Cameras	\$ 11,700	August 2015
Greenfield Middle School	\$ 693,680	July 2013
HVAC (Phase 4)	\$ 200,654	August 2013
Vista Grande Modernization-Phase 2	\$ 30,997	August 2015
Rancho San Diego Modernization	\$ 41,983	August 2015
Technology-Phase 3	\$ 5,902,995	November 2013
Lexington Rebuild	\$ 2,146,760	August 2015
Emerald Gym	\$ 34,205	August 2016
Montgomery Gym	\$ 905,757	August 2015
Fencing	\$ 732,366	November 2013

\*Expected date of final completion subject to change.

## **OTHER INDEPENDENT AUDITOR'S REPORTS**

**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 Members and  
Citizens Oversight Committee  
Cajon Valley Union School District  
El Cajon, California**

We have audited the financial statements of Proposition D Building Fund (21-39) of Cajon Valley Union School District (District) for the year ended June 30, 2013, and have issued our report thereon dated November 11, 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Cajon Valley Union School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cajon Valley Union School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cajon Valley Union 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 a 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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cajon Valley Union School District's 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 according, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Citizens Oversight Committee, and the Governing Board, and is not intended to be and should not be used by anyone other than these specified parties.

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
November 11, 2013



**Governing Board Members and  
Citizens Bond Oversight Committee  
Cajon Valley Union School District  
El Cajon, California**

**INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE**

We have audited the financial statements of the Proposition D Bond Building Fund (21-39) of Cajon Valley Union School District as of and for the fiscal year ended June 30, 2013 and have issued our report thereon dated November 11, 2013. Our audit was made in accordance with generally accepted auditing standards in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements for the Proposition 39 Proposition D General Obligation Bond for the fiscal year ended June 30, 2013. The objective of the audit of compliance applicable to Cajon Valley Union School District is to determine with reasonable assurance that:

- The proceeds from the sale of the Proposition D Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve facilities of the District as noted in the bond project list.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

**Internal Control Evaluation**

Procedure Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud, waste, or abuse regarding Proposition D resources
- Prevent material misstatement in the Proposition D Building Fund (21-39) financial statements
- Ensure all expenditures are properly allocated
- Ensure adequate separation of duties exists in the accounting of Proposition D funds

All purchase requisitions are reviewed for proper supporting documentation. The Project Manager or appropriate Director submits back up information to the Construction Accountant to initiate a purchase requisition. The Long-Range Planning Director verifies that the requested purchase is an allowable project cost in accordance with the Proposition D ballot initiative approved by local voters, as well as the Board approved budget, and that all expenditures are properly recorded by project and expense category. All requisitions are routed for review and electronic approval as follows: (1) Construction Accountant; (2) Assistant Superintendent of Business Services; (3) Long-Range Planning Director; (4) Account Analyst; and (5) Purchasing Director.

Once the purchase requisition has gone through the approval process, the Purchasing Department creates a purchase order, which is provided to the vendor who proceeds to provide the requested service or item.

When the invoice is received, the Construction Accountant verifies that the charges are consistent with the amounts on the approved contract/purchase order. The Director of Long Range Planning verifies the services were satisfactorily performed and/or the items were received and installed. Once the invoice has been signed & approved by the Director, the Construction Accountant processes the invoice through the accounts payable system of the District for payment. The checks and back-up documents are then audited by the San Diego County Office of Education's Commercial Warrant Audit Unit to ensure compliance with procurement regulations and good business practices before payment is released.

#### Results of Procedures Performed

The results of our audit determined the internal control procedures as implemented are sufficient to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations.

#### **Facilities Site Walkthrough**

##### Procedures Performed:

We performed a walkthrough of various sites of the District to verify that Proposition D funds expended for the year ended June 30, 2013 were for valid facilities acquisition and construction purposes. We toured various sites where the construction work occurred.

##### Results of Procedures Performed:

During our visit to the various sites where the construction work occurred, we were given an explanation by management, familiar with the construction work, of the work performed. Based on our review of the sites and the explanation of management, it appears the construction work performed was consistent with the Bond Project List.

#### **Tests of Expenditures**

##### Procedures Performed:

We tested expenditures to determine whether Proposition D funds were spent solely on voter and Board approved school facilities projects as set forth in the Bond Project List and the Proposition D ballot measure language. Our testing included a sample of vendors and payroll payments, totaling approximately \$19,786,077 or approximately 81% of total expenditures for the year.

Results of Procedures Performed:

We found no instances where expenditures tested were not in compliance with the terms of Proposition D ballot measure and applicable state laws and regulations.

**Tests of Contracts and Bid Procedures**

Procedures Performed:

We reviewed the District's board minutes for approval of construction contracts and change orders, if any, to determine compliance with the District's policy and Public Contract Code provisions related to biddings and contracting.

Results of Procedures Performed:

We noted no instances where the District was out of compliance with respect to contracts and bidding procedures.

**Citizens' Oversight Committee**

Procedures Performed:

We have reviewed the minutes of the Citizens' Oversight Committee meetings and have attended committee meetings to verify compliance with Education Code sections 15278 through 15282.

Results of Procedures Performed:

We have determined the Cajon Valley Union School District's Proposition D Citizens' Oversight Committee and its involvement is in compliance with Education Code sections 15278 through 15282.

Our audit of compliance made for the purposes set forth in the second and third paragraphs of this report above would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied, in all material respects, with the compliance requirements for the Proposition D Bond Building Fund (21-39), for the fiscal year ended June 30, 2013.

This report is intended solely for the information and use of the District's Governing Board, the Proposition D Bond Citizens' Oversight Committee, management, others within the entity, and the taxpayers of Cajon Valley Union School District and is not intended to be and should not be used by anyone other than these specified parties.

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
November 11, 2013

## **FINDINGS AND RECOMMENDATION SECTION**

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2013**

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There were no findings to report.

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSITION D BUILDING FUND (21-39)  
SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2013**

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There were no findings reported in the June 30, 2012 audit.

## **SUPPLEMENTAL INFORMATION**

**CAJON VALLEY UNION SCHOOL DISTRICT  
PROPOSTION D BUILDING FUND (21-39) GENERAL OBLIGATION BONDS  
BOND PROJECT LIST  
JUNE 30, 2013**

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

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

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

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