

**CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39)-PROPOSITION D
GENERAL OBLIGATION BONDS
TABLE OF CONTENTS**

INTRODUCTION

Page

Independent Auditor's Report 1

FINANCIAL STATEMENTS

Balance Sheet 2

Statement of Revenues, Expenditures, and Changes in Fund Balance 3

Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual 4

INDEPENDENT AUDITOR'S REPORT

**Board of Directors and
Citizens' Oversight Committee
Cajon Valley Union School District
El Cajon, California**

We have audited the accompanying financial statements of Building Fund (21-39) of Cajon Valley Union School District as of and for the year ended June 30, 2010 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

**CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39)-PROPOSITION D
GENERAL OBLIGATION BONDS
BALANCE SHEET
JUNE 30, 2010**

ASSETS

Current Assets

Cash and investment	\$ 32,927,087
Accounts receivable	<u>68,203</u>

TOTAL ASSETS 32,995,290

LIABILITIES AND FUND BALANCE

Accounts payable	1,363,949
Due to other funds	<u>2,021</u>

TOTAL LIABILITIES 1,365,970

Designated for capital projects	<u>31,629,320</u>
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TOTAL LIABILITIES AND FUND BALANCE \$ 32,995,290

CAJON VALLEY UNION SCHOOL DISTRICT

BUILDING FUND (21-39)-PROPOSITION D
GENERAL OBLIGATION BONDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FOR THE YEAR ENDED JUNE 30, 2010

REVENUES

Interest income \$ 360,670

EXPENDITURES

Classified salaries 170,847

Employee benefits 70,657

Other operating expenses:

Mileage 187

Contracted services 67,773

Capital outlay:

100,544

**CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39)-PROPOSITION D
GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 350,000	\$ 360,670	\$ 10,670
EXPENDITURES			
Classified salaries	178,340	170,847	7,493
Employee benefits	83,495	70,657	12,838
Other operating expenses:			
Mileage	300	187	113
Contracted services	73,165	67,773	5,392
Capital outlay:			
Site improvements	296,655	109,544	187,111
Architect fees	1,408,448	1,035,682	372,766
DSA fees	146,200	126,200	20,000
CDE fees	-	-	-
Preliminary tests	38,559	35,426	3,133
	<u>1,926,604</u>	<u>1,580,707</u>	<u>345,897</u>
<hr/>			
Main construction	1,090,196	1,509,044	(418,848)
Construction management			
<hr/>			
Other construction costs	887,949	260,195	627,758
Labor compliance	-	-	-

BUILDING FUND (21-39)-PROPOSTION D

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

A. Definition of the Fund

In August 2008, Building Fund (21-39) was formed to account for property acquisition and ~~operation of new schools as well as renovation of current schools for the Clayton Valley Union~~

CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39)-PROPOSITION D
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

B Summary of Significant Accounting Policies (Continued)

Encumbrances

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

CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39)-PROPOSITION D
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

(Continued)

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriate 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

CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (71.29) PROPOSITION D

GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

C. Cash and Investments (Continued)

d. *Interest Rate Risk*

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

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

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

(Continued)

F. General Obligation Bonds (continued)

The outstanding bonded debt of Building Fund (21-39) is as follows:

Date of Issuance	Interest Rate	Maturity Date	Amounts Outstanding	Amounts Outstanding	Issued	Redeemed	Amounts Outstanding
				1-Jul-09	Current Year	Current Year	30-Jun-10
7/9/2008	3.00-4.80%	8/1/1932	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 730,000	\$ 34,270,000

SUPPLEMENTARY INFORMATION

**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**

**Board of Directors and
Citizens Oversight Committee**

El Cajon, California

We have audited the financial statements of Building Fund (21-39) of Cajon Valley Union School District (District) for the year ended June 30, 2010, and have issued our report thereon dated November 3, 2010. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Building Fund (21-39) 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 material effect on the financial statements.

