

# Colton Joint Unified School District

Commitment to Equal Opportunity



## Minutes June 24, 2020

The Measure G Citizens' Bond Oversight Committee met on Wednesday, June 24, 2020 at 5:30 p.m. virtually.

### CALL TO ORDER

#### I. Members Present (\*absent)

Mrs. Patricia Chavez	Ms. Amanda Salazar
Mr. Gary Grossich	Mrs. Pamela Valdez
Mr. Forrest M. John III*	Mr. Jimmy Villegas – <i>Vice Chair</i>
Mrs. Rhonda McIver Jackson*	Mr. Matthew Wilson
Mrs. Laura Morales – <i>Chair*</i>	

#### Staff Members Present

Mr. Rick Jensen, Assistant Superintendent, Business Services  
Mr. Owen Chang, Director of Facilities, Planning & Construction  
Ms. Katie Orloff, Director of Communications  
Ms. Kasey Kubota, Executive Assistant

#### Present

Ms. Vanessa Pineda, Christy White Associates  
Mr. Michael Williams, Columbia Capital

#### II. APPROVAL OF MINUTES

September 26, 2019 and December 10, 2019 meeting minutes were reviewed and approved, motion by Mrs. Patricia Chavez and second by Mr. Gary Grossich, and carried on a 5-0 vote. No opposition.

December 10, 2019 meeting minutes were reviewed and approved, motion by Mr. Gary Grossich and second by Mr. Matthew Wilson, and carried on a 4-0-1 vote. Mrs. Patricia Chavez abstained. No opposition.

#### III. PUBLIC COMMENT

None.

#### IV. OLD BUSINESS

None.

**V. NEW BUSINESS**

Citizens' Bond Oversight Committee Membership

New member Amanda Salazar was introduced to the committee. Mrs. Salazar is an active community member in the Bloomington area and a dedicated parent as well as committed to the district. Director Chang welcomed Mrs. Salazar and thanked her for serving on the committee.

Assistant Superintendent of Business Services

In January 2020, Dr. Miranda was appointed by the Board of Education as the new superintendent of the district. Rick Jensen was appointed as the assistant superintendent of the Business Services Division on February 20, 2020 by the Board and began working with Colton on April 13, 2020. Mr. Jensen served as the assistant superintendent of Business at Cucamonga School District and brings a wealth of experience and knowledge to Colton.

Annual Bond Audit

Vanessa Pineda from Christie White Associates reviewed the audit with the committee and said there are no findings. Both the financial audit and performance audit have an unmodified opinion with no deficiencies. Overall the district is doing a great job and Ms. Pineda thanked staff for assisting with the completion of the audit.

Colton High School Baseball/Softball Renovation

Director Chang shared progress photos of the Colton High School Baseball/Softball Fields Renovation project. Since steel production has been delayed because plants have been closed during the COVID-19 pandemic, there has been difficulty receiving the backstops and the project schedule has been impacted. Labor forces have been impacted by COVID-19 as well.

Colton High School MPR

The Colton High School MPR project is currently scheduled to be completed in mid November of 2020. The steel plant was closed due to COVID-19 so that was delayed. Steel is currently being erected.

Colton Middle School MPR Modernization

The Colton Middle School MPR modernization project is a Board priority project. The contractor is beginning to install interior finishes, and the project is tentatively scheduled to be completed in August of this year.

850/900 East Washington Update

The tenant improvement project on the second floor of the 850 East Washington Street building for Student Services and PPS is on schedule. While this project is not funded by bond proceeds, the board is committed to providing better facilities for staff by providing a more professional work environment. The next phase of this project will be the construction of the board room and staff development center.

Terrace Hills Middle School Parking Expansion

Bids were recently opened for the Terrace Hills Middle School Parking Expansion project. The contract will be finalized, and construction is expected to begin in July. The project includes a bus drop off and additional parking. The project duration is approximately 3 months.

Colton High School Career Tech Education Grant

The district applied for \$3M in state match grant funds for career tech education grant. The purpose of this is to repurpose the old MPR at Colton High School for the culinary arts program. If the district receives grant funding, Facilities will take the project to the board to request for the required district matching funds.

Bonding Capacity/Board Priority Projects

Director Chang reviewed the slide. Michael Williams with Columbia Capital, the District's financial advisor, provided the committee an overview of the past issuances. With COVID-19, interest rates are down near historic lows. With lower interest rates, it is a good time to borrow money. Municipal bonds are more attractive than stocks when the market is down. The last analysis performed could yield \$13-15M in proceeds with the next Bond series.

With so much money invested in facilities, Mr. Jensen asked for feedback from the members about the possibility of investing in security cameras to protect our facilities. Mrs. Salazar suggested investments should be made on security personnel rather than cameras. Mr. Grossich reminded everyone that the Board of Education ultimately decides where the bond funds should be spent. The role of the committee is to oversee that the funds are spend in accordance with the rules and regulations.

