

SAVANNA SCHOOL DISTRICT

ORANGE COUNTY
ANAHEIM, CALIFORNIA

GENERAL OBLIGATION BONDS, MEASURE N
FINANCIAL AND PERFORMANCE AUDIT REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2009

JLG

Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
 FINANCIAL AND PERFORMANCE AUDIT REPORT
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Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR'S REPORT

Governing Board and
Citizen's Oversight Committee
Savanna School District
Anaheim, California

We have audited the accompanying schedules of the Savanna School District (the District) for the General Obligation Bonds, Measure N, for the fiscal year ended June 30, 2009, as listed in the Table of Contents. These schedules are the responsibility of the Savanna School District's management. Our responsibility is to express opinions on the schedules 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts presented in the program statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the schedules referred to in the first paragraph present fairly, in all material respects, the transactions of General Obligation Bonds, Measure N for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2009, on our consideration of the Savanna School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Our audit was conducted for the purpose of forming opinions on the schedules of Savanna School District, for the General Obligation Bonds, Measure N, taken as a whole. The Full Text of the Ballot Measure (Measure N) is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the schedules and, in our opinion, is fairly stated, in all material respects, in relation to the schedules taken as a whole.

Jeanette L. Garcia & Associates

November 30, 2009

SCHEDULE 1

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
 FINANCIAL AND PERFORMANCE AUDIT REPORT
BALANCE SHEET
 JUNE 30, 2009

	<u>BUILDING FUND</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash in County Treasury	\$ 15,695,544
Accounts Receivable (Note 3)	18,196
Due from Other Funds	<u>400,762</u>
 TOTAL ASSETS	 <u>\$ 16,114,502</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ 591,316
 Fund Balance	
For Measure N Projects	<u>15,523,186</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 16,114,502</u>

The Notes to Financial Statements are an integral part of this schedule.

SCHEDULE 2

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
 FINANCIAL AND PERFORMANCE AUDIT REPORT
SCHEDULE OF REVENUES AND EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>BUILDING FUND</u>
<u>Revenues and Other Sources:</u>	
Interest Income	\$ 496,245
Proceeds from Sale of Bonds	7,499,721
Proceeds from Sale of Bond Anticipation Notes	<u>8,998,226</u>
Total Revenue	<u>16,994,192</u>
<u>Expenditures:</u>	
Other Services	1,560
Architect/Engineering Fees	187,658
Preliminary Tests on Buildings and Improvements	69,319
Planning	118,275
Main Construction Contractor	222,294
Other Construction Costs	721,563
Capital Outlay	<u>150,337</u>
Total Expenditures	<u>1,471,006</u>
Net Change in Fund Balance	15,523,186
<u>Fund Balance - July 1, 2008</u>	<u>-</u>
<u>Fund Balance - June 30, 2009</u>	<u>\$ 15,523,186</u>

The Notes to Financial Statements are an integral part of this schedule.

SAVANNA SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, MEASURE N
FINANCIAL AND PERFORMANCE AUDIT REPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Savanna School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

A. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, 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.

Modified Accrual:

The accompanying schedules 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.

B. 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 final 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. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions.

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

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

C. Accounting Estimates

The presentation 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 (expenses) during the reporting period. Actual results could differ from those estimates.

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.

2. CASH AND INVESTMENTS

Cash at June 30, 2009, consisted of the following:

	<u>BUILDING</u>
	<u>FUND</u>
Pooled Funds:	
Cash in County Treasury	\$ 15,695,544

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the investment pool (\$19,734,247,285 as of June 30, 2009). 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. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2009, as provided by the pool sponsor, was \$19,825,549,338. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

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.

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2009, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2009, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it.

