



CHINO VALLEY UNIFIED SCHOOL DISTRICT
Facilities, Planning, and Operations Division

Michael J. Chapko, Interim Assistant Superintendent
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CITIZENS' BOND OVERSIGHT COMMITTEE
MEETING MINUTES
February 7, 2011

Call to Order: Mr. Kevin Cisneroz, chairman, called the meeting to order at 5:32 p.m.

Members present were Kevin Cisneroz, Mike Kreeger, Ed Gray, Tom Haughey, Art Bennett, Chuck Antuna, Sheila Mautz, Dave Tennes. Michael Chapko, Sandra Chen, Greg Stachura, and Laurie Trimbach represented District staff.

Mr. Haughey led the group in the Pledge of Allegiance.

1. Public Comment

None.

2. Approval of minutes from November 15, 2010

Mr. Kreeger made a motion to approve the meeting minutes from the November 15th meeting, Mr. Bennett seconded the motion, and all members approved.

3. Measure M Financial and Performance Audits, June 30, 2010

Ms. Shilo Gorospe, Audit Manager at Vavrinek, Trine, Day & Co., LLP, addressed the committee regarding the Prop 39 Measure M bond performance and financial audits for the District. Members received copies of the audit report (attached). Ms. Gorospe provided an overview of the report. She stated there were no exceptions as a result of the audits.

4. Expenditure Report for period ending December 31, 2010

The report for expenditures made during the period ending December 31, 2010 (attached), was distributed to committee members and reviewed by Ms. Chen. In addition to the bond measure amount of \$150,000,000.00, \$10,179,263.81 in interest was earned as of September 30, 2010; \$950,326.03 was transferred from San Bernardino County for construction of county classrooms, bringing the net total receipts to \$161,129,589.04. \$139,418,930.44 has been spent, leaving a balance of \$21,710,658.60.

5. Construction Update

Greg Stachura, Interim Director, Maintenance, Operations, and Construction, distributed and discussed the Construction Update Overview for November 15, 2010 (attached). There was further discussion regarding the location of the Chino Hills High School pool, use of solar technology, and long-term maintenance.

6. Planning Update

Michael Chapko, Interim Assistant Superintendent, Facilities, Planning, and Operations discussed issues resulting from the Division of the State Architect's close-out procedures and the effects on the District's planning process.

7. Member Communications

Mr. Kreeger asked about information he read in the newspaper regarding District positions being paid with Measure M funds. Mr. Chapko said historically two District positions have been funded through Measure M: Director of Planning and Construction Coordinator. The Director of Planning position is being reduced to Facilities Planner and will be a cost savings to the program and the District's general fund as well.

8. Other Topics

Mr. Tennes said as a result of him and his wife losing their son in September, they are planning a fundraiser walk for May 14th at Ayala Park to increase awareness of mental health issues throughout the Inland Empire with assistance from the cities of Chino and Chino Hills. He said the National Alliance for Research on Schizophrenia and Depression (NARSAD) will be the primary beneficiary of the walk proceeds. Mental Health America, Autism Society, National Alliance on Mental Illness, San Bernardino County Department of Mental Health Services and San Bernardino County Department of Veteran's Services and other organizations will also participate with outreach and support booths. He provided additional information and welcomed assistance and information from members of the committee.

The next scheduled meeting is May 16, 2011.

The meeting was adjourned at 6:11 p.m.

Attachments: Measure M Financial and Performance Audits, June 30, 2010
 Expenditure Report, period ending December 31, 2010
 Construction Update Overview, February 7, 2011

CHINO VALLEY UNIFIED SCHOOL DISTRICT

MEASURE M GENERAL OBLIGATION BONDS

JUNE 30, 2010

CHINO VALLEY UNIFIED SCHOOL DISTRICT

MEASURE M GENERAL OBLIGATION BONDS

FINANCIAL AUDIT

JUNE 30, 2010

CHINO VALLEY UNIFIED SCHOOL DISTRICT

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Governing Board
Chino Valley Unified School District
Chino, California

We have audited the accompanying financial statements of the Building Fund (Measure M) of the Chino Valley Unified 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 America. 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 above present fairly, in all material respects, the financial position of the Building Fund of the Chino Valley Unified School District at June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