**VI. FINANCIAL REPORT**

All changes in the financial report from the last meeting are highlighted.

**VII. MEMBER COMMENTS**

None

**VIII. NEXT MEETING**

Ms. Kubota will contact the Committee to schedule a meeting in September 2020.

**X. ADJOURNMENT**

There being no further business, the Measure G Citizens' Bond Oversight Committee meeting was adjourned at 7:05 p.m.



# Consolidated Budget Status Report

Budgets versus Commitments and Expenditures for multiple Projects

### Budget vs. Commitments and Expenditures

Project No.	Project Name	Budget	Commitments		Expenditures		Measure G Expenditures
		Total Budget	Total Commitments	Remaining Against Budget	Total Expenditures	Remaining Against Budget	Measure G Expenditures
Admin G	Administrative Control - Program Costs for Measure G	8,000,000	7,837,500	162,500	7,814,695	185,305	7,785,200
<b>ACTIVE PROJECTS</b>							
AB300	AB300 - AB300	100,000	86,238	13,762	86,238	13,762	45,896
1F	Colton High School - CHS New Math & Science Bldg.	17,871,431	17,637,279	234,153	17,637,279	234,153	3,468,189
1R	Colton High School - CHS Kitchen & Multipurpose Renovation	13,487,440	12,834,700	652,740	3,851,005	9,636,435	849,588
2A	Crestmore Elementary - Crestmore Modernization	8,606,980	8,464,190	142,790	8,454,720	152,260	8,208,240
16-01	Terrace Hills Middle School - Shelter, Parking, DSA Cert	1,200,000	469,364	730,636	448,546	751,454	447,617
19-04	Ruth Grimes Elementary School - Portable Addition	825,000	821,517	3,483	803,503	21,498	49,551
63	Colton Middle School - CMS MPR Modernization	2,500,000	2,321,305	178,695	1,857,585	642,415	76,196
19-02	Colton High School - Baseball/Softball Field Renovation	3,671,000	3,478,080	192,920	1,869,156	1,801,844	109,604
<b>PLANNED PROJECTS</b>							
61	Birney, Grand Terrace Elem, McKinley, Grimes, Sycamore Hills, CMS, THMS - Fire Alarm/Intercom Upgrades	3,415,000	31,870	3,383,130	31,870	3,383,130	31,870
20-07	900 Washington Plaza Board Room	750,000	350,261	399,739	99,786	650,214	-
<b>COMPLETED PROJECTS</b>							
1E	Bloomington High School - New Math & Science Bldg.	13,451,813	13,077,930	13,077,930	13,077,930	373,883	6,120,232
1E	Bloomington High School - Interim Housing	1,569,837	1,472,859	96,978	1,472,859	96,978	1,468,159
1F	Colton High School - Interim Housing	767,228	585,793	181,435	585,793	181,435	585,793
1M	Colton High School - CHS Stadium Renovation & Expansion	15,193,218	13,590,895	1,602,323	13,590,895	1,602,323	7,190,618
1N/62	Bloomington High School - Stadium Renovation & Expansion	13,917,646	13,246,833	670,812	13,238,522	679,123	6,847,019
1Q	Bloomington High School - Multipurpose Renovation	9,490,005	9,490,005	-	9,490,005	-	9,379,355
2B	D'Arcy Elementary - D'Arcy Modernization	2,120,711	1,365,971	754,740	1,365,971	754,740	1,265
2C	Jurupa Vista Elementary - JV Modernization	2,033,599	1,379,587	654,011	1,379,587	654,011	606
2D	Lewis Elementary - Lewis Modernization	5,017,223	4,555,276	461,948	4,547,289	469,935	4,384,966
2E	Cooley Ranch Elementary - Cooley Ranch Modernization	3,308,182	2,254,960	1,053,222	2,254,960	1,053,222	4,661
2F	Grant Elementary - Grant Modernization	6,596,044	6,422,134	173,910	6,414,367	181,677	6,252,824
2G	Lincoln Elementary - Lincoln Modernization	5,788,679	5,909,694	(121,015)	5,904,915	(116,236)	5,703,337
2H	Reche Canyon Elementary - Reche Canyon Modernization	1,245,925	752,070	493,855	752,070	493,855	31,900
2I	San Salvador - San Salvador Modernization	6,079,687	5,212,588	867,099	5,212,588	867,099	1,329,309
2J	Ruth Harris Middle School - RHMS Modernization	3,058,826	2,148,243	910,583	2,148,243	910,583	8,240
11	Grand Terrace High School - New High School # 3	143,988,142	143,732,392	255,750	143,732,392	255,750	17,628,075
27	Joe Baca Middle School - New Middle School #5	49,162,432	43,616,464	5,545,968	43,616,464	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	253,778	1,796,037
37	Colton High School - CHS Pedestrian Bridge Repair	75,062	37,800	37,262	37,800	37,262	37,800
38	Bloomington Middle School - BMS Bldg N Exit Addition	66,152	41,235	24,917	41,235	24,917	41,235



