

**SAVANNA SCHOOL DISTRICT**  
**CITIZENS' OVERSIGHT COMMITTEE**  
(MEASURE N - Approved by District Voters on November 4, 2008)

**PERIOD COVERING – May, 2012 to May, 2013**

**ANNUAL REPORT**

THIS REPORT IS HEREBY ADOPTED BY THE **SAVANNA SCHOOL DISTRICT CITIZENS' OVERSIGHT COMMITTEE** PURSUANT TO EDUCATION CODE SECTION 15280(b) AND SUBMITTED TO THE PUBLIC IN CONFORMANCE WITH SUCH SECTION. THIS REPORT COVERS THE PERIOD OF FROM MAY, 2012, TO MAY, 2013, AND CERTAIN RELATED MATTERS.

**I. MEMBERSHIP OF THE SAVANNA SCHOOL DISTRICT CITIZENS' OVERSIGHT COMMITTEE:**

**Citizens' Oversight Committee Members**

The membership on the Savanna School District Citizens' Oversight Committee consisted of the following individuals (From May, 2012 through May, 2013) during the reporting period:

- Mr. David Appling           *(Taxpayer Organization Representative)*
- Mrs. Carrie Hernandez   *(Parent Representative)*
- Ms. Wendy Labasan       *(Member-at-Large)*
- Ms. Jenny Lacayo          *(Member-at-Large)*
- Ms. Meredyth McClure    *(Senior Citizen Organization Representative)*
- Mr. Ken Pinnegar         *(Member-at-Large)*
- Mr. James Pai             *(Business Organization Representative)*
- Mr. Mike Thoman         *(Member-at-Large)*
- Ms. Cammie Wilson       *(Parent Representative/PTA-PTO)*

The following are the current officers of the COC (as of May, 2012):

- Chairman, Mr. David Appling
- Vice Chairman, Ms. Jenny Lacayo
- Secretary, Ms. Meredyth McClure

The members of the Savanna School District Citizens' Oversight Committee are also described on the posted on the COC Website:

<http://www.savsd.k12.ca.us/SchoolBond.html>

**II. ACTIVITIES OF THE SAVANNA SCHOOL DISTRICT CITIZENS' OVERSIGHT COMMITTEE:**

Minutes describing the meetings activities of the Savanna School District Citizens' Oversight Committee are available as public reports and are available on the Committee website. For more complete descriptions of actions by the Savanna School District (District) Citizens Oversight Committee (COC) please see Minutes of the corresponding meeting posted on the

COC Website. All approved Minutes and Annual Reports are, and have been, posted on the COC Website: <http://www.savsd.k12.ca.us/SchoolBondmaterials.html>

Additional documents and reports are posted at the COC Website in accordance with the directives of the COC.

**III. CITIZENS' OVERSIGHT COMMITTEE (COC) FINDINGS FOR FISCAL YEAR 2012/2013:**

In order to comply with the requirements of Proposition 39, the COC needs to make certain findings as to activities of the COC and the use and expenditure of Measure N Bond proceeds. The COC hereby finds and determines as follows:

1. COC has met regularly.  
The meetings of the COC are briefly described above. Minutes of the COC meetings are on file with the School District and are posted on the COC Website at: <http://www.savsd.k12.ca.us/SchoolBondmaterials.html>
2. COC has received reports, updates, and information on the expenditure of the Measure N Series A Bond funds, 2009 Bond Anticipation Notes funds, 2010 Bond Anticipation Notes funds and Measure N Series B Bond funds, and reviewed project expenditures made on projects authorized under Measure N.

The COC has received various reports (both written and oral), including, but not limited to, construction and project timelines, has taken tours, has received written and oral updates and reports on expenditures relating to the Measure N Series A Bond funds, 2009 Bond Anticipation Notes funds, 2010 Bond Anticipation Notes funds and Measure N Series B Bond funds. Those reports and documents are briefly described in the Minutes of meetings and in the handouts presented to the COC, as described above.