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 consist of the following:

	BUILDING FUND
Accounts Receivable	
Local Sources	
Interest	\$ 18,196

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
 FINANCIAL AND PERFORMANCE AUDIT REPORT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2009, are as follows:

	DUE TO
DUE FROM	Building Fund
Cafeteria Fund	\$ 214,823
Capital Facilities Fund	144,819
Deferred Maintenance Fund	41,120
Total	\$ 400,762

5. FUND BALANCE

Ending fund balance in the individual fund types is composed of the following elements:

	BUILDING FUND
Undesignated Fund Balance	\$ 15,523,186

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
 FINANCIAL AND PERFORMANCE AUDIT REPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

6. **BONDED DEBT**

The outstanding general obligation bonded debt of the District at June 30, 2009 is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2008	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2009
2008 Series A	5/13/09	2010-34	2.00-12.00%	\$ 7,499,721	\$ -	\$ 7,499,721	\$ -	\$ 7,499,721

The annual requirement to amortize the 2002 Series A general obligation bonds payable, outstanding at June 30, 2009, is as follows:

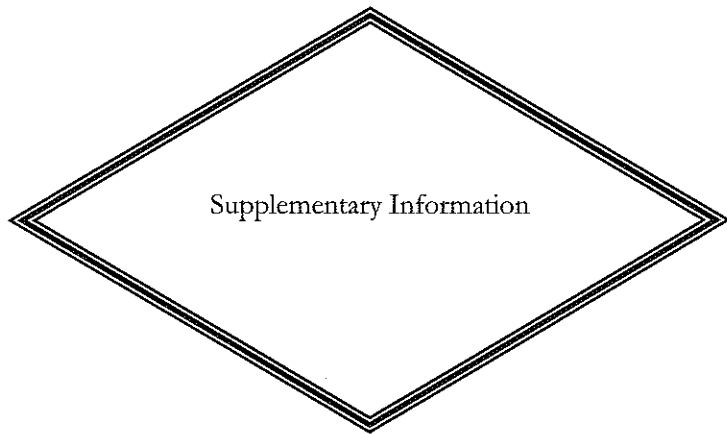
Year Ending June 30	Principal	Interest	Total
2010	\$ -	\$ 190,042	\$ 190,042
2011	75,000	351,029	426,029
2012	155,000	320,425	475,425
2013	180,000	317,075	497,075
2014	30,000	314,937	344,937
2015-19	555,000	1,535,031	2,090,031
2020-24	1,640,000	1,329,856	2,969,856
2025-29	3,100,000	770,294	3,870,294
2030-34	1,764,721	3,423,560	5,188,281
Total	\$ 7,499,721	\$ 8,552,249	\$ 16,051,970

SAVANNA SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, MEASURE N
 FINANCIAL AND PERFORMANCE AUDIT REPORT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

7. BOND ANTICIPATION NOTE

In May 2009, the District issued 2009 General Obligation Bond Anticipation Notes in the aggregate principal amount of \$8,998,225.80. The Notes were issued in anticipation of the sale of general obligation bonds of the District authorized under and pursuant to a bond authorization approved by the voters on November 4, 2008. The proceeds from the sale of the Notes will be used to finance specific construction, repair and improvement projects approved by the voters. The Notes are payable as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	\$ 288,475	\$ 288,475
2011	-	247,000	247,000
2012	<u>8,998,226</u>	<u>1,393,774</u>	<u>10,392,000</u>
Total	<u>\$ 8,998,226</u>	<u>\$ 1,929,249</u>	<u>\$ 10,927,475</u>



Supplementary Information

SAVANNA SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, MEASURE N
FINANCIAL AND PERFORMANCE AUDIT REPORT
BALLOT MEASURE
JUNE 30, 2009

EXHIBIT A

“To improve student learning and safety in neighborhood schools, shall Savanna Elementary School District rehabilitate 46-50 year old classrooms and school facilities, upgrade fire/safety/security systems, repair or replace deteriorated roofs, electrical, plumbing, restrooms, heating, and ventilation, and improve classroom technology and school libraries; by issuing \$24,935,000 in bonds at legal rates, qualifying for State matching funds, with independent citizens’ oversight, mandatory audits, no administrator salaries, and all funds benefiting Savanna elementary schools?”