VAVRINEK, TRINE, DAY & CO. LLP

Rancho Cucamonga, California
December 15, 2010

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND BALANCE SHEET JUNE 30, 2010

ASSETS

Investments	\$ 27,455,374
Accounts receivable	83,706
Due from other funds	43
Total Assets	\$ 27,539,123

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 869,398
Due to other funds	10,934
Total Liabilities	880,332

FUND BALANCES

Unreserved:

Undesignated

Capital projects funds

Total Fund Balances

Total Liabilities and

Fund Balances

26,658,791
<u>26,658,791</u>
<u>\$ 27,539,123</u>

The accompanying notes are an integral part of these financial statements.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2010

REVENUES

Local income	
Interest income	\$ 506,475
Other local income	5,729
Total Revenues	<u>512,204</u>

EXPENDITURES

Salaries and benefits	
Classified salaries	69,446
Employee benefits	22,143
Services and operating expenditures	
Rentals, leases, repairs, and noncapitalized improvements	33,066
Transfer of direct costs - interfund	1,307
Professional/consulting services and operating expenditures	9,000
Capital outlay	
Land improvements	3,081,648
Building and improvements of buildings	12,115,803
Equipment	211,184
Total Expenditures	<u>15,543,597</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(15,031,393)</u>

Other Financing Sources

County school building aid	375,932
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NET CHANGE IN FUND BALANCES	<u>(14,655,461)</u>
FUND BALANCE - BEGINNING	41,314,252
FUND BALANCE - ENDING	<u>\$ 26,658,791</u>

The accompanying notes are an integral part of these financial statements.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local income			
Interest income	\$ 506,475	\$ 506,475	\$ -
Other local income	5,729	5,729	-
Total Revenue	512,204	512,204	-
EXPENDITURES			
Salaries and benefits			
Classified salaries	69,446	69,446	-
Employee benefits	22,143	22,143	-
Services and operating expenditures			
Rentals and leases	33,066	33,066	-
Reprographics/interfund	1,307	1,307	-
Audit	8,000	8,000	-
Other administrative charges	1,000	1,000	-
Capital outlay			
DSA fees	2,568	2,568	-
Land improvements	2,966,879	2,966,879	-
Testing/inspection site improvements	58,071	58,071	-
Site other costs	54,130	54,130	-
Architecture fees on buildings (capital)	463,754	463,754	-
Prints and plans	3,410	3,410	-
Sub consultants	4,590	4,590	-
DSA plan check fees	8,720	8,720	-
Developer impact city fees	18,792	18,792	-
City/other agencies permits	810	810	-
New construction/adds to buildings	6,805,554	6,805,554	-
Improvements to existing buildings	3,544,711	3,544,711	-
Construction testing - building/improvement	264,195	264,195	-
Building inspections (capitalized)	295,156	295,156	-
Other costs - building improvements	706,111	706,111	-
Equipment	170,288	170,288	-
Computers and other computer hardware	40,896	40,896	-
Total Expenditures	15,543,597	15,543,597	-
REVENUES	(15,031,393)	(15,031,393)	-
Other Financing Sources			
County school building aid	375,932	375,932	-
NET CHANGE IN FUND BALANCES	(14,655,461)	(14,655,461)	-
FUND BALANCE - BEGINNING	41,314,252	41,314,252	-
FUND BALANCE - ENDING	\$ 26,658,791	\$ 26,658,791	\$ -

The accompanying notes are an integral part of these financial statements.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Chino Valley Unified School District Building Fund 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. 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.

A. Financial Reporting Entity

The financial statements include only the Building Fund (Measure M) of the Chino Valley Unified School District. 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.

B. 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.

C. 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 balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

D. Investments

Investments held at June 30, 2010, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

E. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables".

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

F. 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. 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.

G. 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.

H. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10, and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Bernardino bills and collects the taxes for the District. The District recognizes tax revenues when received.

J. 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.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, consisted of the following:

	Carrying Amount
San Bernardino County Investment Pool	<u>\$ 27,455,374</u>

B. 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 instruments; 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 agreements; 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.