# Consolidated Budget Status Report

Budgets versus Commitments and Expenditures for multiple Projects

## Budget vs. Commitments and Expenditures

Project No.	Project Name	Budget	Commitments		Expenditures		Measure G Expenditures
		Total Budget	Total Commitments	Remaining Against Budget	Total Expenditures	Remaining Against Budget	Measure G Expenditures
39	D'Arcy Elementary - D'Arcy Fence/Door Improve	59,402	42,813	16,589	42,813	16,589	42,816
40	Jurupa Vista Elementary - Jurupa Drainage Remediation	65,342	19,759	45,583	19,759	45,583	19,759
41	Lewis Elementary - Lewis Basketball Courts/Fence	56,702	37,030	19,672	37,030	19,672	37,030
42	Terrace View Elementary - TV Fire Alarm & Intercom	2,220,500	2,218,099	2,401	2,218,099	2,401	1,913,431
44	Zimmerman Elementary - Fire Alarm & Intercom	5,605,793	4,697,239	908,554	4,694,739	911,054	3,991,780
47	Birney Elementary - Birney Bus Drop/Parking	337,365	312,285	25,080	305,572	31,793	290,692
50	Terrace View Elementary - Parking/Shade Shelter	1,311,696	844,731	466,965	844,731	466,965	844,537
53	Bloomington High School - BHS Painting	744,372	743,865	507	743,865	507	175,000
54	Colton High School - CHS Painting	907,584	907,458	126	907,458	126	313,300
64	Washington Alternative High School - Washington Fire Alarm/Intercom & CRs Add	1,726,300	1,653,661	72,639	1,653,746	72,554	342,707
67	Jurupa Vista Elementary School - Shade Shelter	90,000	12,169	77,831	12,169	77,831	12,374
68	Lewis Elementary School - Shade Shelter	90,000	12,374	77,626	12,374	77,626	12,169
69	Colton High School - Flag Pole at CHS	60,000	31,825	28,175	31,825	28,175	31,825
16-05	CMS Parking Lot	680,000	648,356	31,644	648,356	31,644	214,583
17-05	Colton High School - CHS PA System	558,440	506,804	51,636	506,804	51,636	277,584
18-04	Colton High School - Portable Relocation/Replacement	2,000,000	1,978,524	21,476	1,972,800	27,200	838,272
19-03	Bloomington High School - BHS Portable Addition	675,000	655,019	19,981	629,036	45,964	204,297
<b>Totals</b>		<b>154,341,256</b>	<b>134,245,358</b>	<b>20,095,898</b>	<b>121,665,298</b>	<b>32,675,958</b>	<b>124,164,725</b>

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

- Misc. small project - \$99,316 (as of 06/18/2020)
- LPA Inc. - Facility Master Plan Update - \$298,665 (one time contract)
- AP-Mt. Vernon LLC (rent for Suite 7A) - \$122,220 (thru Sept. 2013)
- Colbi Technologies - \$364,625 (Increased by \$35,000 @ Feb. 6th Board Meeting)
- CJUSD Bond Admin Salaries - \$260,000 per year approx. (Annual salaries @ 20% - 50%)
- Davis Demographics - \$172,085
- Annual Bond audit - \$73,394 (\$8,000 per yr @ 3 yrs)
- NTD Architects (District wide master plan) - \$317,213 (one time contract)
- School Facility Consultants - \$156,080 (\$240,000 total contract, balance divided with project costs above), one time fee
- 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 06/18/2020	
Measure B	\$ 41,611
Measure G	
Series A	\$ 114,583
Series B	\$ 165,940
Series C	\$ -
Series D	\$ 6,927,986
<b>Total</b>	<b>\$ 7,250,120</b>

\*\* \$150,000 being contributed by Nutritions Services

\*\*\*Amount reflects commitment from Measure G and not the actual project cost

**Highlights represent changes to Project Phase/Budget from the previous CBOC meeting**

# MEASURE G CBOC UPDATE



Measures B & G



*Your Bond Dollars at Work!*

June 24<sup>th</sup>, 2020



# MEASURE G - \$225M

Measures B & G



Your Bond Dollars at Work!