Bonds - Yes

Bonds - No

SAVANNA SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, MEASURE N
FINANCIAL AND PERFORMANCE AUDIT REPORT
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JUNE 30, 2009

EXHIBIT B

**FULL TEXT OF MEASURE N
SAVANNA ELEMENTARY SCHOOL DISTRICT**

**BOND PROPOSITION OF THE SAVANNA ELEMENTARY SCHOOL DISTRICT
(November 4, 2008):**

"In order to construct school facilities, and provide for supporting infrastructure at the existing school site of the Savanna Elementary School District, and in so doing increase health, safety, welfare and educational effectiveness of classrooms for students, shall the Savanna Elementary School District be authorized to issue Bonds in an amount not to exceed \$24,935,000, including the furnishing and equipping of school facilities or the acquisition or lease of real property for schools and school facilities listed in Attachment "1" on file at the District office and herein incorporated, which Bonds shall be issued for a term not to exceed the applicable statutory maximum, which is currently twenty-five (25) years in the case of bonds issued under the authority of the Education Code and forty (40) years in the case of bonds issued under the authority of the Government Code, at an interest rate below the legal maximum, and which Bonds shall be subject to the following provisions:

- A. That proceeds of the Bonds shall be used only for the construction of school facilities and supporting infrastructure, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities pursuant to California Constitution Article XIII A, Section 1(b)(3) and further that the proceeds of the Bonds shall be used only for the purposes specified in California Constitution Article XIII A, Section 1(b)(3) (as amended by Proposition 39) and not for any other purpose, including teacher and non-construction related administrator salaries and any other school operating expenses.
- B. That a list of the specific school facilities projects to be funded with the proceeds of the Bonds is attached hereto as Attachment "1" and, based upon the adoption of this Resolution, this Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the school facilities listed in Attachment "1".
- C. That the Board of Trustees of the District shall conduct an annual, independent performance audit to insure that the proceeds from the sale of the Bonds have been expended only on the specific projects listed in this bond proposition.
- D. That the Board of Trustees of the District shall conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects identified herein.
- E. That the Board of Trustees of the District will appoint a citizens' oversight committee and conduct annual independent audits to assure that the Bond proceeds are spent only on school and classroom improvements and for no other purposes?

Such bond proposition is also for the purpose of making the Savanna Elementary School District eligible for State matching funds."

SAVANNA SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, MEASURE N
FINANCIAL AND PERFORMANCE AUDIT REPORT
BALLOT MEASURE
JUNE 30, 2009

EXHIBIT C

BOND PROJECT LIST
SAVANNA ELEMENTARY SCHOOL DISTRICT
MEASURE N
ATTACHMENT 1

LIST OF SCHOOL FACILITIES PROJECTS TO BE FUNDED WITH PROCEEDS OF BONDS

The general obligation bond funds of the Savanna Elementary School District (“District”) would be used for public schools and school facilities projects to **improve student safety and security** and to **meet student educational needs** through the specified school projects described herein.

Cerritos Elementary School Opened: 1961. Today: 47 years old.

- Repair, replace, or install fire alarms, security, exterior lighting, and emergency communications systems equipment and infrastructure for improved school safety.
- Repair/renovate/modernize 47-year old classroom, school library and school buildings—including repairing/replacing deteriorated walls, ceilings, floors, floor coverings, storage areas, windows, doors, furniture and equipment.
- Renovate school facilities to improve access for students with disabilities.
- Upgrade perimeter fencing, building exteriors, walkways, grounds, and exterior structures for improved campus security and safety.
- Repair or replace aging/deteriorated roofs.
- Repair or replace aging/deteriorated plumbing and restrooms.
- Upgrade electrical capacity and infrastructure for safety and expanded technology use.
- Upgrade inefficient lighting and heating, ventilation, and air conditioning systems.
- Install a high efficiency building/site management system infrastructure to increase energy-efficiency and water conservation, and reduce operating costs
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher work stations
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services) for improved one-stop student/parent access.