A complete list of the reports provided to the COC is available at the School District offices for public review upon request. Information on certain COC handouts and documents is also located on the COC Website.

3. The COC has visited Schools and Project Sites.  
These visits included the school sites mentioned in the Committee minutes.
4. Measure N Series A Bond funds, 2009 Bond Anticipation Notes funds, 2010 Bond Anticipation Notes funds and Measure N Series B Bond funds have been expended on the identified projects authorized by Measure N (Education Code Section 15278(b)(1)).

Based on the documentation and information provided to the COC, as referenced herein, the COC has found, pursuant to Education Code Section 15278(b)(1) that the expenditures of Measure N Series A Bond funds, 2009 Bond Anticipation Notes funds, 2010 Bond Anticipation Notes and Measure N Series B Bond funds

have been made by the School District on costs, expenses and construction/acquisition/installation costs of projects authorized by Measure N.

The specific projects authorized by Measure N are posted on the COC website at: <http://www.savsd.k12.ca.us/SchoolBondmaterials.html>

Construction updates on the Measure N projects can be found at:

<http://www.savsd.k12.ca.us/MeasureN/MeasureNagendasmin.htm>

and

<http://www.savsd.k12.ca.us/schoolbondprojects.html>

5. No Measure N monies have been spent on teacher/administrator salaries or other school operating expenses (Education Code Section 15278(b)(2)).  
Based on the documentation and information provided to the COC, as referenced herein, the COC has found, pursuant to Education Code Section 15278(b)(2) that the School District has not expended Measure N Series A Bonds funds, 2009 Bond Anticipation Notes funds, 2010 Bond Anticipation Notes funds or Measure N Series B Bond funds on teacher/administrator salaries or other District operating expenses.
6. 2011-2012 Audit Report was reviewed, received and filed with the COC.  
The required annual performance and financial audits for Fiscal Year 2011-2012 were performed by the accounting firm of Jeanette L. Garcia & Associates, Certified Public Accountant (presented as a single audit report). The audit report was reviewed, received and filed by action of the COC at its meeting of February 6, 2013. A copy of the audit report is attached to this Annual Report as Attachment "A". The COC notes that the audits did not report any irregularities or failures to comply with statutory and Constitutional requirements (i.e. the audits are "clean").
7. The COC has received all necessary and requested technical and administrative assistance from the School District (Education Code Section 15280).  
Under the requirements of Education Code Section 15280, the School District is required to provide the COC with all necessary technical and administrative assistance without expending Measure N Series A Bond funds, 2009 Bond Anticipation Notes funds, 2010 Bond Anticipation Notes funds or Measure N Series B Bond funds. The School District has made presentations to the COC, provided documents and information as set forth herein, and has provided necessary and requested architectural, construction management, legal and planning support and assistance to the COC. Based on the foregoing, and the documentation and information provided to the COC, as referenced herein, the COC has found that the School District has provided all necessary and requested technical and administrative assistance without expending Measure N Series A Bonds funds, 2009 Bond Anticipation Notes funds or 2010 Bond Anticipation Notes funds.

8. COC Website is operating and includes all required documentation and information (Education Code Section 15280(b)).

The COC website is operated and maintained by the School District Board on behalf of the COC and is currently located at <http://www.savsd.k12.ca.us/SchoolBond.html> and <http://www.savsd.k12.ca.us/MeasureN/MeasureNagendasmin.htm>.

Information relating to the COC, its activities and documents can be viewed at the COC website. This includes minutes of the COC meetings, lists of documents received by the COC, the 2011-2012 audit report and other reports issued by the COC, which will include this Annual Report following its adoption.

9. Based on the foregoing, the Savanna School District is in compliance with the requirements of Article XIII A 1(b)(3) of the California Constitution.