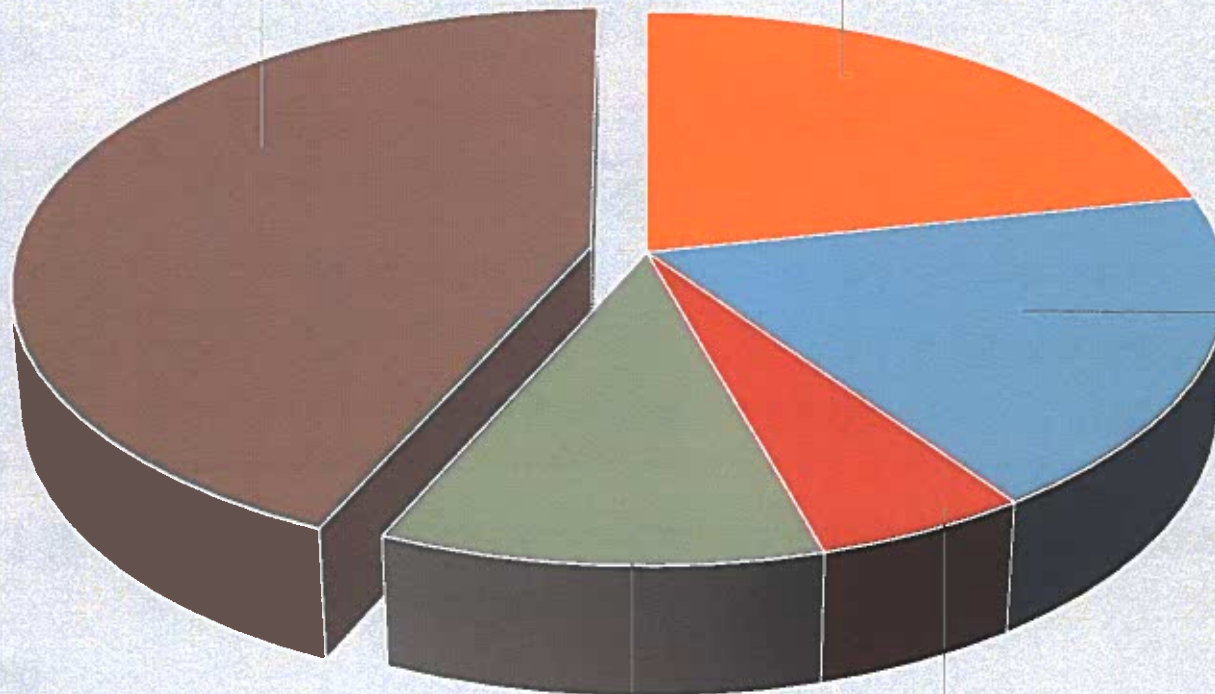
\$97.5M Remaining  
Authorization

Series A \$48.99M  
(2009)

Series B \$41.94M  
(2010)

Series D - \$24.65M  
(2016)

Series C \$11.9M  
(2011)





# PROJECT UPDATES

Measures B & G



Your Bond Dollars at Work!

## Colton High School Baseball/Softball Field Renovation



Varsity Backstop

- Dugout masonry in progress
- Backstop in progress
- Backstop/foul ball pole in fabrication
- Aluminum Bleacher in fabrication



Varsity Dugout



Light Pole Foundation



Varsity Backstop/Dugout





# PROJECT UPDATES

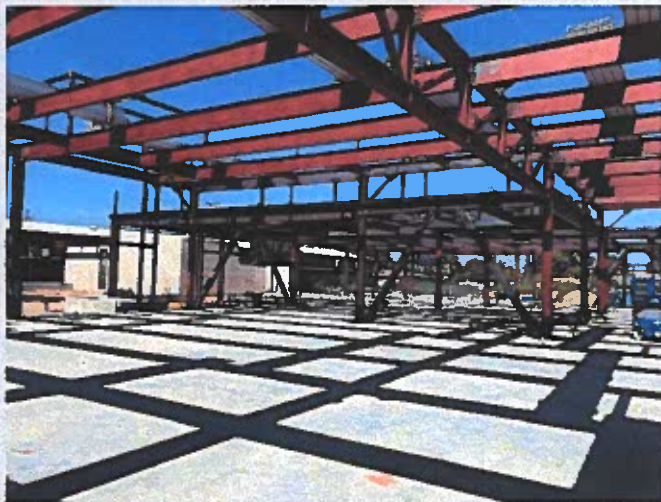
Measures B & G



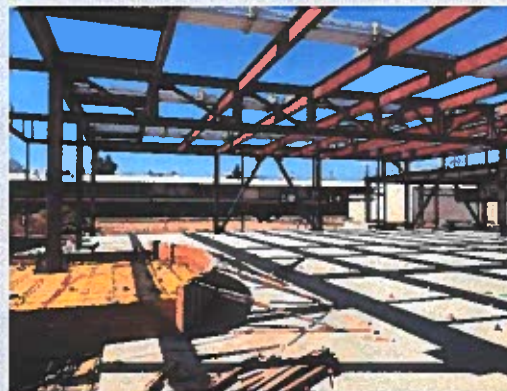
Your Bond Dollars at Work!

## □ Colton High School New Cafeteria/MPR Building

- Steel Erection
- Steel Decking
- Completion November 2020



Open Dining Area



Indoor/Outdoor Stage



View from Valley/3<sup>rd</sup> Staff Parking Lot



# PROJECT UPDATES

Measures B & G



Your Bond Dollars at Work!