Hansen Elementary School Opened: 1958. Today: 50 years old.

- Repair, replace, or install communication, emergency alarm, and related safety systems and infrastructure for improved school safety and security.
- Repair/renovate/modernize 50-year old classroom, school library and school buildings, —including repairing or replacing deteriorated walls, ceilings, floors, floor coverings, storage areas, furniture and equipment.
- Renovate school facilities to improve access for students with disabilities.
- Upgrade perimeter fencing, exterior lighting, walkways, grounds, and exterior structures for improved safety and security.
- Repair or replace aging/deteriorated plumbing and restrooms.
- Repair or replace inefficient heating, ventilation, and air conditioning systems.
- Repair or replace aging/deteriorated roofs.
- Upgrade electrical capacity infrastructure, including all inefficient lighting.

SAVANNA SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, MEASURE N
FINANCIAL AND PERFORMANCE AUDIT REPORT
BALLOT MEASURE
JUNE 30, 2009

- Replace aging/deteriorated windows, doors, and hardware.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher workstations.
- Upgrade systems and building to reduce operating costs and increase energy efficiency and water conservation, including installing a high efficiency energy management system/infrastructure.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services) for improved one-stop student/parent access.

Holder Elementary School Opened: 1962. Today: 46 years old.

- Secure campus with reconfigured and upgraded fencing, walkways, exterior lighting and related exterior improvements needed to increase school safety and security.
- Provide upgraded electrical safety systems, fire alarms, and security systems.
- Repair/renovate/modernize 46-year old classroom, school library and school buildings, — including repairing or replacing deteriorated walls, ceilings, floors, floor coverings, storage areas, furniture and equipment.
- Renovate school facilities to improve access for students with disabilities.
- Repair or replace aging/deteriorated roofs, and inefficient heating, ventilation, and air conditioning systems.
- Repair or replace 46-year old plumbing and restrooms.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher workstations.
- Upgrade aging/outdated phone, data and school communications systems.
- Improve electrical capacity and infrastructure, including inefficient lighting replacement, and installation of high efficiency energy management system/infrastructure.
- Upgrade all systems, buildings, and site features to increase energy efficiency and water conservation, and reduce operating costs.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services) for improved one-stop student/parent access.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.

Reid Elementary School Opened: 1961. Today: 47 years old.

- Repair/renovate/modernize 47-year old classroom, school library and school buildings, —including repairing or replacing deteriorated walls, ceilings, floors, floor coverings, furniture and equipment.
- Secure campus with reconfigured and upgraded fencing, walkways, exterior lighting and related exterior improvements needed to increase school safety and security.
- Repair, replace, or install exterior lighting, fire alarms, emergency communications and related electrical support systems, and infrastructure for improved school safety and security.
- Renovate school facilities to improve access for students with disabilities.
- Repair or replace aging/deteriorated roofs.
- Repair or replace inefficient heating, ventilation, and air conditioning systems.
- Replace aging inefficient lighting, and upgrade electrical capacity and infrastructure.
- Repair or replace 47-year old plumbing and restrooms.
- Expand, reconfigure, and refinish storage areas within classrooms and support spaces.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher workstations.

SAVANNA SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, MEASURE N
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- Upgrade all systems and building envelopes to increase energy efficiency/water conservation, and reduce operating costs, including installing a high efficiency energy management system/infrastructure.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services) for improved one-stop student/parent access.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.

