

5TH ANNUAL REPORT

OF THE CITIZENS' OVERSIGHT COMMITTEE

CAJON VALLEY UNION SCHOOL DISTRICT BOND PROGRAM

GENERAL INFORMATION

MEMBERS:

Karen Bunkell
George Hawkins
Les Henderson
Dick Nasif
Linda Webb
Craig Wollitz
Timothy Zelt

ADDRESS:

750 E. Main St
PO Box 1007
El Cajon, CA 92022-1007

WEBSITE:

www.cajonvalley.net
Click on "bond program"

PHONE:

(619)588-3210

FAX:

(619)441-7898

MEETINGS:

Meetings are open to the public.
Check the website for meeting
times, agendas, and minutes.

Contents:

Letter to Community.....	1
About Propositions D & C.....	2
Project Highlights.....	3
Completed Projects	6
Current Projects	8
Budget Overview.....	9
Audit Summary.....	10
Committee Members & Terms...	11

Letter from the Citizens' Oversight Committee Chair

Dear Community Members:

The Citizens' Oversight Committee (COC) is pleased to present its 5th Annual Report on the progress of the Cajon Valley Union School District's bond program. The COC is responsible to oversee the bond program to ensure that funds are expended on voter approved projects and to report annually to the community. This report provides an overview of the school construction bond program, project status information, and audit summary.

Proposition D is a \$156.5 million bond measure approved by local voters in 2008 to fund the improvement of school facilities in Cajon Valley. Proposition C, approved by voters in 2012, allowed for the reauthorization of \$88.4 million of the bonds in order to keep projects on schedule without incurring additional debt.

Some of the highlights of this past year include the completion of:

- ⇒ A new gymnasium, locker rooms, theater, rehearsal/band room, school offices, kitchen, and six classrooms at Greenfield Middle School;
- ⇒ Technology Infrastructure upgrades at thirteen schools; and
- ⇒ Security upgrades throughout the District, including school perimeter fencing; security cameras, and office reconfigurations to enhance security.

In addition, planning has begun on:

- ◆ The rebuilding of Lexington Elementary School;
- ◆ A new gymnasium/multipurpose building and renovations at Montgomery Middle School; and
- ◆ A new gymnasium/multipurpose building and school office at Emerald Middle School.

Financial and performance audits were completed, as required, by an independent Certified Public Accounting firm. The audit results were favorable with no instances of non-compliance with the terms of Proposition 39 or the terms of the voter approved bond measure.

Please read further for additional information. To stay updated throughout the year, please visit the COC's Proposition D website by going to www.cajonvalley.net and clicking on the "bond program" link.

Sincerely,



Karen Bunkell, Chair
Citizens' Oversight Committee

About Propositions D & C

In 2008, Cajon Valley voters passed **Proposition D**, a ballot measure authorizing the issuance of \$156.5 million in bonds to construct and improve school facilities. The District has successfully managed the Proposition D Bond Program, completing projects on schedule and under budget. Taxpayers have been able to take advantage of very favorable interest rates because of the District's good credit rating. However, due to stagnant property values, the final \$88,406,940 could not be issued within the original timeline unless costly Capital Appreciation Bonds were used, which the District did not see as a preferable option.

A second option was to put the remaining bond projects on hold for several years until property values rose significantly. However, the voters' support of Proposition D suggested the desire and expectation of the community to see the projects completed timely.

Therefore; **Proposition C** was placed on the November 2012 ballot, giving voters the option to support re-authorization of the remaining bonds.

This \$88,400,000 re-authorization initiative:

- (1) Allows for completion of all bond projects without delay;
- (2) Minimizes project cost escalation;
- (3) Allows the voters who approved Proposition D to benefit from the projects;
- (4) Provides local construction jobs when they are needed most; and
- (5) Saves taxpayers millions of dollars in interest compared to issuing capital appreciation bonds.

Proposition C, was approved by local voters in November 2012. As Prop C bonds are issued, an equal amount of Prop D authorization is retired. Therefore, no additional debt is incurred beyond the original Prop D authorization.