C. 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 statements 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.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

D. 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
Short-Term Investments			
U.S. Treasury Bills	1 year	None	\$ 1,000,000
Money Market Mutual Funds	1 year	None	1,000,000
Commercial Paper	1 year	None	1,000,000
Banker's Acceptances	1 year	None	1,000,000
Certificates of Deposit	1 year	None	1,000,000
Repurchase Agreements	1 year	None	1,000,000
Guaranteed Investment Contracts	1 year	None	1,000,000
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Mid-Term Investments			
U.S Government and Agency Securities			1,000,000
Corporate Notes and Bonds	5 years	95%	1,000,000
Collateralized Mortgage Obligations	5 years	95%	1,000,000
Guaranteed Investment Contracts	5 years	95%	1,000,000
Corporate Bonds	5 years	95%	1,000,000
Long-Term Investments			
U.S. Treasury Notes and Bonds	15 years	30%	1,000,000
U.S. Agency Securities	15 years	30%	1,000,000
Collateralized Mortgage Obligations	15 years	30%	1,000,000
Guaranteed Investment Contracts	15 years	30%	1,000,000

E. 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 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 pool purchases shorter-term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly, over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$27,455,374 with the San Bernardino County Investment Pool with a fair value of approximately \$27,597,691. The average weighted maturity for this pool was 334 days.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Bernardino County Investment Pool have been rated AAAf/S1+ by Standard and Poor as of June 30, 2010.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2010, consist of the following:

Interest	\$ 82,894
Other Local Revenue	812
	<u>\$ 83,706</u>

NOTE 4 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2010, are as follows:

The balance of \$43 due to the Building Fund (Measure M) from the General Fund was for reimbursement of expenditures.

The balance of \$10,934 due to General Fund from the Building Fund (Measure M) was for operating cost.

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

Capital outlay	\$ 869,194
Service	204
	<u>\$ 869,398</u>

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 6 – FUND BALANCES

Fund balance is composed of the following element:

Unreserved

Undesignated, reported in:

Capital projects

\$ 26,658,791

NOTE 7 – LONG-TERM OBLIGATIONS

A. General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2009	Accreted	Redeemed	Outstanding June 30, 2010
7/1/2002	8/1/2027	3.25-5.50%	\$ 40,000,000	\$ 35,470,000	\$ -	\$ 550,000	\$ 34,920,000
2/1/2004	8/1/2029	2.00-5.00%	35,000,000	33,345,000	-	505,000	32,840,000
12/7/2005	8/1/2030	3.50-5.25%	25,000,000	24,645,000	-	-	24,645,000
11/8/2006	8/1/2031	3.00-5.125%	50,000,000	53,181,437	1,383,243	-	54,564,680
				<u>\$ 146,641,437</u>	<u>\$ 1,383,243</u>	<u>\$ 1,055,000</u>	<u>\$ 146,969,680</u>

Payments for the General Obligation Bonds are made from property tax collections deposited into the Bond Interest and Redemption Fund.

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

B. Debt Service Requirements to Maturity

The 2002 bonds mature through 2032 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2011	\$ 1,075,000	\$ -	\$ 5,812,438	\$ 6,887,438
2012	1,945,000	-	5,750,975	7,695,975
2013	2,340,000	-	5,655,513	7,995,513
2014	2,750,000	-	5,531,356	8,281,356
2015	3,111,492	63,508	5,389,794	8,564,794
2016-2020	22,660,565	2,059,435	24,345,547	49,065,547
2021-2025	35,635,562	6,824,438	18,845,906	61,305,906
2026-2030	50,696,461	15,023,539	10,796,141	76,516,141
2031-2032	26,755,600	7,694,400	1,151,263	35,601,263
Total	<u>\$ 146,969,680</u>	<u>\$ 31,665,320</u>	<u>\$ 83,278,933</u>	<u>\$ 261,913,933</u>