#### **IV. CONTACT INFORMATION:**

Comments, questions and suggestions can be forwarded to the COC through the School District at the following address:

Savanna School District  
1330 S. Knott Avenue  
Anaheim, CA 92804

Attn: Dr. Sue Johnson, Superintendent  
Telephone: (714) 236-3800  
Facsimile (714) 827-6167

or e by e-mail at: [superintendent@savsd.org](mailto:superintendent@savsd.org)

Dates, times and location(s) of COC meetings can be found on the COC website. Members of the public are invited to attend.

ADOPTED, SIGNED AND APPROVED BY THE SAVANNA SCHOOL DISTRICT  
CITIZENS' OVERSIGHT COMMITTEE ON MAY 9, 2013.

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Meredyth McClure, Secretary

Attachment "A"

Copy of annual financial and performance audit (2011-2012 fiscal year)

SAVANNA SCHOOL DISTRICT

ORANGE COUNTY  
ANAHEIM, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT  
MEASURE N GENERAL OBLIGATION BOND  
BUILDING FUND

JUNE 30, 2012

**JLG**  
Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
TABLE OF CONTENTS  
 JUNE 30, 2012

	<u>PAGE</u>
 <u>INTRODUCTORY SECTION</u>	
TABLE OF CONTENTS	i
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1
Balance Sheet	STATEMENT 1 3
Statement of Revenues, Expenditures, and Changes in Fund Balance	STATEMENT 2 4
NOTES TO FINANCIAL STATEMENTS	5
 <u>SUPPLEMENTARY INFORMATION SECTION</u>	
SUPPLEMENTARY EXHIBITS	
Ballot Measure - Short Form (Ballot Measure Statement)	EXHIBIT A 12
Ballot Measure - Full Text	EXHIBIT B 13
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	18
AUDITOR'S REPORT ON STATE COMPLIANCE	20



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Jeanette L. Garcia,  
CPA

INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Oversight Committee  
Savanna School District  
Anaheim, California

We have audited the accompanying balance sheet of the Measure N General Obligation Bond Building Fund of the Savanna School District as of June 30, 2012, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, as listed in the Table of Contents. These financial statements are the responsibility of the Savanna School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

As discussed in Note 1, the financial statements present only the individual Measure N General Obligation Bond Building Fund of the Savanna School District and are not intended to present fairly the financial position of the Savanna School District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph presents fairly, in all material respects, the financial position of the Measure N General Obligation Bond Building Fund of the Savanna School District as of June 30, 2012 and the results of its operations 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 December 18, 2012 on our consideration of the Measure N General Obligation Bond Building Fund 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 financial statements of the Measure N General Obligation Bond Building Fund of the Savanna School District. The Ballot Measure, Full Text of the Ballot Measure (Measure N), is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

*Jeanette L. Garcin + Associates*

December 18, 2012



SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALANCE SHEET  
 JUNE 30, 2012

ASSETS

Cash (Note 2)		
Cash in County Treasury	\$	305,138
Accounts Receivable (Note 3)		484
Due from Other Funds (Note 4)		302,330
		<hr/>
TOTAL ASSETS	\$	<u>607,952</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts Payable	\$	505,880
Due to Other Funds		18,111
		<hr/>
Total Liabilities		523,991
 Fund Balance		
Restricted		83,961
		<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>607,952</u>

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

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 JUNE 30, 2012

REVENUES

Bond Premium (from 2008 Series B Bonds)	\$	2,390,883
Interest		24,733
		2,415,616
Total Revenues		2,415,616

EXPENDITURES

Facilities Acquisition and Construction		8,650,022
Other Outgo		648,976
Debt Service:		
Principal		10,997,339
Interest		1,741,940
		22,038,277
Total Expenditures		22,038,277

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (19,622,661)

OTHER FINANCING SOURCES (USES)

Proceeds from Sale of Bonds		12,110,064
		12,110,064

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES  
 AND OTHER FINANCING SOURCES (USES) (7,512,597)

FUND BALANCES - JULY 1, 2011 7,596,558

FUND BALANCES - JUNE 30, 2012 \$ 83,961

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

SAVANNA SCHOOL DISTRICT  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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:

Reporting Entity

On November 4, 2008, the District voters authorized up to \$24,935,000 in General Obligation Bonds (Measure N) for the purpose of financing the construction, repair and improvement of classrooms and school facilities throughout the District and pay certain costs of issuance of the bonds. The measure was approved by more than 55% of the vote. In response, an independent oversight committee to the District's Board of Trustees and Superintendent, the Citizens' Oversight Committee, was established. The Committee's oversight goals include: informing the public on the expenditures of Bond proceeds, reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in Measure N, and ensuring compliance with certain other conditions relating to Measure N.