[REDACTED]

CAJON VALLEY UNION SCHOOL DISTRICT

BUILDING FUND (71-30) PROPOSITION D

GENERAL OBLIGATION BONDS

AGREED UPON PROCEDURES

PERFORMANCE REPORT

JUNE 30, 2010

**CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39) PROPOSITION D
GENERAL OBLIGATION BONDS
TABLE OF CONTENTS**

INTRODUCTION

Page

Independent Accountant's Report..... 1

EXHIBITS

Agreed-Upon Procedures (Exhibit A)..... 2

~~Findings and Recommendations (Exhibit B)~~..... 3

General Obligation Bonds Issuance..... 5

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**Board of Directors and
Citizens' Oversight Committee**

El Cajon, California

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Cajon

EXHIBITS

**CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21.39) PROPOSITION D**

GENERAL OBLIGATION BONDS

**AGREED-UPON PROCEDURES
JUNE 30, 2010**

Exhibit A

The Cajon Valley Union School District requested that the following agreed upon procedures be performed:

SUPPLEMENTARY INFORMATION

CAJON VALLEY UNION SCHOOL DISTRICT

BUILDING FUND (21-39) PROPOSITION D
GENERAL OBLIGATION BONDS

FINDINGS AND RECOMMENDATIONS
JUNE 30, 2010

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

Verify that a separate Building Fund of the District has been established to account for the receipt of bond

CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21-39) PROPOSITION D
GENERAL OBLIGATION BONDS
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2010
(Continued)

~~Approved~~ Item Procedure (M)

Procedure

For those items selected in Item C, verify that the District's normal purchasing (including quotation and

Results

There were no exceptions noted.

**BUILDING FUND (21-39) PROPOSITION D
GENERAL OBLIGATION BONDS
BONDS ISSUANCE
JUNE 30, 2010**

AUTHORITY FOR ISSUANCE

The Bonds are issued pursuant to the provisions of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act") and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on October 30, 2007 (the "District Resolution") and a resolution adopted by the Board of Supervisors of the County (the "Bond Resolution" and together with the District Resolution, the "Resolution"). The District received authorization at an election held on February 5, 2008, by an affirmative vote of 55 percent of the votes cast by eligible voters

within the District (the "Authorization") to issue and not to exceed \$156,500,000 of General Obligation

**CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (ALSO PROPOSED)**

**GENERAL OBLIGATION BONDS
BOND PROJECT LIST
JUNE 30, 2010**

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
Great Elementary – Built in 1956	Sumner Elementary – Built in 1949

CAJON VALLEY UNION SCHOOL DISTRICT

**BUILDING FUND (21-39) PROPOSITION D
GENERAL OBLIGATION BONDS
BOND PROJECT LIST
JUNE 30, 2010**

Bond proceeds will also be expended to construct new classrooms, restrooms, computer labs, and other educational and joint-use facilities, including site improvements, acquisition of furniture and equipment, and technology upgrades.

Facility replacement and new construction shall include, but not limited to:

- Replace outdated and inadequate classrooms and school facilities at Cajon Valley Middle School.
- Construct new joint-use gymnasiums at Emerald, Greenfield, and Montgomery Middle Schools, which do not currently have gymnasium facilities.
- Build new elementary schools, including joint-use library and multipurpose buildings, on existing ~~campus of schools that are 50 years or older~~

CAJON VALLEY UNION SCHOOL DISTRICT
BUILDING FUND (21 30) PROPOSITION 1 GENERAL OBLIGATION BONDS

BOND PROJECT LIST
JUNE 30, 2010

	Original Bond Implementation Plan	Revised Bond Implementation Plan	Actuals to Date	Difference (Budget Balance)
Receipts				
Interest received	\$ -	\$ 688,944	\$ 1,049,614	\$ (360,670)
Payments from issuance of bonds	\$ 156,500,000	\$ 156,500,000	\$ 156,500,000	\$ -

Cañon Valley Unified School District Proposition D - Printing Costs

Background Information

The Board of Trustees of the Cañon Valley Unified School District (CVUSD) is pleased to announce that the district has received a grant from the State of California to fund the printing of textbooks for the 2011-2012 school year. The grant is for \$1,000,000 and will cover the cost of printing textbooks for all students in the district. The grant is a one-time payment and will be used to offset the cost of printing textbooks for the 2011-2012 school year. The grant is a significant source of funding for the district and will help to ensure that all students have access to the materials they need to succeed in school.

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Proposition D - Printing Costs

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