

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

AUDIT REPORT

JUNE 30, 2012

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
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**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

Aubrey W. King, CPA
Richard K. Savage, CPA

INDEPENDENT AUDITOR'S REPORT

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

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Cajon Valley Union School District 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

FINANCIAL SECTION

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
BALANCE SHEET
JUNE 30, 2012**

Current Assets

Cash in county treasury

~~Accounts receivable~~

12

TOTAL ASSETS

LIABILITIES AND FUND BALANCE

Accounts payable

Due to other funds

TOTAL LIABILITIES

FUND BALANCE

Restricted for capital projects

TOTAL LIABILITIES AND FUND BALANCE

**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, 2012**

REVENUES	
Interest income	<u>\$ 130,935</u>
EXPENDITURES	
Classified salaries	158,343
Employee benefits	64,227
Other operating expenses:	
Mileage	187
Legal fees	3,393
Awards and incentives	130
Contracted services	24,194
Capital outlay:	
Architect fees	1,255,152
DSA fees	50,936
Preliminary tests	12,395
Planning costs	96,681
Miscellaneous fees	527
Main construction	7,886,027
Construction tests	190,191
Inspections	125,819
Other construction costs	3,091,514
Equipment	487,176
Library books for major expansion	<u>9,717</u>
TOTAL EXPENDITURES	<u>13,456,609</u>
EXCESS OF EXPENDITURES OVER REVENUES	(13,325,674)
FUND BALANCE, BEGINNING OF YEAR	<u>33,769,616</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,443,942</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



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



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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012
(Continued)

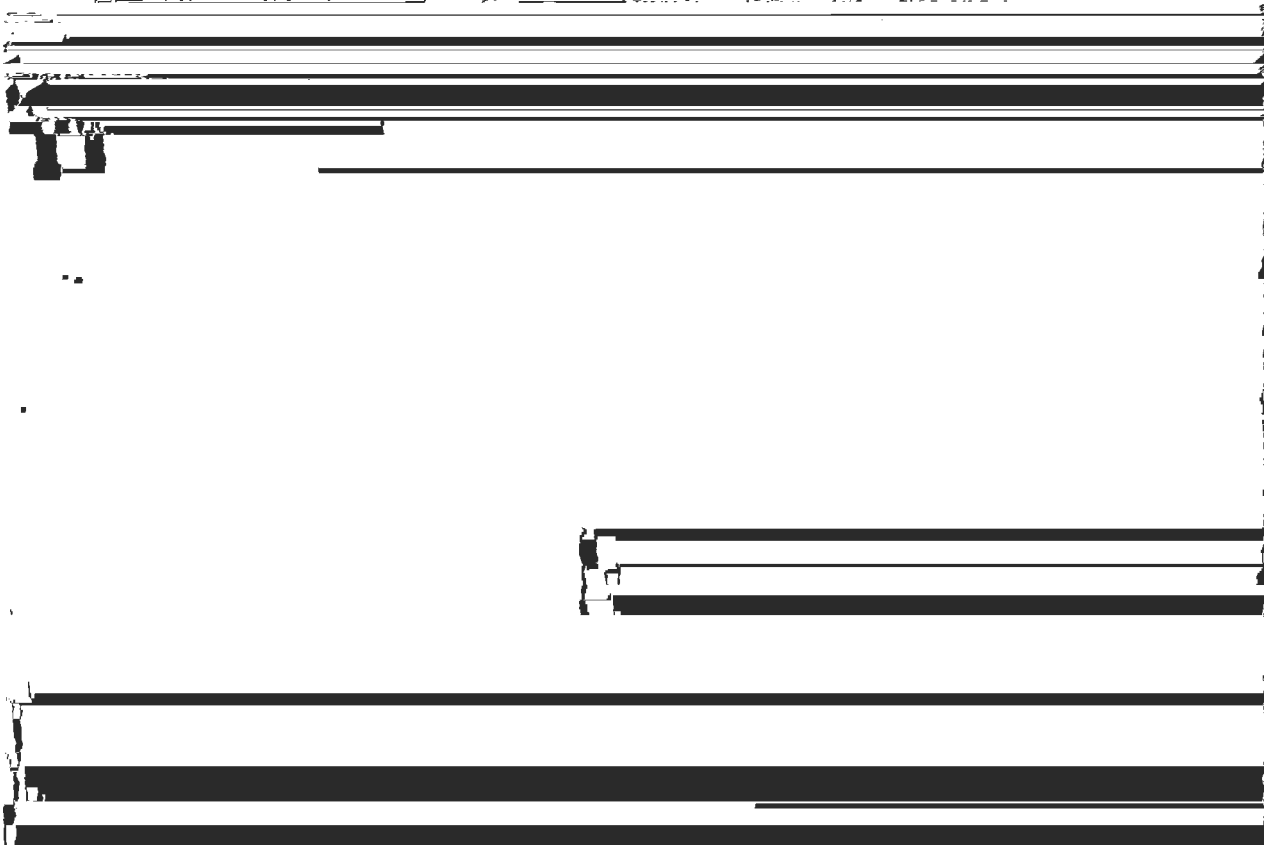
B. Summary of Significant Accounting Policies (Continued)

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.

