

Colton Joint Unified School District

Commitment to Equal Opportunity



Minutes June 22, 2015

The Measure G – Citizens’ Oversight Committee met on Monday, June 22, 2015 at 5:30 p.m. at the Board Room, 18829 Orange Street, Bloomington, CA 92316.

Opening – Mr. Chang called the meeting to order at 5:42 p.m. *Due to lack of a quorum no action could be taken.*

I. CALL TO ORDER Roll Call – by Mr. Chang. Introductions were made and new member, Mr. Villegas was welcomed.

II.

Members Present (*absent)

Mrs. Jessica Hernandez-Reese*	Mr. Jorge Valdez*
Mr. Forrest M. John III	Mrs. Pamela Valdez
Mrs. Laura Morales	Mr. Ross Veckey *
Ms. Brandy Nelson*	Mr. Matthew Wilson*
Mrs. Amanda Salazar*	Mrs. Summer Zamora Jorrin – <i>Vice Chair</i>
Mr. Jimmy Villegas (<i>new member</i>)	

Staff Members Present

Mr. Jaime R. Ayala, *Assistant Supt. Business Services**
Mr. Owen Chang, *Director of Facilities*
Mrs. Joanne Medina, *Administrative Assistant II*
Mrs. Katie Orloff, *Communications Director**

III. APPROVAL OF MINUTES

December 8, 2014 meeting minutes and March 23, 2015 meeting minutes were not voted on due to lack of a quorum.

IV. PUBLIC COMMENT

No public comment.

V. OLD BUSINESS

None.

VI. NEW BUSINESS

Member Roles – Mr. Chang

Mrs. Aguilar submitted her resignation. The committee will need to nominate/elect a new chair once the committee has a quorum.

Member Terms – Mr. Chang

Mrs. Zamora-Jorin and Mr. John's term will expire in July 2015. At the July board meeting we will request for the board to approve a consecutive two year term.

Annual Bond Audit –Mr. Chang

Mr. Chang introduced Jeff Nigro from Nigro & Nigro, PC. Audit report was distributed to the committee members (Exhibit A). Mr. Nigro explained the audit was conducted for the 2013-14 fiscal year. The audit consists of a financial and performance audit. Financial statements, balance sheets, tests, and procedures are reviewed and conducted. Mr. Nigro noted page 6 which included more detailed and background information. The schedule on page 9 also shows the outstanding Measure G & B bonds.

Mrs. Morales asked how the information is gathered for the audit and how the company performs an audit. Mr. Nigro explained for the financial audit piece unaudited actuals are reviewed. Unaudited actuals are presented to the Board in September for the previous year. The auditors then review the general ledger and look at sub funds within the major fund along with documentation from the San Bernardino County auditor. The auditors trace independent documents to show that reports are reported correctly. Additionally government auditing standards are followed. The auditors look at internal controls, checks and balances along with compliance with laws & regulations and ensure Education Code is followed.

Eighty percent of the audit is the performance piece. Page 13 of the audit report was reviewed. The auditors also visit sites to see the actual construction. The auditors tested over \$5 million dollars' worth of invoices. Auditors verify the purchase orders and contracts along with other documentation such as original bid documents to ensure bids were properly advertised etc. Expenditures are also tested as part of the approved project list.

Mrs. Morales inquired how long the audit takes. The entire audit (not just time here in the field) consists of approximately 85-100 hours. Everything needs to be documented and samples are reviewed. The auditors look at expenditures above a threshold and everything above that is looked at and under that threshold random dollar amounts are selected to be reviewed.

Mr. Nigro explained the auditors did not find any exceptions. The last page is a review of the findings and the district had a clean audit report.

Annual Report to the Board – Mr. Chang

Mr. Chang will send a draft of the annual report to the committee members. Any feedback is appreciated and encouraged. The report will be finalized and reviewed at the next meeting.

