

**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

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**

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.

FINANCIAL SECTION

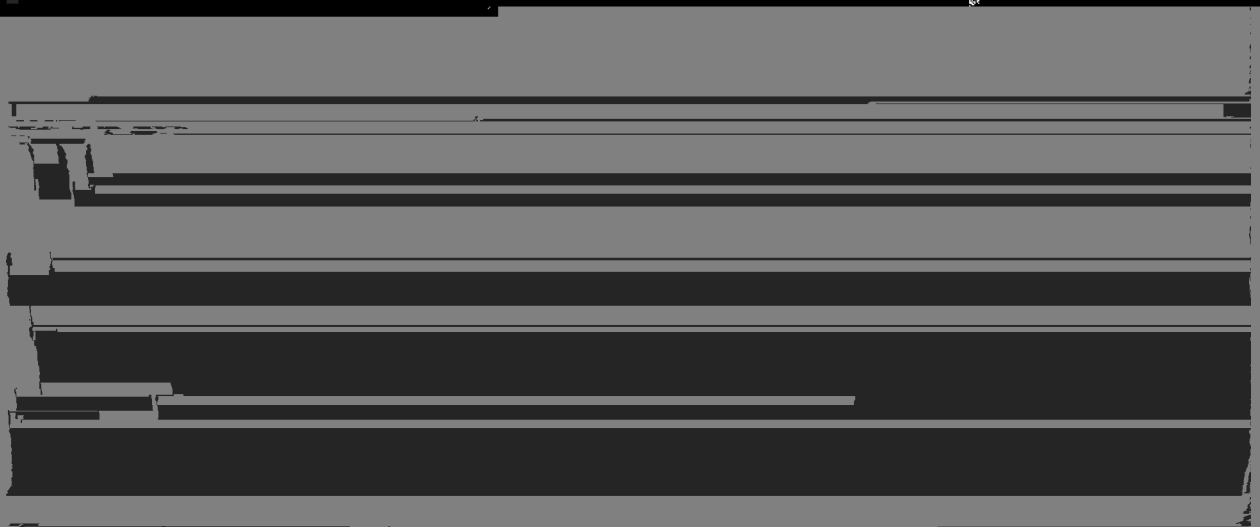
**CAJON VALLEY UNION SCHOOL DISTRICT
 PROPOSITION D BUILDING FUND (21-39)
 GENERAL OBLIGATION BONDS
 BALANCE SHEET
 JUNE 30, 2013**

ASSETS

Current Assets

Cash in county treasury	\$ 16,198,472
Accounts receivable	15,505

TOTAL ASSETS	16,213,977
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Accounts payable	241,327
Due to other funds	4,890

TOTAL LIABILITIES	246,217
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FUND BALANCE

Restricted for capital projects	15,967,760
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TOTAL LIABILITIES AND FUND BALANCE	\$ 16,213,977
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CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

REVENUES

FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

REVENUES	
Interest income	\$ 95,717
EXPENDITURES	
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	2,066,212

**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

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

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.

**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

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Date of	Maturity	Original Issue	Amounts Outstanding	Issued	Redeemed	Amounts Outstanding

interest payments during the construction period. The bond proceeds received by the District is part

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**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:

	Commitment	*Expected Date of Final Completion
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

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

Brian K. Hadley, CPA

Richard K. Savage, CPA

**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.

[REDACTED]