On May 13, 2009, the District issued General Obligation Bonds, 2008 Election, Series A, in the amount of \$7,499,721.

On May 13, 2009, the District issued 2009 General Obligation Bond Anticipation Notes in the amount of \$8,998,225.80, consisting of \$6,175,000 aggregate principal amount of current interest notes and \$2,823,225.80 aggregate initial principal amount of capital appreciation notes.

On May 2, 2010, the District issued 2010 General Obligation Bond Anticipation Notes in the amount of \$1,999,113.20, consisting of \$1,055,000 aggregate principal amount of current interest notes and \$944,113.20 aggregate initial principal amount of capital appreciation notes.

The bond proceeds and uses for the General Obligation Bonds, 2008 Election, Series A, 2009 General Obligation Bond Anticipation Notes and the 2010 General Obligation Bond Anticipation Notes are accounted for in the District's Building Fund. The statements presented are for the individual Measure N General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

On February 9, 2012, the District issued General Obligation Bond, 2008 Election, Series B, in the amount of \$12,110,064.15. The Series B Bonds represent the second series of the authorized bonds to be issued under the Authorization and are being used to finance authorized projects, to defease the outstanding Notes and pay such Notes to Pursuant to their terms on their respective maturity dates.

SAVANNA SCHOOL DISTRICT  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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.

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.

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 Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees 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.

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.

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.

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012

Fund Balance Reserves and Designations

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with County treasury balances for purposes of the Statement of Cash Flows.

2. CASH AND DEPOSITS

Cash at June 30, 2012, consisted of the following:

	Building Fund
Pooled Funds:	
Cash in County Treasury	\$ 305,138

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the Orange County Investment Pool (\$2,602,806,157 as of June 30, 2012). 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, 2012, as provided by the pool sponsor, was \$2,603,008,703. 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.

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012

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 and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Orange County Investment Pool with a fair value of approximately \$305,162 and an amortized book value of \$305,138. The average weighted maturity for this pool is 347 days.

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, 2012, 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, 2012, 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. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

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, 2012 consist of the following:

	BUILDING FUND
Accounts Receivable	
Local Sources:	
Interest	\$ 484

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012

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, 2012, are as follows:

DUE FROM	DUE TO		
	BUILDING FUND	SPECIAL RESERVE FUND	TOTAL
Building Fund	\$ -	\$ 18,111	\$ 18,111
All Other Governmental Funds	302,330	-	302,330
Total	\$ 302,330	\$ 18,111	\$ 320,441

5. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2012, is shown below:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
General Obligation Bonds	\$ 7,424,721	\$ 12,110,064	\$ 155,000	\$ 19,379,785	\$ 180,000
Bond Anticipation Notes	10,997,339	-	10,997,339	-	-
Total	\$ 18,422,060	\$ 12,110,064	\$ 11,152,339	\$ 19,379,785	\$ 180,000

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012

6. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2012 is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2011	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2012
2008 Series A	5/13/2009	2010-34	2.00-12.00%	\$ 7,499,721	\$ 7,424,721	\$ -	\$ 155,000	\$ 7,269,721
2008 Series B	1/24/2012	2012-52	2.18-6.75%	12,110,064	-	12,110,064	-	12,110,064
Totals				<u>\$ 19,609,785</u>	<u>\$ 7,424,721</u>	<u>\$ 12,110,064</u>	<u>\$ 155,000</u>	<u>\$ 19,379,785</u>