□ Project Updates – Mr. Chang

Planning/Design – Mr. Chang discussed the Bloomington High School (BHS) and Colton High School (CHS) stadium projects. BHS stadium will be built due to adequate funding secured from the sale of CFD #3 Bond. However, the Colton High School stadium only has enough funding through design and DSA approval. The project will be shovel ready once adequate funding is secured. We anticipate BHS and CHS stadium design drawings to be submitted to DSA for review in late September. DSA has a review/approval period of 6-7 months. Mrs. Morales asked if it would be approximately 2 years to see the stadium. Mr. Chang explained we anticipate DSA approval in February 2016 based on the level of complexity of the project, the bidding and board award process would then follow which will take another 2 months. Mrs. Zamora-Jorin inquired when we could see construction. Mr. Chang responded after the board awards it, it would be approximately 9-12 months to complete the project. We will continue to keep the committee informed and updated by sending facility updates to the members.

Mr. Villegas inquired about the press box for CHS. Mr. Chang responded the fire/vandalism amounted to a \$5,000 cost to the district which was the insurance deductible. The fire damage repair is almost complete along with the ADA component. Currently we are trenching for the fire alarm then work will begin on the ADA upgrade.

Mr. John inquired about the CHS bridge project. Mr. Chang explained the seismic upgrade is the City of Colton's public works project. The district is currently assisting the City of Colton with the agency approval process. The plans have been approved by Cal Trans, and are currently being reviewed by DSA. Agency review took several months as Cal Trans and DSA have different methodologies and code interpretations. The two agencies have finally come to an agreement and the plans are close to being approved by DSA. The Bridge ADA upgrade, contracted and paid for by the District, cannot start until the seismic upgrade is complete. The CHS Math/Science building project will also not be closed out until the bridge project is completed, per DSA.

Mrs. Morales commented on the wrought iron fence at Grand Terrace High School (GTHS).

Construction – Mr. Chang discussed the current ADA improvements at 4 elementary sites: Crestmore, Grant, Lewis, and Lincoln Elementary. Facilities bid out the project for Lincoln, Lewis, and Grant, and the contract was approved at the last board meeting. Crestmore will start next summer as additional design work is needed. Facilities is also working on the Colton Middle School (CMS) multi-purpose room and Washington fire alarms. Washington school is the oldest building in the school district. A new fire alarm and PA system will be installed at Washington.

Mrs. Morales asked if the stadiums will be equipped with defibrillators. Mr. Chang stated the risk department could answer that question as that is primarily a risk function but is aware of discussions underway.

Mr. Chang stated the BHS turf is almost complete and is looking nice. He has received positive comments.

Mr. Chang discussed the Grand Terrace High School (GTHS) modular classroom addition. The modulares were not paid out of the bond fund. The buildings are brand new along with energy efficient features/options. Mrs. Morales commented the color of the modulares do not stand out as they are located in the interior of the campus. Mr. Chang stated the stucco color for the permanent buildings were used on the modular buildings along with the brown color from the district standard color selection. Facilities tried to emulate the color tone of the existing campus.

Terrace View will also be receiving two modular buildings behind the multi-purpose room. Mrs. Zamora-Jorrin inquired if there was a requirement needed for play space for students. Mr. Chang explained the California Department of Education (CDE) reviews the plans and makes recommendations as there are criteria that have to be adhered to for the educational needs of students. Facilities long term goal is to replace portable buildings with permanent ones. For sites that lack open space, two story buildings may be an appropriate solution. Mrs. Morales asked if some modulares are to be switched out as some are old. Mr. Chang explained part of the master plan does include this and is hopeful we can try to replace some old modulares if funding is available. Portable buildings have to be 25 years or older in order to be eligible for state match modernization funding.