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

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

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

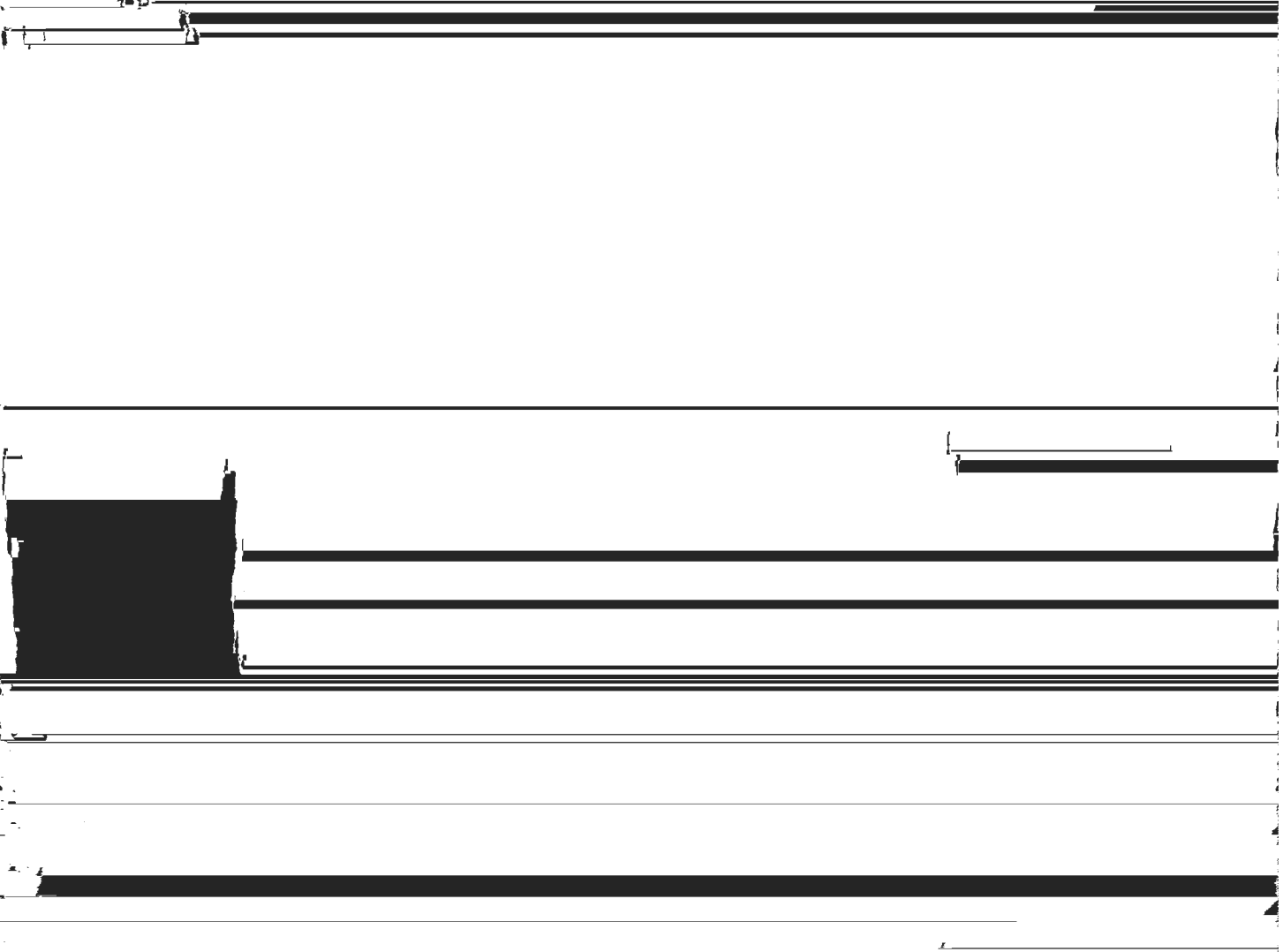
Aubrey W. King, CPA
Richard K. Savage, CPA

**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. These standards require that we plan and perform the audit to obtain sufficient appropriate



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 Land Resource Planning Director verifies that the requested purchase is an allowable

[REDACTED]

project cost in accordance with the Proposition D ballot initiative approved by local voters, as well as the

[REDACTED]

Results of Procedures Performed:

We found no instances where expenditures tested were not in compliance with the terms of Proposition D

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:

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**

There were no findings to report.

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

SUPPLEMENTAL INFORMATION