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2010, the Building Fund had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Briggs Fundamental - Renovation	\$ 3,600,000.00	12/1/2013
Gird Site/Borba Fundamental - Restroom Upgrade	93,750.00	10/1/2011
Eagle Canyon Elementary - New VOIP Phone and Intercom/Public Address System	67,758.60	9/16/2010
Newman Elementary - Restroom Upgrade	93,750.00	10/1/2011
Newman Elementary - Exterior Painting	16,061.69	9/2/2010
Litel Elementary - Parking Lot Expansion	348,844.03	12/9/2010
Litel Elementary - Exterior Lighting	4,819.50	9/16/2010
Litel Elementary - New VOIP Phone System	32,571.09	9/16/2010
Cattle Elementary - New Classroom Addition	2,802,196.42	10/1/2013
Marshall Elementary - Restroom Upgrade	93,750.00	10/1/2011
Oak Ridge Elementary - Landscape	25,440.00	9/2/2010
Oak Ridge Elementary - Skylight Replacement	60,715.02	9/2/2010
Oak Ridge Elementary - New VOIP Phone System	34,374.49	9/16/2010
Rolling Ridge Elementary - Slope Rehabilitation	36,472.00	9/2/2010
Rolling Ridge Elementary - New VOIP Phone System	35,450.67	9/16/2010
Rolling Ridge Elementary - Passenger Loading Zone	79,099.62	12/9/2010
Glenmeade Elementary - Concrete Walkways	55,672.40	9/2/2010
Glenmeade Elementary - Renovation	1,131,650.00	12/1/2013
Butterfield Ranch Elementary - Landscape	11,716.49	9/2/2010
Butterfield Ranch Elementary - Shade Structure and Expansion of Hard Space	284,961.70	12/9/2010
Country Springs Elementary - HVAC	372,224.00	9/16/2010
Country Springs Elementary - VOIP Phone System	33,742.98	9/16/2010
Country Springs Elementary - Intercom/Public Address System	33,930.00	11/4/2010
Country Springs Elementary - Access Ramp	172,744.93	10/7/2010
Country Springs Elementary - Library Expansion, Shade Shelter, and Passenger Loading Zone	168,295.67	12/9/2010
Ramona Junior High - Restroom Upgrade	93,750.00	10/1/2011
Magnolia Junior High - Renovation	1,126,500.00	12/1/2013

CHINO VALLEY UNIFIED SCHOOL DISTRICT

BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Townsend Junior High - Library Expansion	\$ 127,364.95	12/9/2010
Townsend Junior High - Concrete Walkways and Asphalt Paving	89,392.12	10/7/2010
Townsend Junior High - VOIP Phone System	38,407.83	9/16/2010
Canyon Hills Junior High - Library Expansion	522,584.90	12/9/2010
Chino High - Bldg L Renovation and Fencing	484,156.86	12/9/2010
Ayala High - Shade Structure and HVAC Portable Classrooms	1,004,355.25	12/1/2011
Ayala High - Parking Lot Expansion	147,922.73	9/16/2010
Ayala High - HVAC	1,558,086.80	10/7/2010
Chino Hills High - Swimming Pool	2,168,725.00	12/1/2012
Buena Vista Continuation High - Science Lab Installation	22,000.08	9/2/2010
Dickey Elementary - Playground Equipment II	91,775.84	6/30/2011
Dickey Elementary - Painting	12,785.81	9/2/2010
Dickey Elementary - Restroom Renovation	4,805.00	9/2/2010
Total Remaining Commitments	<u>\$ 17,182,604.47</u>	

These commitments include all outstanding obligations to date. The commitments do not necessarily include the full cost of completing these modernization and construction projects.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT
REVIEW OF MEASURE M
GENERAL OBLIGATION BONDS
2002 ELECTION
WITH
ACCOUNTANTS' REPORT
ON PERFORMANCE PROCEDURES
JUNE 30, 2010**

**CHINO VALLEY UNIFIED SCHOOL DISTRICT
MEASURE M
GENERAL OBLIGATION BONDS, 2002 ELECTION**

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Governing Board
Chino Valley Unified School District

and

The Chino Valley Citizens' Bond Oversight Committee

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by Chino Valley Unified School District of San Bernardino County, solely to assist the users in identifying findings and recommendations in the areas, with respect to the Measure M, General Obligation Bonds, 2002 Election, for the period ended June 30, 2010. This engagement to perform agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated results are described in this report as Exhibits A and B, respectively.