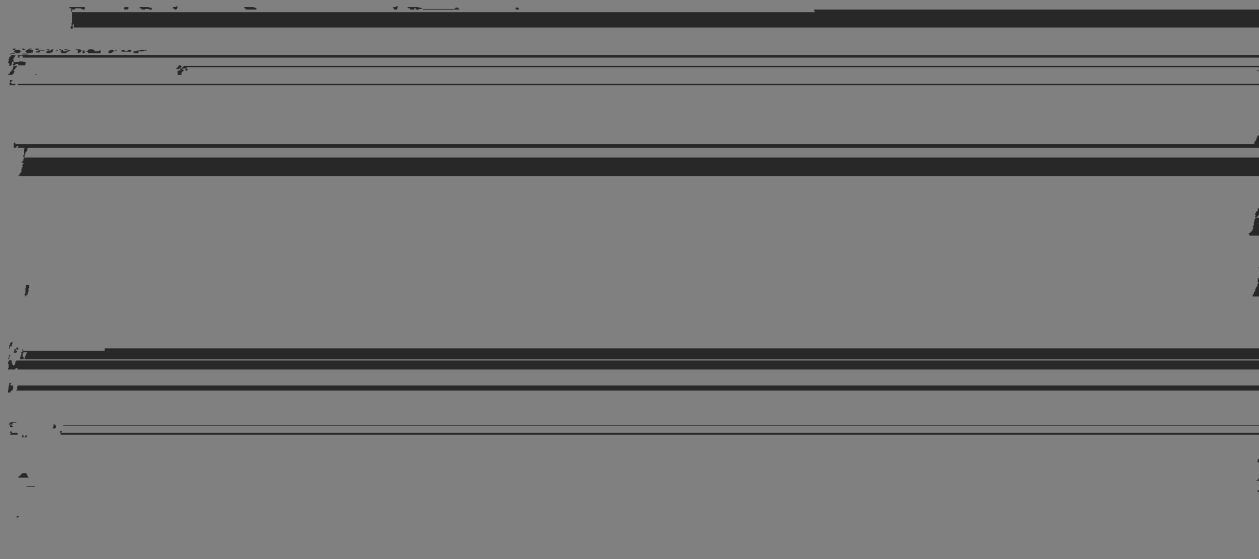
Use of Estimates

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



**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

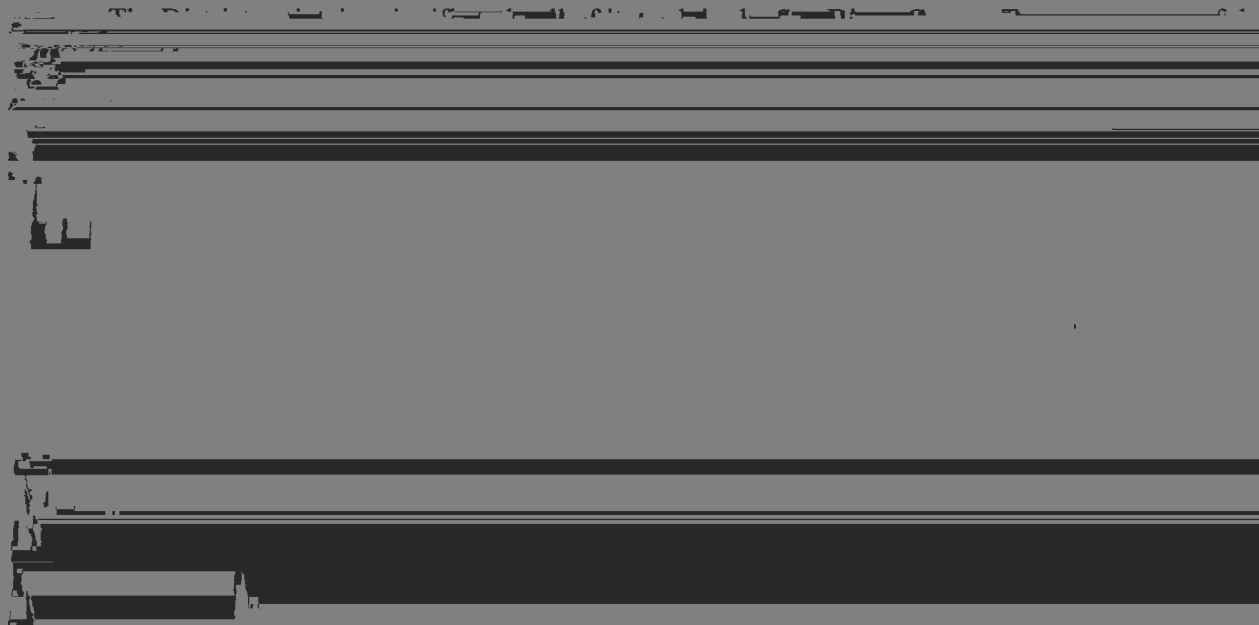
B. Summary of Significant Accounting Policies (Continued)

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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

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OTHER INDEPENDENT AUDITOR'S REPORTS

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

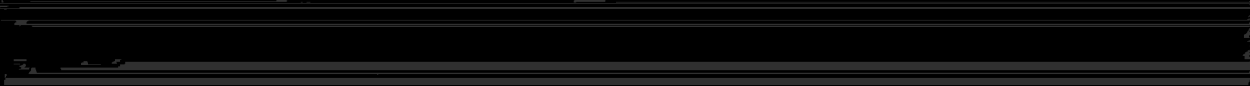
P. Robert Wilkinson, CPA
~~P. Robert Wilkinson, CPA~~

Aubrey W. King, CPA
~~Aubrey W. King, CPA~~

REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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

Wilkinson Hablen King & Co. 110



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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 for the fiscal year ended June 30, 2012, and have issued our report thereon.

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 in accordance with the approved budget.

[REDACTED]

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

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

[REDACTED]

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:

[REDACTED]

FINDINGS AND RECOMMENDATION SECTION

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21 20)**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

There were no findings reported in the June 30, 2011 audit.

SUPPLEMENTAL INFORMATION

Cajon Valley Union School District

Proposition D - Project Status

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 an auditorium, was completed in August 2011.

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Heating Ventilation & Air

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Clock Systems

Clock Systems were installed at eleven schools in October 2009.