Attendance Boundary – Mr. Chang

Mr. Chang began the discussion thanking Mrs. Morales for her participation on the boundary committee. Currently the Bloomington area students north of the 10 freeway are transported to Grand Terrace. There is an imbalance based on future student population projection. This is a complicated issue as there is no perfect solution. Mrs. Morales commented many people do not understand the dynamics of boundaries and it is not an easy fix to send Bloomington students to Bloomington and Colton students to Colton. Feeder schools have to be looked at along with many other variables. Mr. Chang stated socio-economic factors also have to be looked at. Mr. John commented he is aware of the inadequacies. Mr. Chang discussed the upcoming community meetings with the first one scheduled for late August. Boundaries will be in effect the following year for 2016-17.

Ballot Initiative for 2016 School Facility Bond – Mr. Chang

Mr. Chang explained we are continuing to apply for state match funds even though the state has ran out of bond authority. Efforts from both the public and private sector to convince Governor Brown to support a facilities bond during the 2014 election went unanswered. The Coalition for Adequate School Housing (CASH) along with various entities has taken a different approach utilizing voters' initiative. By obtaining enough signatures from voters, a facilities bond measure can be placed on the 2016 ballot for the voters to decide. Mr. Chang believes that adequate facilities are an integral part of a student's education and requested support for the voters' initiative.

VII. FINANCIAL REPORT

Mr. Chang reviewed the consolidated budget status report (Exhibit B). Active, planned, and completed, projects were discussed. Three new highlighted projects were discussed.

VIII. MEMBER COMMENT

- Mrs. Zamora-Jorin welcomed our new member, Mr. Villegas.
- Mrs. Morales has a new address. Information will be updated.
- Mrs. Zamora-Jorin requested to pick up the agenda packet at the District office.

IX. NEXT MEETING – (Quarterly)

- Mrs. Medina will be in contact with the members for the next meeting date. Next meeting will be scheduled in September.

IX. ADJOURNMENT

- There being no further business, the Measure G Citizens' Oversight Committee meeting was adjourned at 6:33 p.m.

**MEASURES "G" AND "B" GENERAL OBLIGATION
BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2014**



**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

For the Fiscal Year Ended June 30, 2014

Table of Contents

INTRODUCTION

Page

Introduction and Citizens' Oversight Committee Member Listing..... 1

FINANCIAL SECTION

Independent Auditors' Report..... 2
Financial Statements:
 Balance Sheet 4
 Statement of Revenues, Expenditures, and Changes in Fund Balances..... 5
Notes to Financial Statements 6

OTHER INDEPENDENT AUDITORS' REPORTS

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 10
Independent Auditors' Report on Performance 12

Introduction

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

*Introduction and Citizens' Oversight Committee Member Listing
June 30, 2014*

Colton Joint Unified School District (the District) consists of four high schools, four middle schools and nineteen elementary schools supported by a District Office and an operations center.

On September 21, 2001, the voters of the Colton Joint Unified School District approved by more than two-thirds Measure "B", authorizing the issuance and sale of \$102 million of general obligation bonds of the District. The bonds were issued to raise money to be used to acquire school sites, construct and repair school facilities and redeem a portion of the District's Series 2001 Certificates of Participation.

On November 4, 2008, the voters of the Colton Joint Unified School District approved by more than 55% Measure "G", authorizing the issuance and sale of \$225 million of general obligation bonds for the modernization and construction of school facilities within the District.

The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond Proposition pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2014:

<u>Name</u>	<u>Title</u>	<u>Representation</u>
Elsa Aguilar	Chair	Parent or guardian of child enrolled in District & active in a Parent Teacher Organization
Summer Zamora Jorin	Vice Chair	Parent or Guardian of Child in District/At-Large Community Member
Forrest M. John III	Member	At-Large Community Member/Senior Citizen Group Representative
Laura Morales	Member	At-Large Community Member
Amanda Salazar	Member	At-Large Community Member
Jorge Valdez	Member	At-Large Community Member
Pamela Valdez	Member	At-Large Community Member
Jessica Hernandez-Reese	Member	At-Large Community Member
Brandy Nelson	Member	At-Large Community Member
Matthew Wilson	Member	At-Large Community Member
Ross Veckey	Member	Business Representative