We were not engaged to, and did not perform, an audit of the financial statements of the District, the objective of which would be the expression of an opinion relating to the matters included in the agreed-upon procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

VAVRINEK, TRINE, DAY & CO., LLP

Rancho Cucamonga, California
December 15, 2010

**CHINO VALLEY UNIFIED SCHOOL DISTRICT
MEASURE M
GENERAL OBLIGATION BONDS, 2002 ELECTION
AGREED-UPON PROCEDURES
JUNE 30, 2010**

EXHIBIT A

The Chino Valley Unified School District requested that the following agreed-upon procedures be performed:

1. Obtain an understanding of the internal control over the procurement system for the Building Fund, including a review of the controls exercised over approval of Change Orders.
2. Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the period July 1, 2009 through June 30, 2010.
3. Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the related Bond Interest and Redemption Fund.
4. Select all materially significant expenditures and at least 30 percent of the total expenditures. Obtain supporting documentation (invoices, purchase orders, receiving documentation, contracts, etc.) and verify that the funds expended complied with the purpose that was specified to the registered voters of the District. Election materials, District resolutions, master plan, and other documents available at the District will be used to determine purpose of expenditures for this purpose.
5. For those expenditures selected in procedure 4, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT
MEASURE M
GENERAL OBLIGATION BONDS, 2002 ELECTION
PROCEDURES AND RESULTS
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 (1)

Procedure

Obtain an understanding of the internal control over the procurement system for the Building Fund, including a review of the controls exercised over the approval of Change Orders.

Results

There were no exceptions noted.

Agreed-Upon Procedure (2)

Procedure

Verify that a separate Building Fund of the District has been established to account for the receipt of bond proceeds and expenditure of the funds for the period July 1, 2009, through June 30, 2010.

Results

The District has established a separate Building Fund accounting for bond proceeds and expenditures.

Agreed-Upon Procedure (3)

Procedure

Through examination of the bond issue settlement statement and accounting records, verify that the net proceeds from the sale of the General Obligation Bonds were recorded in the separate fund of the District and any amounts set aside for debt service were deposited into the related Bond Interest and Redemption Fund.

Results

There were no exceptions noted. The auditor reviewed the District's General Ledger and oversight committee annual reports and verified that no new bond issuance occurred in the 2009-2010 fiscal year.

**CHINO VALLEY UNIFIED SCHOOL DISTRICT
MEASURE M
GENERAL OBLIGATION BONDS, 2002 ELECTION
PROCEDURES AND RESULTS
JUNE 30, 2010**

EXHIBIT B

Agreed-Upon Procedure (4)

Procedure

Select all materially significant expenditures and at least 30 percent of the total expenditures. Obtain supporting documentation (invoices, purchase orders, receiving documentation, contracts, etc.) and verify that the funds expended complied with the purpose that was specified to the registered voters of the District. Election materials, District resolutions, master plan, and other documents available at the District will be used to determine the purpose of expenditures for this purpose.

Results

The expenditures observed satisfactorily complied with the guidelines defined in the ballot measure dated March 5, 2002. We included 60 percent of all expenditures charged to the Measure M Bond Funds for the 2009-2010 fiscal year in our examination. Based upon our examination of actual invoices and purchase orders, there were no exceptions noted in the District's procedures related to the disbursement of Measure M Bond Funds. For the items not tested, nothing came to our attention to indicate that the District expenditures were not in compliance with the provisions/restrictions in the ballot measure.

Agreed-Upon Procedure (5)

Procedure

For those expenditures selected in procedure 4, verify that the District's normal purchasing (including quotation and bid requirements) and accounts payable policies and procedures were complied with.

Results

There were no exceptions noted. The District used formal bidding procedures for those contracts over the construction bid level requirements to select contractors in accordance with *Education Code* requirements and District policies.

Supplementary Information

CHINO VALLEY UNIFIED SCHOOL DISTRICT
(San Bernardino, California)
GENERAL OBLIGATION BONDS, 2002 ELECTION

THE BONDS

AUTHORITY FOR ISSUANCE

The Election of 2002 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 Election of 2002 Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County (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 million to finance specific construction and renovation projects approved by eligible voters within the District. The measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

PURPOSE OF ISSUE

"To relieve severe overcrowding, improve safety for children, repair/renovate local schools, shall Chino Valley Unified School District acquire, construct, and improve school sites and facilities, obtain eligibility for State funding, add classrooms, build schools, repair roofs, eliminate asbestos/other safety hazards, upgrade electricity, plumbing, heating/cooling systems, improve security and provide for technology, issue \$150 million of bonds, at legal interest rates, with independent Citizens Oversight and annual audit of expenditures, with no money for administrators' salaries."