## Colton Middle School MPR Modernization



Kitchen Hood



Walk-in Refrig and Freezer



MPR Room



Serving Area



Student Toilet Room



# PROJECT UPDATES



## ☐ 850 E. Washington Street Tenant Improvement



Conference Room

- 45% Completed
- Drywall
- Data/Electrical/Plumbing rough-ins
- Completion Date: September 25, 2020



Staff Restroom



Reception Area





# PROJECT UPDATES

Measures B & G



Your Bond Dollars at Work!

## Colton High School Career Tech Education Grant



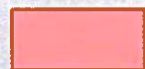
Kitchen Lab



Lecture/Demonstration



Outdoor Grilling Station



Staff Office



Outdoor Garden



**Questions?**



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

**FINANCIAL AND PERFORMANCE AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**



**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
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JUNE 30, 2019**

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**COLTON JOINT UNIFIED SCHOOL DISTRICT  
 MEASURE G AND B BOND BUILDING FUND  
 INTRODUCTION AND CITIZENS' BOND OVERSIGHT COMMITTEE MEMBER LISTING  
 JUNE 30, 2019**

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Colton Joint Unified School District (the "District") consists of five high schools, four middle schools, eighteen elementary schools, and one preschool 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. Measure B is not part of the Proposition 39 bond program and does follow required procedures. 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 and performance 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, 2019:

<b>Member</b>	<b>Title</b>	<b>Representation</b>
Laura Morales	Chair	Parent or Guardian of Child in District
Jimmy Villegas	Vice Chair	Business Representative
Jessica Hernandez-Reese	Member	At-Large Community Member
Forrest M. John III	Member	Senior Citizen Group Representative
Patricia Chavez	Member	At-Large Community Member
Rhonda McIver Jackson	Member	Parent or Guardian of Child in District
Gary Gossich	Member	Business Representative
Matthew Wilson	Member	Parent or Guardian of Child in District
Pamela Valdez	Member	Parent or guardian of child enrolled in District & active in a PTO
Vacant*	Member	Member of Taxpayers' Organization

\* District is actively making efforts to fill vacant position



Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

## INDEPENDENT AUDITORS' REPORT

Measures G and B Citizens' Bond Oversight Committee and  
Governing Board Members of the  
Colton Joint Unified School District  
Colton, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Measure G and B Bond Building Fund of Colton Joint Unified School District (the "District"), as of and for the year ended June 30, 2019, 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.

### **Auditor's 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*. 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 Measure G and B Bond Building Fund of Colton Joint Unified School District, as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Emphasis of Matter**

As discussed in Note 1A, the financial statements present only the Measure G and B 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, 2019, the changes in its financial position 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 February 7, 2020, 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 specific to the Measure G and B Bond Building Fund. The purpose of that report is solely 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.

**Report of Other Legal and Regulatory Requirements**

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have issued our performance audit dated February 7, 2020, on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure G and B Bond Building Fund. That report is an integral part of our audit of the Measure G and B Bond Building Fund of Colton Joint Unified School District, as of and for the year ended June 30, 2019, and should be considered in assessing the results of our financial audit.



San Diego, California  
February 7, 2020

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## **FINANCIAL SECTION**

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**COLTON JOINT UNIFIED SCHOOL DISTRICT  
 MEASURE G AND B BOND BUILDING FUND  
 BALANCE SHEET  
 JUNE 30, 2019**

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	<b>Measure G</b>	<b>Measure B</b>	<b>Building Fund Total</b>
<b>ASSETS</b>			
Cash in county treasury	\$ 8,393,255	\$ -	\$ 8,393,255
Accounts receivable	-	52,569	52,569
<b>Total Assets</b>	<b>\$ 8,393,255</b>	<b>\$ 52,569</b>	<b>\$ 8,445,824</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Deficit cash	\$ -	\$ 47,120	\$ 47,120
Accounts payable	210,172	-	210,172
Due to other funds	-	4,625	4,625
<b>Total Liabilities</b>	<b>210,172</b>	<b>51,745</b>	<b>261,917</b>
<b>FUND BALANCE</b>			
Restricted for capital projects	8,183,083	824	8,183,907
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,393,255</b>	<b>\$ 52,569</b>	<b>\$ 8,445,824</b>

The accompanying notes to financial statements are an integral part of this statement.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

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<b>REVENUES</b>	<b>Measure G</b>	<b>Measure B</b>	<b>Building Fund Total</b>
Interest income	\$ 229,712	\$ 440	\$ 230,152
Total revenues	<u>229,712</u>	<u>440</u>	<u>230,152</u>
 <b>EXPENDITURES</b>			
Plant services:			
Salaries and benefits	245,864	-	245,864
Services and other operating expenditures	81,864	-	81,864
Capital outlay	5,270,434	-	5,270,434
Total expenditures	<u>5,598,162</u>	<u>-</u>	<u>5,598,162</u>
 Net Change in Fund Balance	 (5,368,450)	 440	 (5,368,010)
 Fund Balance, July 1, 2018	 <u>13,551,533</u>	 <u>384</u>	 <u>13,551,917</u>
Fund Balance, June 30, 2019	<u>\$ 8,183,083</u>	<u>\$ 824</u>	<u>\$ 8,183,907</u>