Financial Section

INDEPENDENT AUDITORS' REPORT

The Board of Trustees and the
Citizens' Bond Oversight Committee
Colton Joint Unified School District
Colton, California

We have audited the accompanying financial statements of the Measures "G" and "B" General Obligation Bond Building Fund of Colton Joint Unified School District, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 and the standards applicable to financial audits contained 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

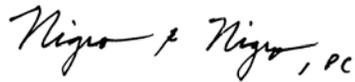
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measures "G" and "B" General Obligation Bond Building Fund of Colton Joint Unified School District, as of June 30, 2014, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measures "G" and "B" General Obligation Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Colton Joint Unified School District, as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
March 27, 2015

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

Balance Sheet

June 30, 2014

ASSETS	Measure "G"	Measure "B"	Building Fund Total
Cash	\$ 17,195,189	\$ 1,748,160	\$ 18,943,349
Accounts receivable	-	17,864	17,864
Due from other funds	4,160	-	4,160
Total Assets	\$ 17,199,349	\$ 1,766,024	\$ 18,965,373
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,080,715	\$ 4,668	\$ 2,085,383
Due to other funds	-	3,851	3,851
Total Liabilities	2,080,715	8,519	2,089,234
Fund Balances			
Restricted for capital projects	15,118,634	1,757,505	16,876,139
Total Liabilities and Fund Balances	\$ 17,199,349	\$ 1,766,024	\$ 18,965,373

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**
*Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014*

	<u>Measure "G"</u>	<u>Measure "B"</u>	<u>Building Fund Total</u>
REVENUES			
Interest earnings	\$ 71,414	\$ 824	\$ 72,238
Total Revenues	<u>71,414</u>	<u>824</u>	<u>72,238</u>
EXPENDITURES			
Current:			
Plant Services:			
Salaries and benefits	288,545	-	288,545
Services and other operating expenditures	495,173	483	495,656
Capital outlay	<u>6,946,871</u>	<u>47,331</u>	<u>6,994,202</u>
Total Expenditures	<u>7,730,589</u>	<u>47,814</u>	<u>7,778,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,659,175)	(46,990)	(7,706,165)
OTHER FINANCING SOURCES/USES			
Interfund transfer in	<u>2,195,942</u>	<u>1,336,839</u>	<u>3,532,781</u>
Net Change in Fund Balances	(5,463,233)	1,289,849	(4,173,384)
Fund Balances, July 1, 2013	<u>20,581,867</u>	<u>467,656</u>	<u>21,049,523</u>
Fund Balances, June 30, 2014	<u>\$ 15,118,634</u>	<u>\$ 1,757,505</u>	<u>\$ 16,876,139</u>

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Measure "B"

The District authorized bonds at a regularly scheduled election of the registered voters of the District held on September 21, 2001, at which more than two-thirds of the persons voted to authorize the issuance and sale of \$102 million of general obligation bonds of the District. The bonds were issued to raise money to be used to acquire school sites, construct and repair school facilities and redeem a portion of the District's Series 2001 Certificates of Participation.

Measure "G"

The District authorized bonds at a regularly scheduled election of the registered voters of the District held on November 4, 2008, at which more than 55% of the voters authorized the issuance and sale of \$225 million of general obligation bonds for the modernization and construction of school facilities within the District.

In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens' Bond Oversight Committee, was established. The Committee's oversight goals include: informing the public on the expenditures of Bond proceeds and reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in Measures "G" and "B".

The Bond proceeds are accounted for in the District's Building Fund, where they are expended for the approved projects. The statements presented are for the individual Measures "G" and "B" General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. Accounting Policies

The Colton Joint Unified School District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements of the Measures "G" and "B" General Obligation Bond Building Fund are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances as of June 30 are rolled over to the next fiscal year.

E. 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 the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH

Pooled Funds

In accordance with Education Code Section 41001, the District maintains all of its Building Fund cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2014, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable in the amount of \$17,864 represent interest earnings due from the County Treasurer for the quarter ended June 30, 2014.