ACTIVE CAPITAL FACILITIES PROJECT LIST - Measure M Funded					
Prepared: 1/20/2011					
		Measure M	OPSC & OTHER	C O M B I N E D	
Project	Facilities Assessment Report Estimates	Budget / Contracted	Received	As of Expended	Balance
MEASURE M GENERAL EXPENSE					
1. Program Manager - PCM3		2,227,780.32		2,227,780.32	0.00
2. Bond Performance Audit		204,062.36		164,062.36	40,000.00
3. Bond Misc. Cost		83,764.83		47,955.68	35,809.15
4. Legal Fees		12,573.23		12,573.23	0.00
5. CVUSD Payroll		716,346.60		396,394.67	319,951.93
SUBTOTAL	0.00	3,244,527.34		2,848,766.26	395,761.08
NEW CONSTRUCTION - Measure M Match					
1. CHHS	0.00				
2. Preserve	0.00				
3. Rhodes ES	12,400,000.00	6,444,257.23	8,725,483.39	14,860,517.19	0.00
4. Chaparral ES	12,000,000.00	8,811,832.00	8,306,557.88	16,356,194.14	0.00
5. Woodcrest JH	17,200,000.00	14,372,387.28	12,333,062.23	26,703,697.79	0.00
6. Liberty ES	14,500,000.00	9,921,394.06	9,947,832.72	19,622,541.82	0.00
7. Wickman ES	12,200,000.00	5,940,956.37	10,246,806.34	14,964,578.13	0.00
8. Super-Wickman Addition	2,000,000.00	417,127.40	1,488,873.26	1,904,930.22	0.00
	70,300,000.00	45,907,954.34	51,048,615.82	94,412,459.29	0.00
MODERNIZATION PHASE I - Measure M Match					
1. Glenmeade ES	0.00				
2. Magnolia JH	0.00				
3. Don Lugo HS (Red Ph & Bldg A) DM	1,900,000.00	4,249,923.18	6,023,718.49	9,779,922.65	0.00
4. Walnut ES	1,200,000.00	2,286,011.74	2,921,884.52	5,108,516.04	0.00
5. Cortez ES	1,100,000.00	1,375,765.25	3,413,429.59	4,764,039.41	0.00
6. Dickson ES	1,400,000.00	2,009,604.13	2,340,236.93	4,335,211.36	0.00
7. Buena Vista HS	500,000.00	2,799,908.01	1,264,845.70	4,057,195.75	0.00
	6,100,000.00	12,721,212.31	15,964,115.23	28,044,885.21	0.00
MODERNIZATION PHASE II - Measure M Match					
1. Borba ES	0.00	986,159.90	1,553,068.53	2,460,420.58	0.00
2. El Rancho ES DM	400,000.00	798,456.07	1,467,054.40	2,262,619.95	521.77
3. Gird ES DM	500,000.00	747,371.75	1,566,471.48	2,277,857.97	0.00
4. Los Serranos ES DM	400,000.00	696,474.66	1,164,835.29	1,828,478.88	0.00
5. Marshall ES DM	300,000.00	552,244.27	1,094,274.48	1,646,327.42	0.00
6. Newman ES DM	300,000.00	530,914.71	1,166,159.80	1,697,020.21	0.00
7. Ramona JH	700,000.00	1,240,626.94	1,215,466.85	2,454,191.83	1,901.96
8. Don Lugo HS (Yellow Phase) DM	0.00	1,954,869.39	4,375,258.80	6,309,376.80	1,344.13
	2,600,000.00	7,507,117.69	13,602,589.63	20,936,293.64	3,767.86
SUBTOTAL - Projects w/ State Funding	79,000,000.00	66,136,284.34	80,615,320.68	143,393,638.14	3,767.86
MEASURE M WORK - Fully Measure M Funded					
1. Ayala HS	8,380,361.00	8,019,682.76		7,055,464.95	964,217.81
2. Walnut ES	6,367,503.00	6,182,555.35	431,417.30	6,611,654.35	0.00
3. Buena Vista HS (MM added to Mod)	1,385,280.00	622,530.23		622,470.23	60.00
4. Cortez ES	1,760,587.00	2,735,866.27		2,735,866.27	0.00
5. Dickson ES	1,464,875.00	2,928,918.17		2,928,918.17	0.00
6. Don Lugo HS (Blue Phase + Ag)	15,541,162.00	22,470,400.73	767,954.20	23,231,715.24	831.49
7. Borba ES	2,179,726.00	21,178.72		21,178.72	0.00
8. El Rancho ES	2,485,974.00	99,391.66		99,391.66	0.00
9. Gird ES	1,509,084.00	168,062.96		32,700.46	135,362.50
10. Los Serranos ES	1,289,896.00	197,389.12		197,389.12	0.00
11. Newman ES	2,055,455.00	286,488.11		141,050.61	145,437.50
12. Marshall ES	5,297,450.00	3,319,845.82		3,190,962.32	128,883.50
13. Ramona JHS (Phase II Mod) Msr M	7,885,431.00	2,648,405.66	829,565.00	3,342,401.89	135,568.77
14. Chino HS	6,438,165.00	13,774,359.11		13,580,079.17	194,279.94
15. Dickey ES	2,023,655.00	1,044,509.44	1,567,459.87	2,527,145.85	84,823.46
16. Canyon Hills JH	3,990,600.00	3,990,600.00		2,538,689.42	1,451,910.58
17. Cattle ES	1,236,125.00	3,236,125.00		383,932.67	2,852,192.33
18. Townsend JH	1,509,041.00	1,642,624.00		1,595,047.64	47,576.36
19. Briggs FS	1,414,025.00	1,414,025.00		243,778.26	1,170,246.74
20. Butterfield ES	946,998.00	946,998.00		313,118.96	633,879.04
21. Eagle Canyon ES	1,151,450.00	1,151,450.00		277,898.39	873,551.61
22. Country Springs	1,927,884.00	1,927,884.00		843,109.18	1,084,774.82
23. Glenmeade	600,533.00	600,533.00		165,642.43	434,890.57
24. Hidden Trails	194,900.00	202,753.84		202,303.83	450.01
25. Litel	685,937.00	685,937.00		515,041.39	170,895.61
26. Magnolia JH	3,298,958.00	3,298,958.00		65,494.22	3,233,463.78
27. Oak Ridge ES	1,398,046.00	1,398,046.00		369,364.69	1,028,681.31
28. Rolling Ridge ES	1,736,100.00	1,736,100.00		186,228.50	1,549,871.50
29. Woodcrest JH	1,334,950.00	0.00		0.00	0.00
30. Chino Hills HS	2,205,000.00	4,858,361.60		661.60	4,857,700.00
				0.00	0.00
SUBTOTAL	89,695,151.00	91,609,979.55	3,596,396.37	74,018,700.19	21,179,549.23
TOTAL MEASURE M BOND	168,695,151.00	160,990,791.23	84,211,717.05	220,261,104.59	21,579,078.17