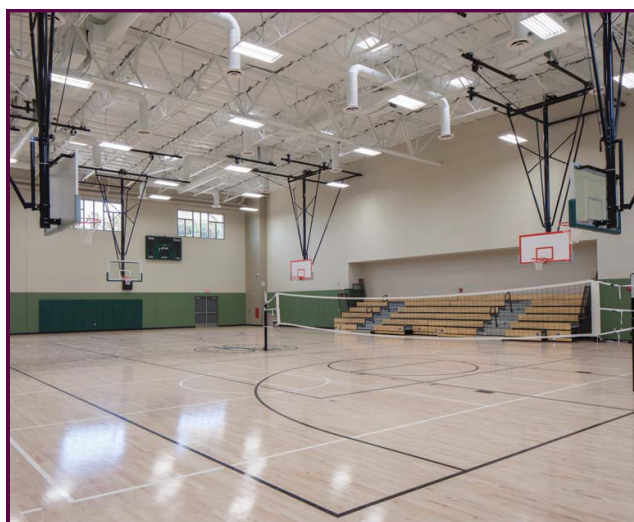
This annual report reflects audited financial information through fiscal year ending June 30, 2013. The first Prop C bond issuance occurred in August 2013, and is therefore not reflected in this report.

2012/2013 Project Highlights

Greenfield Middle School Completed in Spring 2013



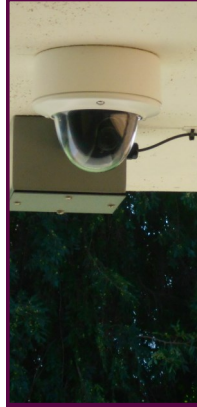
- New 40,000 sf, Tilt-Up Concrete Building
- Gymnasium (with CIF Basketball Court)
- Locker Rooms
- State-of-the-Art 500-Seat Theater
- Music Rehearsal Room
- School Offices
- Six Classrooms
- Food-Service Kitchen
- Covered Lunch Court



2012/2013 Project Highlights

Security Upgrades Completed in Fall 2013

- Perimeter Fencing
- Security Camera Systems
- Office Reconfigurations



2012/2013 Project Highlights

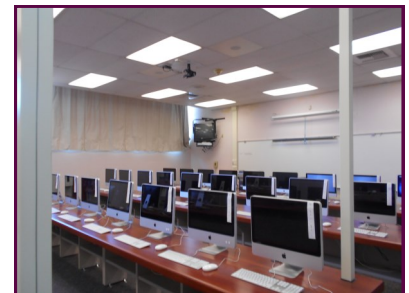
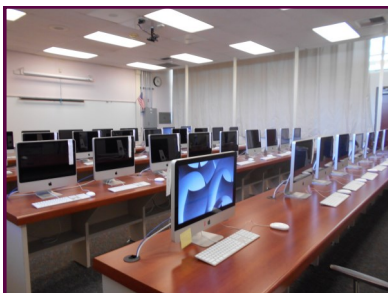
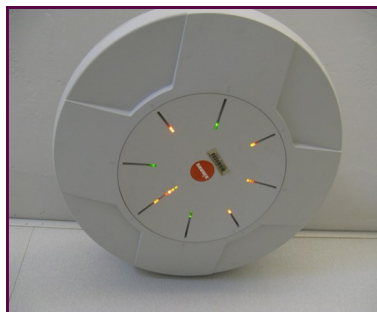
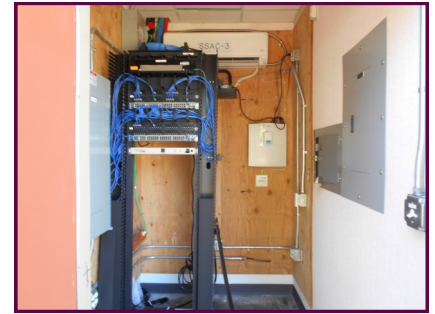
Technology Infrastructure (Phase 2a)

Completed in Fall 2013



The District-wide technology upgrade project will result in a robust infrastructure, which will enable 1:1 student to computer ratios and create a better foundation for the use of technology to enhance instruction and resources for students. This project includes:

- ◇ Upgraded cabling;
- ◇ Upgraded data storage and management system;
- ◇ IDF (Intermediate Distribution Frame) and MDF (Main Distribution Frame) equipment room modifications;
- ◇ Campus-wide wireless access at all schools;
- ◇ Infrastructure for Internet-accessible projectors; and
- ◇ Voice Over Internet Protocol (VoIP) phone systems.