The accompanying notes to financial statements are an integral part of this statement.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**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 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 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**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 are liquidated as of June 30.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Deposits and Investments**

In accordance with Education Code Section 41001, the District maintains a portion of its cash in the San Bernardino County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**F. Fund Balance**

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications are *Nonspendable, Restricted, Committed, Assigned and Unassigned*. The category applicable to Proposition 39 bonds is the *Restricted* classification. The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

**G. 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.

**H. Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by major object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**NOTE 2 – CASH AND INVESTMENTS**

**Summary of Cash**

Cash as of June 30, 2019 is classified in the accompanying financial statements as cash in county treasury for \$8,393,255. The California School Accounting Manual requires school districts to report "cash in county treasury" to be reported as cash instead of investments due to the pooled nature of the deposit and the ability of school districts to access funds immediately and with no restrictions.



**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**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, and obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

*Cash 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 its 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.

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
 MEASURE G AND B BOND BUILDING FUND  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**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 County Treasury. The District maintains an investment with the San Bernardino County Investment Pool with a fair value at June 30, 2019 of approximately \$8,405,211, and an amortized book value of \$8,393,255. The weighted average maturity for the San Bernardino County Investment Pool is 424 days as of June 30, 2019.

**Fair Value**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the San Bernardino County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2019 were as follows:

	<b>Uncategorized</b>
Investment in county treasury	<u>\$ 8,405,211</u>
<b>Total fair market value of investments</b>	<u><b>\$ 8,405,211</b></u>

**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 credit rating organization. The investments within the San Bernardino County Investment Pool were rated Fitch AAA/V1.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2019 consists of interest earned on the District's investment in the county treasury for \$52,569.

**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2019 consists of construction related costs in the amount of \$210,172.

**NOTE 5 – DUE TO OTHER FUNDS**

As of June 30, 2019, \$4,625 was owed to the General Fund for health and wellness benefits.

**NOTE 6 – 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.

**2012 General Obligation Refunding Bonds**

On May 31, 2012, the District issued \$22,6190,000 of General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2026, with interest rates ranging from 2.00 to 5.00 percent. The net proceeds of \$24,375,304 (after premiums of \$2,467,001 and issuance costs of \$281,697) from the issuance were used to advance refund the District's outstanding 2001 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds.

**2013 General Obligation Refunding Bonds**

On May 1, 2013, the District issued \$38,625,000 of General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2027, with interest rates ranging from 2.00 to 5.00 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, prepayment occurred on August 1, 2014 for the Series B bonds and February 1, 2015 for Series C bonds.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 6 – MEASURES G AND B GENERAL OBLIGATION BONDS (continued)**

**2016 General Obligation Refunding Bonds**

On February 25, 2016, the District issued \$19,010,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 3.00 and 5.00 percent with annual maturities from February 1, 2027 through February 1, 2036. The net proceeds of \$20,659,555 (after premiums of \$1,965,120 and issuance costs of \$315,564) were used to prepay a portion of the District's outstanding Election of 2001 General Obligation Bonds, Series C. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

**2016 General Obligation Refunding Bonds, Series B**

On August 2, 2016, the District issued \$51,540,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.00 and 5.00 percent with annual maturities from August 1, 2017 through August 1, 2046. The net proceeds of \$58,754,326 (after premiums of \$7,786,515 and issuance costs of \$572,190) were used to prepay a portion of the District's outstanding Election of 2008 General Obligation Bonds, Series A and B. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. As of June 30, 2019, the principal balance outstanding on the defeased debt was fully paid.