The annual requirement to amortize the 2008 Series A general obligation bonds payable, outstanding at June 30, 2012, is as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 180,000	\$ 317,075	\$ 497,075
2014	30,000	314,937	344,937
2015	60,000	313,700	373,700
2016	90,000	311,450	401,450
2017	110,000	308,175	418,175
2018-22	1,100,000	1,442,569	2,542,569
2023-27	2,480,000	1,043,519	3,523,519
2028-32	3,080,604	1,483,446	4,564,050
2033-34	139,117	2,155,883	2,295,000
Total	<u>\$ 7,269,721</u>	<u>\$ 7,690,754</u>	<u>\$ 14,960,475</u>

The annual requirement to amortize the 2008 Series B general obligation bonds payable, outstanding at June 30, 2012, is as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ -	\$ 86,746	\$ 86,746
2014	-	181,563	181,563
2015	-	181,563	181,563
2016	-	181,563	181,563
2017	31,761	184,801	216,562
2018-22	504,505	1,073,307	1,577,812
2023-27	491,419	1,741,393	2,232,812
2028-32	2,445,000	711,088	3,156,088
2033-34	2,032,883	6,972,130	9,005,013
2038-42	157,328	13,449,797	13,607,125
2043-47	1,736,141	15,791,021	17,527,162
2048-52	4,119,619	18,458,113	22,577,732
2053	591,408	2,082,973	2,674,381
Total	<u>\$ 12,110,064</u>	<u>\$ 61,096,058</u>	<u>\$ 73,206,122</u>



SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012

The annual requirement to amortize general obligation bonds payable, outstanding at June 30, 2012, is summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 180,000	\$ 403,821	\$ 583,821
2014	30,000	496,500	526,500
2015	60,000	495,263	555,263
2016	90,000	493,013	583,013
2017	141,761	492,976	634,737
2018-22	1,604,505	2,515,876	4,120,381
2023-27	2,971,419	2,784,912	5,756,331
2028-32	5,525,604	2,194,534	7,720,138
2033-37	2,172,000	9,128,013	11,300,013
2038-42	157,328	13,449,797	13,607,125
2043-47	1,736,141	15,791,021	17,527,162
2048-52	4,119,619	18,458,113	22,577,732
2053	591,408	2,082,973	2,674,381
<b>Total</b>	<b>\$ 19,379,785</b>	<b>\$ 68,786,812</b>	<b>\$ 88,166,597</b>

7. COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2012, the District had the following commitments with respect to the unfinished capital projects:

<u>Measure N Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Cerritos Modernization	\$ 56,660	December 1, 2012

## Supplementary Information

SAVANNA SCHOOL DISTRICT  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALLOT MEASURE STATEMENT

**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  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALLOT MEASURE STATEMENT

**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  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALLOT MEASURE STATEMENT

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  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALLOT MEASURE STATEMENT

- 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  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALLOT MEASURE STATEMENT

- 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).

SAVANNA SCHOOL DISTRICT  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALLOT MEASURE STATEMENT

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

Jeanette L. Garcia,  
CPA

Board of Trustees and Citizens' Oversight Committee  
Savanna School District  
Anaheim, California

We have audited the accompanying financial statements of the Measure N General Obligation Bond Building Fund of the Savanna School District for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. 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

Management of Savanna School District is responsible for establishing and maintaining effective 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 opinions 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 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 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.

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 over financial reporting that might be deficiencies, 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 previously.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure N General Obligation Bond Building Fund of the Savanna School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

*Jeanette L. Garcia + Associates*

December 18, 2012



AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,  
CPA

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

We have audited the accompanying financial Statements of the Measure N General Obligation Bond Building Fund of the Savanna School District (the District) for the year ended June 30, 2012. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. 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.
- Measure N bond monies are used only on projects which were approved as part of the Measure N bond election.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2012.

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

Member:

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Certified Public  
Accountants

California  
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Certified Public  
Accountants

December 18, 2012