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2014

NOTE 4 – INTERFUND ACTIVITY

Due to/due from activity for the fiscal year ended June 30, 2014 consisted of the following:

Due from Other Funds

General Fund due to Building Fund to reimburse utilities	\$ 4,160
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Due to Other Funds

Building Fund due to General Fund for payment of interfund goods and services	\$ 2,365
Building Fund due to the Internal Service Fund for workers' compensation costs	1,486
Total	<u>\$ 3,851</u>

Transfers to/from other funds for the fiscal year ended June 30, 2014 consisted of the following:

Interfund Transfer in

The County School Facilities Fund transferred to the Building Fund to reimburse construction costs	\$ 3,499,687
General Fund transfer to Building Fund to reimburse for unallowable expenditures	28,934
General Fund transfer to Building Fund to reimburse utilities	4,160
Total	<u>\$ 3,532,781</u>

NOTE 5 – MEASURES "G" AND "B" GENERAL OBLIGATION BONDS

Measure "B"

The District authorized bonds at a regularly scheduled election of the registered voters of the District held on September 21, 2001, at which more than two-thirds of the persons voted to authorize the issuance and sale of \$102 million of general obligation bonds of the District. The bonds were issued to raise money to be used to acquire school sites, construct and repair school facilities and redeem a portion of the District's Series 2001 Certificates of Participation.

Measure "G"

The District authorized bonds at a regularly scheduled election of the registered voters of the District held on November 4, 2008, at which more than 55% of the voters authorized the issuance and sale of \$225 million of general obligation bonds for the modernization and construction of school facilities within the District.

2013 General Obligation Refunding Bonds

On May 1, 2013, the District issued \$38,625,000 of 2013 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2027, with interest rates ranging from 2.0 to 5.0 percent. The net proceeds of \$45,184,233 (representing the principal amount of \$38,625,000 plus premium on issuance of \$6,559,233) from the issuance were used to advance refund the District's outstanding 2001 General Obligation Bonds, Series B and C and to pay the costs of issuance associated with the refunding bonds, with the prepayment to occur on August 1, 2014 for the Series B bonds and February 1, 2015 for Series C bonds.

**MEASURES "G" AND "B" GENERAL OBLIGATION BOND BUILDING FUND OF
COLTON JOINT UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2014

NOTE 5 – MEASURES "G" AND "B" GENERAL OBLIGATION BONDS (continued)

A summary of all bonds issues and outstanding at June 30, 2014 is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2013	Additions	Accreted Interest	Deductions	Balance, June 30, 2014
7/14/2004	2/1/2029	2.00% - 5.89%	\$ 23,177,726	\$ 4,015,269	\$ -	\$ 234,502	\$ 205,000	\$ 4,044,771
1/11/2006	2/1/2038	3.17% - 5.12%	50,122,151	23,892,205	-	1,140,098	1,915,000	23,117,303
10/15/2009	8/1/2034	4.50% - 9.00%	48,999,050	49,210,498	-	393,808	415,000	49,189,306
8/31/2010	8/1/2046	5.00%-12.00%	41,938,348	47,646,570	-	2,672,020	15,000	50,303,590
7/7/2011	8/1/2026	5.458%-6.008%	11,900,000	11,900,000	-	-	-	11,900,000
5/31/2012	8/1/2026	2.00%-5.00%	22,190,000	21,695,000	-	-	1,170,000	20,525,000
5/1/2013	8/1/2027	2.00%-5.00%	38,625,000	38,625,000	-	-	680,000	37,945,000
			<u>\$ 236,952,275</u>	<u>\$ 196,984,542</u>	<u>\$ -</u>	<u>\$ 4,440,428</u>	<u>\$ 4,400,000</u>	<u>\$ 197,024,970</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2014 are as follows:

Fiscal Year	Principal *	Interest	Total
2014-15	\$ 3,920,350	\$ 6,243,407	\$ 10,163,757
2015-16	2,208,203	6,264,555	8,472,758
2016-17	4,112,186	6,335,422	10,447,608
2017-18	4,302,363	6,338,595	10,640,958
2018-19	4,568,634	6,372,925	10,941,559
2019-24	37,422,731	27,401,687	64,824,418
2024-29	44,063,297	30,361,476	74,424,773
2029-34	32,131,179	45,428,088	77,559,267
2034-39	23,043,426	56,761,081	79,804,507
2039-44	10,884,074	67,826,931	78,711,005
2044-46	10,915,871	34,620,254	45,536,125
Total	<u>\$ 177,572,314</u>	<u>\$ 293,954,421</u>	<u>\$ 471,526,735</u>

* Does not include \$19,452,656 of accreted interest on capital appreciation bonds.

NOTE 6 – CONSTRUCTION COMMITMENTS

At June 30, 2014, the District had commitments with respect to Measures "G" and "B" to unfinished capital projects of \$9,772,711 to be paid from a combination of bond proceeds and state and local funds.

NOTE 7 – CITIZENS' OVERSIGHT COMMITTEE MEMBERSHIP

Education Code Section 15282(a) states that the Citizens' Oversight Committee must consist of at least seven members and must be comprised of the following members: one member shall be active in a business organization representing the business community located within the district, one member shall be active in a senior citizens' organization, one member shall be active in a bona fide taxpayers' organization, one member shall be the parent or guardian of a child enrolled in the district, and one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council. The Citizens' Oversight Committee did not have a member representing a bona fide taxpayers' organization during 2013-14.

Other Independent Auditors' Reports

**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**

The Board of Trustees and the
Citizens' Bond Oversight Committee
Colton Joint Unified School District
Colton, California

We have audited, in accordance with the 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, the financial statements of the Measures "G" and "B" General Obligation Bond Building Fund of Colton Joint Unified School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colton Joint Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Colton Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Colton Joint Unified School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

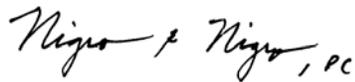
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colton Joint Unified School District's 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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
March 27, 2015

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Trustees and the
Citizens' Bond Oversight Committee
Colton Joint Unified School District
Colton, California

We have examined the Colton Joint Unified School District's compliance with the performance requirements for the Proposition 39 Measures "G" and "B" General Obligation Bond for the fiscal year ended June 30, 2014, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Colton Joint Unified School District Building Fund are appropriate.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measures "G" and "B".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2013 to June 30, 2014. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were also included within the scope of our audit. Expenditures incurred subsequent to June 30, 2014 were not reviewed or included within the scope of our audit or in this report.

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014 for the Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measures "G" and "B" with regards to the approved bond projects list. We performed the following procedures:

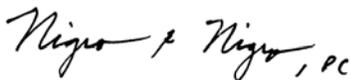
To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested payments made to the construction management company and reviewed the terms of the contract.
- We tested approximately \$5.2 million in bond fund invoices paid, which is a combination of 2013-14 expenditures and payments on liabilities accrued as of June 30, 2014 and paid in 2014-15. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to the construction management company, subcontractors, other vendors, and District employees performing bond-related functions.
- We reviewed the approved project listing as set out in the Measures "G" and "B" election documents.
- We visited construction sites at Zimmerman and Terrace View Elementary Schools to ensure that expenditures made corresponded with the actual work performed at the site.
- We verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Building Fund were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 22000-22045.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measures "G" and "B" General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Board of Trustees, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.