ALL DISTRICT SCHOOL SITES WHERE RENOVATION, MAJOR REPAIRS AND/OR NEW CONSTRUCTION TO BE UNDERTAKEN:

- Remove and mitigate hazardous materials (asbestos, lead, PCB, mold, mildew, etc.) where necessary.
- Address unforeseen conditions revealed by construction/modernization such as plumbing, or gas line breaks, dry rot, termite damage, and/or seismic structural repairs.
- Improve schools as required to comply with existing building codes and state/federal requirements, including access requirements of the Americans with Disabilities Act.
- Provide adequate furniture and equipment for all classrooms, and spaces to be newly constructed or reconstructed, including up to date/modern classroom learning technology, computer and science equipment and book storage.
- Acquisition of any of the facilities on the Project List through temporary lease or lease-purchase arrangements, or execute purchase option under lease for any of these authorized facilities.
- Necessary site preparation/restoration in connection with renovation or remodeling, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to property.
- If the Board of Trustees determines that replacement is more economical than rehabilitation or renovation of existing classrooms/school facilities, in those particular cases replacement/new construction will be explored/pursued.
- Provide temporary (interim) classrooms and other school facilities as needed to accommodate students and school functions displaced during construction.

DISTRICT WIDE:

- Upgrade or replace District-wide server and related technology equipment and infrastructure.

Project Costs for Furnishings and Equipment

Project Costs for furnishings and equipment for some or all of the within-identified District campuses may include, but are not limited to, some or all of the following: security, safety and communication systems and equipment, desks and tables; window and floor coverings (including tiles and carpeting); computers and computer systems, media recording and presentation equipment, including, but not limited to, audio systems, kitchen equipment, improvements and furnishings; science laboratory equipment; and/or other electronic equipment and systems.

Project costs for the above-referenced projects may include installation costs, engineering and design costs, project management costs, state or local costs or expenses involving design, planning, environmental review(s) and proceedings, construction and completion of the aforementioned facilities projects, direct legal costs and related costs. Project costs may also include the payment or prepayment of existing or future lease payments and/or interim financing costs for lease of authorized facilities, property or buildings, prepayment of lease obligations for facilities purposes (including temporary classroom facilities) and payment of costs and expenses for interim financing of authorized facilities (including, but not limited to, financing delivery costs).

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Allowable project costs also include: costs of issuing the bonds or other securities (as authorized under California law), informational distribution costs and election costs authorized under State law. Funding for these projects may come from this bond measure or other District resources as the school facilities needs arise.

In preparing the foregoing list, the Board of Trustees of the Savanna Elementary School District has evaluated safety, class size reduction and information technology needs. Approval of the District's bond measure does not guarantee that all of the identified projects within this list will be funded beyond local funds generated by the bond measure and does not guarantee that the projects will be completed in any particular order. The District will also aggressively pursue funds from the State of California to complete facilities projects.

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, acquisition, repair, renovation, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities as identified herein, and not for any other purpose, including teacher and administrator salaries and other operating expenses.

Bond Expenditure Accountability and Citizens' Oversight Committee. The expenditure of bond funds on any of these projects is subject to strict accountability requirements required by law. These include:

- Annual financial audit by independent auditors.
- Annual performance audit by independent auditors.
- Expenditure of bond funds will be monitored on an ongoing basis by an independent Citizens' Oversight Committee.



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AUDITOR'S 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

Governing Board and
Citizen's Oversight Committee
Savanna School District
Anaheim, California

We have audited the accompanying schedules of the Savanna School District (the District) for the General Obligation Bonds, Measure N, for the fiscal year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Savanna School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Savanna School District's Schedules 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.

This report is intended for the information of Savanna School District's management and the Citizen's Oversight Committee and is not intended and should not be used by anyone other than these specified parties.

Janette L. Garcia & Associates

November 30, 2009



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Jeanette L. Garcia,
CPA

AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board and
Citizen's Oversight Committee
Savanna School District
Anaheim, California

We have audited the accompanying schedules of the Savanna School District (the District) for the General Obligation Bonds, Measure N, for the fiscal year ended June 30, 2009. Our audit was made in accordance with auditing standards generally accepted in the United States of America; and the standards for financial and compliance 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 schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following requirements:

Proceeds from the sale of the bonds are used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Proper bidding procedures have been observed/met.

Bond monies are used only on projects which were voter approved.

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In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2009.

This report is intended solely for the information and use of Savanna School District's management, Governing Board and the Citizen's Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Janette L Garcia & Associates

November 30, 2009