Debt service principal and interest are paid out of the District's separate Bond Interest and Redemption Fund from taxes collected by San Bernardino County Assessor's Office. The annual requirements to amortize the outstanding Measures G and B general obligation bonds payable, as of June 30, 2019, are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Additions	Deductions	Bonds Outstanding June 30, 2019
<b>Measure B</b>								
Election 2001, Series B	July 14, 2004	February 1, 2029	2.00% - 5.89%	\$ 23,177,726	\$ 4,826,359	\$ 324,706	\$ -	\$ 5,151,065
Election 2001, Series C	January 11, 2006	February 1, 2038	3.17% - 5.33%	50,122,151	2,939,854	240,241	-	3,180,095
2012 Refunding	May 31, 2012	August 1, 2026	2.00% - 5.00%	22,190,000	15,560,000	-	1,340,000	14,220,000
2013 Refunding	May 1, 2013	August 1, 2027	2.00% - 5.00%	38,625,000	32,455,000	-	2,610,000	29,845,000
2016 Refunding	February 25, 2016	February 1, 2036	3.00% - 5.00%	19,010,000	19,010,000	-	-	19,010,000
					<b>\$ 74,791,213</b>	<b>\$ 564,947</b>	<b>\$ 3,950,000</b>	<b>\$ 71,406,160</b>
<b>Measure G</b>								
Election 2008, Series A	October 15, 2009	August 1, 2034	4.00% - 9.50%	48,999,050	2,486,138	181,944	1,260,000	1,408,082
Election 2008, Series B	August 31, 2010	August 1, 2046	5.00% - 12.00%	41,938,348	55,839,397	3,649,434	150,000	59,338,831
Election 2008, Series C	June 21, 2011	August 1, 2026	5.46% - 6.01%	11,900,000	11,900,000	-	-	11,900,000
Election 2008, Series D	August 2, 2016	August 1, 2044	2.00% - 4.00%	24,645,000	24,030,000	-	850,000	23,180,000
2016 Refunding, Series B	August 2, 2016	August 1, 2046	2.00% - 5.00%	51,540,000	51,265,000	-	275,000	50,990,000
					<b>\$ 145,520,535</b>	<b>\$ 3,831,378</b>	<b>\$ 2,535,000</b>	<b>\$ 146,816,913</b>
<b>Grand Total</b>					<b>\$ 220,311,748</b>	<b>\$ 4,396,325</b>	<b>\$ 6,485,000</b>	<b>\$ 218,223,073</b>

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
 MEASURE G AND B BOND BUILDING FUND  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 6 – MEASURES G AND B GENERAL OBLIGATION BONDS (continued)**

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2019, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 5,480,066	\$ 7,332,136	\$ 12,812,202
2021	6,268,821	6,361,806	12,630,627
2021	13,842,578	6,039,851	19,882,429
2022	6,955,000	5,130,230	12,085,230
2023	7,316,265	4,972,090	12,288,355
2025 - 2029	49,383,321	28,933,242	78,316,563
2030 - 2034	41,834,175	18,986,563	60,820,738
2035 - 2039	31,613,660	43,497,846	75,111,506
2040 - 2044	14,684,074	67,344,931	82,029,005
2045 - 2047	10,505,873	34,062,254	44,568,127
Accretion	30,339,240	(30,339,240)	-
	<b>\$ 218,223,073</b>	<b>\$ 192,321,709</b>	<b>\$ 410,544,782</b>

**NOTE 7 – CONSTRUCTION COMMITMENTS**

As of June 30, 2019, the Measures G and B General Obligation Bond program had construction commitments with respect to unfinished capital projects of approximately \$4,492,182.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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**

Independent Auditors' Report

Measures G and B Citizens' Bond Oversight Committee and  
Governing Board Members of the  
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, 2019 and the related notes to the financial statements, which collectively comprise the Measures G and B General Obligation Bond Building Fund of Colton Joint Unified School District's basic financial statements, and have issued our report thereon dated February 7, 2020.

**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 of the Measure G and B Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of Colton Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity'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 of Measures G and B General Obligation Bond Building Fund 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California  
February 7, 2020



**REPORT ON PERFORMANCE****Independent Auditors' Report**

Measures G and B Citizens' Bond Oversight Committee and  
Governing Board Members of the  
Colton Joint Unified School District  
Colton, California

**Report on Performance**

We have audited Colton Joint Unified School District's compliance with the performance audit procedures described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on Colton Joint Unified School District's Measure G and B Bond Building Fund for the fiscal year ended June 30, 2019, as identified below.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to local school construction bonds.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of Colton Joint Unified School District's Measure G and B Bond Building Fund based on our performance audit of the types of compliance requirements referred to above. We conducted our performance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the performance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the local school construction bonds noted on the following page occurred. An audit includes examining, on a test basis, evidence about Colton Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our performance audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Colton Joint Unified School District's compliance with those requirements.

**Opinion on Performance**

In our opinion, Colton Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Measure G and B Bond Building Fund noted below for the year ended June 30, 2019.

**Procedures Performed**

In connection with the performance audit referred to above, we selected and tested transactions and records to determine Colton Joint Unified School District 's compliance with the state laws and regulations applicable to the Financial Audit Procedures and Performance Audit Procedures over the Measure G and B Bond Building Fund. Additional agreed upon procedures relating the Measure G and B Bond Building Fund may also be included.

The results of the procedures performed and the related results are further described in the accompanying performance audit results following this Report on Performance.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California  
February 7, 2020

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
AUDIT PROCEDURES AND RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION I – FINANCIAL AUDIT PROCEDURES AND RESULTS**

**Financial Statements**

As mentioned in the Report on Financial Statements, we have issued an unmodified opinion over the financial statements of the Measure G and B Bond Building Fund as of and for the fiscal year ended June 30, 2019.