Murrieta, California
March 27, 2015

Consolidated Budget Status Report

Budget versus Commitments and Expenditures for Multiple Projects (created 6/15/2015 11:22 am)

Exhibit B

Budget vs. Commitments and Expenditures

Project No.	Project Name	Budget	Commitments		Expenditures			Measure G Expenditures
		Total Budget	Total Commitments	Remaining Against Budget	Total Expenditures	% Budget Spent	Remaining Against Budget	Measure G Funds Expended
Admin G	**Administrative Control - Program Costs for Measure G	12,878,934	5,245,146	7,633,788	5,217,874	40.5%	7,661,060	5,208,379
ACTIVE PROJECTS								
1F	Colton High School - CHS New Math & Science Bldg./Bridge	17,871,431	16,463,997	1,407,434	16,448,739	92.0%	1,422,692	3,451,490
2A	Crestmore Elementary - Crestmore Modernization	8,606,980	8,246,383	360,597	8,224,863	95.6%	382,117	7,978,383
2B	D'Arcy Elementary - D'Arcy Modernization	2,120,711	1,415,244	705,467	1,344,486	63.4%	776,225	1,265
2C	Jurupa Vista Elementary - JV Modernization	2,033,599	1,563,700	469,899	1,369,512	67.3%	664,086	606
2D	Lewis Elementary - Lewis Modernization	5,017,223	4,534,645	482,578	4,516,910	90.0%	500,313	4,354,588
2E	Cooley Ranch Elementary - Cooley Ranch Modernization	3,308,182	2,363,043	945,139	2,236,152	67.6%	1,072,030	4,661
2F	Grant Elementary - Grant Modernization	6,596,044	6,274,894	321,149	6,256,924	94.9%	339,120	6,095,381
2G	Lincoln Elementary - Lincoln Modernization	5,788,679	5,834,148	(45,470)	5,818,104	100.5%	(29,426)	5,616,527
2H	Reche Canyon Elementary - Reche Canyon Modernization	1,245,925	906,890	339,035	743,533	59.7%	502,391	31,900
2I	San Salvador - San Salvador Modernization	6,079,687	5,162,790	916,897	5,103,607	83.9%	976,081	1,000,368
2J	Ruth Harris Middle School - RHMS Modernization	3,058,826	2,303,221	755,605	2,120,675	69.3%	938,151	8,240
42	Terrace View Elementary - TV Fire Alarm & Intercom, & CR Add	2,610,500	2,442,135	168,365	2,284,017	87.5%	326,483	1,914,263
PLANNED PROJECTS								
1M	Colton High School - CHS Stadium Renovation & Expansion	6,897,778	846,956	6,050,822	452,309	6.6%	6,445,468	213,972
1N	Bloomington High School - BHS Stadium Renovation & Expansion	8,110,768	861,868	7,248,900	467,484	5.8%	7,643,284	159,266
1Q	Bloomington High School - BHS Kitchen & Multipurpose Renovation	7,652,418	519,577	519,577	519,577	6.8%	7,132,841	408,927
1R	Colton High School - CHS Kitchen & Multipurpose Renovation	8,308,956	747,187	7,561,769	746,096	9.0%	7,562,860	637,952
61	Birney, Grand Terrace Elem, McKinley, Grimes, Sycamore Hills, CMS, THMS - Fire Alarm/Intercom Upgrades	3,415,000	-	-	-	0.0%	-	-
62	Bloomington High School - BHS Baseball Fields Renovation	495,000	39,250	-	13,269	2.7%	481,731	13,269
63	Colton Middle School - CMS MPR Modernization	840,000	101,266	738,734	73,996	8.8%	766,004	73,996
64	Washington Alternative High School - Washington Fire Alarm/Intercom & CRs Add	825,000	75,520	749,480	12,378	1.5%	812,622	-
67	Lewis Elementary School - Lewis Shade Shelter	90,000	14,825	75,175	5,000	5.6%	85,000	5,000
68	Jurupa Vista Elementary School - Jurupa Vista Shade Shelter	90,000	14,825	75,175	5,000	5.6%	85,000	5,000
69	Colton High School - Flag Pole at CHS	60,000	4,200	55,800	3,150	5.3%	56,850	3,150



Consolidated Budget Status Report

Budget versus Commitments and Expenditures for Multiple Projects (created 6/15/2015 11:22 am)