Completed Projects

- ◆ **Cajon Valley Middle School (Rebuilding Project)**
 - ◇ Construction of the final new building was completed in August 2011. This project, which includes 20 classrooms, a library, and serving kitchen, completes the rebuilding of the entire school campus.
- ◆ **Clock Systems**
 - ◇ New Clock Systems have been installed at twelve schools.
- ◆ **Electrical Upgrades**
 - ◇ Electrical upgrade projects were completed over the Summer 2010 at Chase Elementary, Madison Elementary and Emerald Middle School.
- ◆ **Fencing Project (Phases 1 & 2)**
 - ◇ Fencing enhancements were completed at Anza Elementary in May 2009. All schools were assessed for improved security in 2013. Fencing was completed District-wide over the summer and fall 2013.
- ◆ **Heating Ventilation & Air Conditioning (Phase 1, 2, 3 & 4)**
 - ◇ The HVAC replacements were completed each summer at the following sites: Anza, Chase, Crest, Madison, Meridian and Naranca in 2010; Emerald, Flying Hills, Fuerte, Johnson, Magnolia, and Rancho San Diego in 2011; EJE/Cuyamaca in 2012; and Vista Grande in 2013. These schools are already seeing significant energy savings.
- ◆ **Modernization – Rancho San Diego**
 - ◇ The Rancho San Diego Modernization project was completed in September 2012. This project included renovation of the existing campus, as well as replacement of three portable classroom buildings with new steel/wood-framed modular classrooms, including restrooms.
- ◆ **Modernization – Vista Grande**
 - ◇ The Vista Grande modernization project was substantially completed over the summer of 2012; however in order to avoid disrupting the educational process, the addition of porticos and accessible parking improvements were completed over winter break.

Completed Projects (continued)

♦ **Multipurpose Building Expansion– Flying Hills Elementary School**

- ♦ This project includes an 1162 sq ft addition to the multipurpose building, as well as, a 1162 sq ft basement below for storage of props and costumes. The bid was awarded to the Augustine Company on 9/22/09. Construction began in October 2009 and was completed in April 2010.

♦ **New Gymnasium / Multipurpose Building – Greenfield**

- ♦ This project, which includes a gymnasium; locker rooms; theater; music/band room; serving kitchen; school offices; and six classrooms, was completed April 2013.

♦ **Parking Lot Upgrades**

- ♦ Parking lot upgrades were completed at Avocado and WD Hall in 2013.

♦ **Playground Upgrades**

- ♦ New playground equipment was installed at Anza, Meridian, Naranca & W.D. Hall (summer 2009). Blossom Valley playground upgrades were completed in the summer of 2010.

♦ **Security Cameras**

- ♦ Security cameras were installed at Avocado Elementary School in 2009; Emerald, Greenfield, Hillsdale, and Montgomery Middle Schools in the Summer/Fall of 2010; and Hall, Johnson, and Madison over summer 2013.

♦ **Technology (Phase 1 & 2a)**

- ♦ Technology infrastructure upgrades were completed at Avocado, Blossom Valley, Flying Hills, Fuerte, Jamacha, Rancho San Diego, Rios, and Vista Grande Elementary Schools, and Hillsdale Middle School over the summer 2012. Additionally, Anza, Bostonia, Chase, Crest, Emerald, Greenfield, Hall, Johnson, Magnolia, Meridian, Montgomery, Naranca, and Sevick were substantially completed in the summer of 2013 (with the exception of wireless access points, which will be completed in 2014).

♦ **Waterline Project**

- ♦ A new waterline was installed at Meridian Elementary in Spring 2008.