**Internal Control Evaluation**

We tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of District processes that no significant deficiencies were noted.

**SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS**

**Facility Project Expenditures**

We selected a representative sample of expenditures charged to the Measure G and B Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure G and B ballot.

There were no expenditures coded to the Measure B Bond Building Fund but we tested approximately \$3.1 million of non-personnel expenditures or 55% of total 2018-19 Measure G Bond Building Fund expenditures for validity, allowability and accuracy and concluded that the sampled expenditures were in compliance with the terms of Measure G ballot language, the District approved facilities plan, and applicable state laws and regulations.

**Personnel Expenditures**

We reviewed salaries and benefits charged to the Measure G and B Bond Building Fund to verify that the personnel expenditures were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General, which concluded that “a school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.”

We reviewed a listing of all employees charged to the Measure G Bond Building Fund and found that all employees held positions applicable to the local school construction bond. Further, we selected a sample of two (2) employees charged to review personnel action reports for proper allocation of salaries and benefits. Based on our testing, salary transactions were not used for general administration operations. Personnel costs charged to the Measure G Bond Building Fund appeared allowable. There were no personnel expenditures charged to the Measure B Bond Building Fund.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
AUDIT PROCEDURES AND RESULTS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS (continued)**

**Facilities Site Walk**

We verified that funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects by review of supporting documentation as previously noted under Facility Project Expenditures but also through performance of a facilities site walk.

Facilities site walks were performed for projects at Colton High School. We toured the school site and physically observed the main campus renovations and the cafeteria/multipurpose room. Based on our site walk, the projects for the school site appear to be successfully completed and funds appear to be expended for authorized bond projects.

**Contract and Bid Procedures**

We reviewed a listing of contracts awarded during the fiscal year ended June 30, 2019 and selected a sample to ensure that contracts for public projects followed appropriate bidding procedures per applicable Public Contract Code. Additionally, we reviewed overall expenditures by vendor in order to determine if multiple projects under the applicable bidding threshold were identified to suggest any possible bid-splitting.

We selected a sample of two (2) contracts awarded during the year and noted that applicable bidding procedures were followed and that contracts were appropriately awarded to the lowest responsible bidder for Colton High School Portable Move and Multi-Purpose Room addition.

Based on our review of overall expenditures and projects by vendor, no instances or possible indications of bid-splitting were identified. The District appears to be properly reviewing projects and applying appropriate procedures over contract and bidding procedures.

**Contracts and Change Orders**

We reviewed a listing of contracts and change orders during the fiscal year ended June 30, 2019 and selected a sample to ensure that change orders were properly approved and in accordance with District policies. Additionally, cumulative change orders for any given contract were reviewed to ensure that total change orders did not exceed ten percent of the total original contract.

We reviewed a total of three (3) change orders for the Colton High School Stadium Project and Crestmore Elementary School Modernization Project and verified that the total of the change orders did not exceed ten percent of the total contract with RC Construction, Inc. and Cornerstone Construction Service, Inc. All change orders were properly reviewed and approved by management and the governing board in accordance with District policy.

**COLTON JOINT UNIFIED SCHOOL DISTRICT  
MEASURE G AND B BOND BUILDING FUND  
AUDIT PROCEDURES AND RESULTS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS (continued)**

**Citizens' Bond Oversight Committee (CBOC)**

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In accordance with Assembly Bill (AB) 1908 and Education Code (Ed Code) Section 15278, the District is required to establish a bond oversight committee for Proposition 39 bonds to include one active member from each of the following sectors: a business organization, senior citizens organization, bona fide taxpayers' association, parent/guardian of a child enrolled in the District and a parent/guardian of a child enrolled in the District who is also a member of a parent teacher association. Additionally, no employee or official of the District shall be appointed to the citizens' oversight committee.

We found that the District has made attempts to compile a CBOC with all required representatives but has not yet been successful in recruiting a member of a taxpayers' organization. The District appears to have been making ongoing efforts to fill the vacancy and has exercised due diligence with regard to the requirements of AB 1908 and Ed Code 15278. Refer to the Introduction and CBOC Member Listing for current members and the noted vacancy as of June 30, 2019.

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## **FINDINGS AND RECOMMENDATIONS SECTION**

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**COLTON JOINT UNIFIED SCHOOL DISTRICT  
 MEASURE G AND B BOND BUILDING FUND  
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
 FOR THE YEAR ENDED JUNE 30, 2019**

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**PART I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to the financial statements?	<u>No</u>

**PERFORMANCE AUDIT**

Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued on performance for local school construction bonds:	<u>Unmodified</u>

**PART II – FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements in 2018-19.

**PART III – PERFORMANCE AUDIT FINDINGS**

There were no findings or recommendations related to local school construction bonds in 2018-19.

**PART IV – PRIOR AUDIT FINDINGS**

There were no findings and recommendations during the year ended June 30, 2018.