149,999,999.20 Bonds Issued

10,179,263.81 Interest Earned 9/30/10

950,326.03 Walnut SDC & Campaign

161,129,589.04 Total Receipts

139,418,930.44 Total Expended

21,710,658.60 Cash Balance

as of 12/31/10

21,710,658.60

Facilities Planning Dept. - MP

0.00



Canyon Hills / Townsend JHS Library Expansion Project

Canyon Hills

This project is 100% complete.

Townsend

This project is 100% complete.

Chino HS Building L Renovation & Fencing

This project is 100% complete.

Alterations and Improvements at Butterfield Ranch ES, Country Springs ES & Rolling Ridge ES

This project is 100% complete.

Parking Lot Expansion at Litel ES

This project is 100% complete.

Playground Equipment Replacement at Levi Dickey ES

This project is 100% complete.

Installation of Marquee Sign at Woodcrest JHS

Currently under construction with completion anticipated by February 28, 2011. This project is approximately 75% complete.

Playground Sand Replacement at Country Springs & Eagle Canyon

Awarded to STL Landscape Inc. at the February 3rd board meeting.

Construction to begin by February 28 with completion by April 28, 2011.

Upcoming Measure M projects currently in design or at DSA

- **New Lunch Shelter at Ayala HS**
- **HVAC Replacement at Ayala HS (Phase II)**
- **HVAC Replacement at Rolling Ridge ES**
- **Interim Housing at Cattle ES / New Classroom Wing Addition at Cattle ES**
- **Miscellaneous Modernization Work at Glenmeade ES**
- **Miscellaneous Modernization Work/Library Expansion at Magnolia JHS**
- **Modernization & HVAC Replacement at Briggs FS**
- **Swimming Pool at Chino Hills HS**