Budget vs. Commitments and Expenditures

Project No.	Project Name	Budget	Commitments		Expenditures			Measure G Expenditures
		Total Budget	Total Commitments	Remaining Against Budget	Total Expenditures	% Budget Spent	Remaining Against Budget	Measure G Funds Expended
COMPLETED PROJECTS								
1E	Bloomington High School - BHS New Math & Science Bldg.	13,451,813	13,063,550	388,263	13,062,807	97.1%	389,006	6,107,850
1E	Bloomington High School - BHS New Construction Interim Housing	1,569,837	1,472,859		1,472,859	93.8%	96,978	1,468,159
1F	Colton High School - CHS New Const. Interim Housing	767,228	585,793	181,435	585,793	76.4%	181,435	585,793
11	Grand Terrace High School - GTHS - New High School # 3	151,373,055	144,148,392	7,224,663	143,720,907	94.9%	7,652,148	17,616,590
27	Joe Baca Middle School - New Middle School #5	49,162,432	43,616,464	5,545,968	43,616,464	88.7%	5,545,968	24,719,185
35	Jurupa Vista, Reche Canyon, Wilson, BMS - Fire Alarm & Low Voltage Upgrades	2,167,851	1,914,072	253,778	1,914,072	88.3%	253,778	1,796,037
37	Colton High School - CHS Pedestrian Bridge Repair	75,062	37,800	37,262	37,800	50.4%	37,262	37,800
38	Bloomington Middle School - BMS Bldg N Exit Addition	66,152	41,235	24,917	41,235	62.3%	24,917	41,235
39	D'Arcy Elementary - D'Arcy Fence/Door Improve	59,402	42,813	16,589	42,813	72.1%	16,589	42,813
40	Jurupa Vista Elementary - Jurupa Drainage Remediation	65,342	19,759	45,583	19,759	30.2%	45,583	19,759
41	Lewis Elementary - Lewis Basketball Courts/Fence	56,702	37,030	19,672	37,030	65.3%	19,672	37,030
44	Zimmerman Elementary - Zimmerman Fire Alarm & Intercom	5,605,793	4,787,766	818,027	4,677,059	83.4%	928,734	3,974,100
47	Birney Elementary - Birney Bus Drop/Parking	337,365	312,285	25,080	305,572	90.6%	31,793	290,692
50	Terrace View Elementary - Terrace View Parking/Shade Shelter	1,311,696	844,731	466,965	844,731	64.4%	466,965	844,537
53	Bloomington High School - BHS Painting	744,372	743,865	507	743,865	99.9%	507	175,000
54	Colton High School - CHS Painting	907,584	907,458	126	907,458	100.0%	126	313,300
Totals		341,723,325	278,557,582	63,165,743	276,013,880	80.8%	62,294,445	95,256,462

****Program Costs for Measure G Includes the following items:**

- AP-Mt. Vernon LLC (rent for Suite 7A) - \$122,220 (thru Sept. 2013)
- Colbi Technologies - \$214,625
- CJUSD Bond Admin Salaries - \$280,000 per year approx. (Annual salaries @ 50%)
- Davis Demographics - \$112,210
- Nigro & Nigro - \$24,000 (\$8,000 per yr @ 3 yrs)
- NTD Architects (District wide master plan) - \$312,200 (Lump Sum Fee)
- School Facility Consultants - \$156,080 (\$240,000 total contract, balance divided with project costs above)
- Spectrum Communication (data cables/phones @ Ste 7A) - \$14,902 (one time fee)
- Seville Construction Services (program management) - \$3,206,766.96 Expended Fees (does not include \$2,194,803.55 project management cost, which is included in above budgets)
- >>Seville Construction: re-negotiated contract as of 09/2011 not to exceed \$3,557,342

Bond Cash Balance as of 06/15/2015

Measure B	\$ 2,489,038
Measure G	
Series A	\$ 8,075,768
Series B	\$ 2,586,392
Series C	\$ -
Total	\$ 13,151,198