Current Projects

The following projects are currently in the planning stage:

Lexington Elementary School – Rebuilding

Plans were submitted to the State Architect in December 2013 for the rebuilding of Lexington Elementary School. Construction is expected to begin in early summer 2014. Completion is expected in summer 2015.

Emerald Middle School – New Gymnasium/Multipurpose Building

This project, which includes a new indoor gymnasium/multipurpose building, locker rooms, kitchen, and school office, will be constructed using the design-build delivery method. A criteria architect has begun working with District staff to establish design criteria and develop a request for proposals. Construction is expected to begin in summer 2015. Completion is expected in summer 2016.

Montgomery Middle School – New Gymnasium & Renovations

Plans were submitted to the State Architect in December 2013 for the new gymnasium and renovation project at Montgomery Middle School. Construction is expected to begin in early summer 2014. Completion is expected in summer 2015.

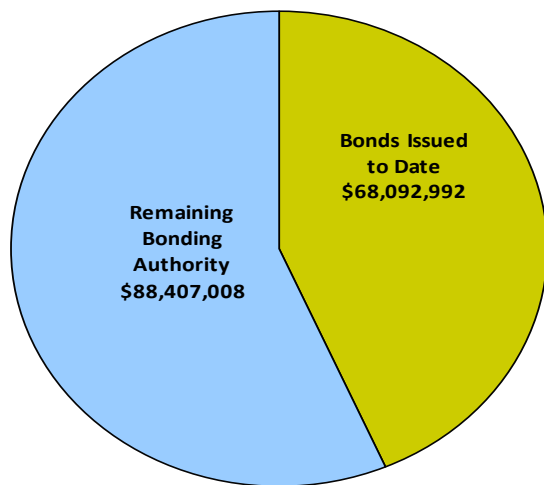
Technology (Phase 2b & 3)

New wireless access points will be installed at Anza, Bostonia, Chase, Crest, Emerald, Greenfield, Hall, Johnson, Magnolia, Meridian, Montgomery, Naranca, and Sevick in summer 2014. Additional upgrades will be completed at EJE Charter Academies, Madison Elementary, and Los Coches Creek Middle School in summer 2014.

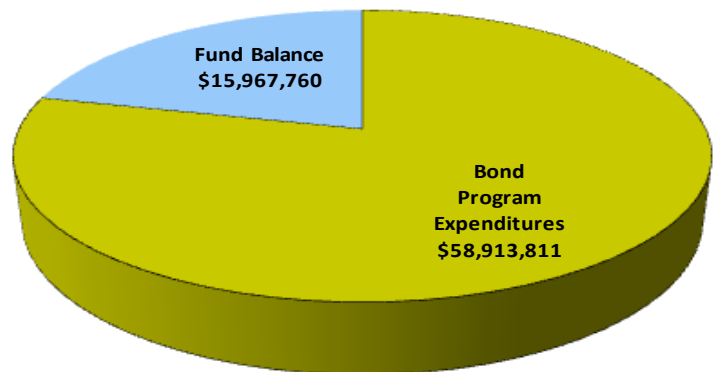
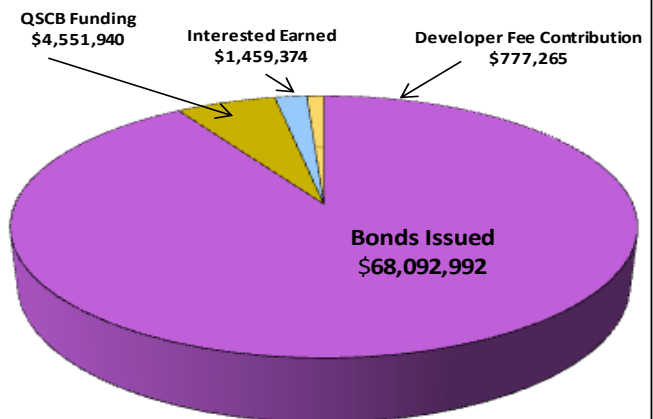
Budget Overview 7/1/2008 - 6/30/13

	Bond Authorization	Revenues	Expenditures	Fund Balance
Total Bonds Authorized	\$ 156,500,000			
Bonds Issued to Date	\$ (68,092,992)	\$ 68,092,992		
QSCB Funding		\$ 4,551,940		
Interest Earned		\$ 1,459,374		
Developer Fee Contribution		\$ 777,265		
Bond Program Expenditures			\$ 58,913,811	
Totals as of 6/30/13:	\$ 88,407,008	\$ 74,881,571	\$ 58,913,811	\$ 15,967,760

Prop D Bond Issuances
Total Authorization =
\$156,500,000



Total Revenue Received =
\$74,881,571

**Expenditure Detail**

Main Construction	\$ 35,281,070
Other Construction Costs	\$ 10,099,638
Architect Fees	\$ 4,233,270
Equipment	\$ 4,104,726
Construction Tests	\$ 1,546,229
Program Management	\$ 1,424,999
Planning Cost	\$ 1,222,406
Inspections	\$ 454,395
DSA Fees	\$ 230,437
Site Improvements	\$ 166,196
Preliminary Tests	\$ 81,613
Misc. Fees & Permits	\$ 59,115
Library Books	\$ 9,717
Total Expenditures	\$ 58,913,811

Budget Overview FY 2012/2013

	Prop D	Developer Fees Contribution	Totals
Beginning Balance	\$ 20,443,943		\$ 20,443,943
Prop D Issuances	\$ 19,999,932		\$ 19,999,932
Developer Fee Contribution		\$ 777,265	\$ 777,265
Prop D Interest	\$ 95,717		\$ 95,717
Prop D Expenditures	\$ (24,571,831)		\$ (24,571,831)
Developer Fee Expenditures		\$ (777,265)	\$ (777,265)
Ending Balance on 6/30/13	\$ 15,967,761	\$ -	\$ 15,967,761

FINANCIAL AND PERFORMANCE AUDIT SUMMARY

Wilkinson Hadley King & Co., LLP conducted the annual bond program Financial and Performance Audits for the 2012-2013 fiscal year, which ended June 30, 2013. The audit reports were completed on November 21, 2013 and reviewed by the COC at its December 11, 2013 meeting.

The audits were performed in accordance with generally accepted auditing tandards as prescribed by the Governmental Accounting Standards Board and included:

- Evaluation of internal control procedures
- Facilities project site review
- Tests of expenditures
- Tests of contracts and bid procedures
- Evaluation of the Citizens' Oversight Committee's regulatory compliance

The audit reports concluded that the District complied, in all material respects, with the compliance requirements for the Proposition D Bond Building Fund.

To obtain a copy of the complete audit reports, please visit the bond website by going to www.cajonvalley.net and clicking on the "bond program" link, or contacting Sharon Dobbins, Long-Range Planning Director, at (619) 588-3016.

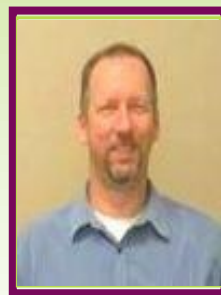
COC COMMITTEE MEMBERS



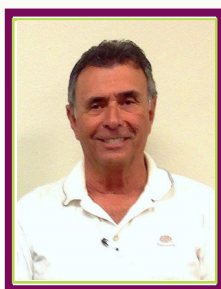
Karen Bunkell



George Hawkins



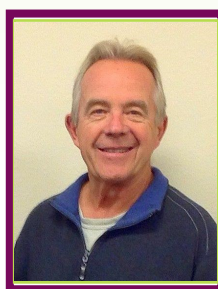
Les Henderson



Dick Nasif



Linda Webb



Craig Wollitz



Timothy Zelt

MEMBER	TERM NO	TERM
KAREN BUNKELL	2	6/1/2012 – 5/31/2014
GEORGE HAWKINS	1	02/01/13 – 01/31/15
LES HENDERSON	2	2/1/2013 – 1/31/2015
DICK NASIF	1	6/1/2012 – 5/31/2014
LINDA WEBB	1	6/1/2012 – 5/31/2014
CRAIG WOLLITZ	3	2/1/2013 – 1/31/2015
TIMOTHY ZELT	1	6/1/2012 – 5/31/2014