

SAVANNA SCHOOL DISTRICT

ORANGE COUNTY  
ANAHEIM, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT  
MEASURE N GENERAL OBLIGATION BOND  
BUILDING FUND

JUNE 30, 2013

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

SAVANNA SCHOOL DISTRICT  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
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JUNE 30, 2013

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Jeanette L. Garcia,  
CPA

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying balance sheet and statement of revenues, expenditures and changes in fund balance of the Savanna School District Measure N General Obligation Bond Building Fund, as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

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.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Member:  
  
American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the transactions of the Measure N General Obligation Bond Building Fund of the Savanna School District, as of and for the year ended June 30, 2013, in accordance with accounting principles generally accepted in the United States of America

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of the Savanna School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Savanna School District's internal control over financial reporting and compliance.

*Janette L. Garcia + Associates*

Redlands, California  
December 17, 2013

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
BALANCE SHEET  
 JUNE 30, 2013

ASSETS

Cash (Note 2)		
Cash in County Treasury	\$	37,908
Accounts Receivable (Note 3)		<u>10</u>
 TOTAL ASSETS	 \$	 <u><u>37,918</u></u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts Payable	\$	3
 Fund Balance		
Restricted		<u>37,915</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$	 <u><u>37,918</u></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, 2013

<u>REVENUES</u>	
Interest Received	\$ 409
	409
<u>EXPENDITURES</u>	
Facilities Acquisition and Construction	46,423
Other Outgo	32
	46,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(46,046)
<u>FUND BALANCE</u> - JULY 1, 2012	83,961
<u>FUND BALANCE</u> - JUNE 30, 2013	\$ 37,915

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, 2013

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. The notes have been paid and satisfied.

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 notes have been paid and satisfied.

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

The bond proceeds and uses for the General Obligation Bonds and Notes referred to above are accounted for in the District's Measure N 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.

SAVANNA SCHOOL DISTRICT  
MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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 financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means 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 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, 2013

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, 2013, with regards to Measure N Building Fund consisted of the following:

	<u>Building Fund</u>
Pooled Funds:	
Cash in County Treasury	\$ <u>37,908</u>

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 (\$3,316,046,608 as of June 30, 2013). 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, 2013, as provided by the pool sponsor, was \$3,309,453,081. 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, 2013

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 \$37,833 and an amortized book value of \$37,908. The average weighted maturity for this pool is 300 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, 2013, 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, 2013, 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 as of June 30, 2013, with regards to Measure N consisted of the following:

	<u>BUILDING FUND</u>
Accounts Receivable	
Local Sources:	
Interest	<u>\$ 10</u>

SAVANNA SCHOOL DISTRICT  
 MEASURE N GENERAL OBLIGATION BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

4. BONDED DEBT

The outstanding general obligation bonded debt at June 30, 2013, with regards to Measure N is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2012	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2013
2008 Series A	5/13/2009	2010-34	2.00-12.00%	\$ 7,499,721	\$ 7,269,721	\$ -	\$ 180,000	\$ 7,089,721
2008 Series B	1/24/2012	2012-52	2.18-6.75%	12,110,064	12,110,064	-	-	12,110,064
Totals				\$ 19,609,785	\$ 19,379,785	\$ -	\$ 180,000	\$ 19,199,785

The annual requirement to amortize the 2008 Series A general obligation bonds payable, outstanding at June 30, 2013, is as follows:

Year Ending June 30	Principal	Interest	Total
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	135,000	303,719	438,719
2019-23	1,360,000	1,393,044	2,753,044
2024-28	2,775,000	914,487	3,689,487
2029-33	2,463,461	2,370,427	4,833,888
2034	66,260	1,143,740	1,210,000
Total	\$ 7,089,721	\$ 7,373,679	\$ 14,463,400

The annual requirement to amortize the 2008 Series B general obligation bonds payable, outstanding at June 30, 2013, is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ -	\$ 90,781	\$ 90,781
2015	-	181,563	181,563
2016	-	181,563	181,563
2017	31,761	184,801	216,562
2018	65,386	191,177	256,563
2019-23	536,321	1,156,491	1,692,812
2024-28	769,217	1,642,296	2,411,513
2029-33	2,132,526	1,232,774	3,365,300
2034-38	1,996,797	8,688,166	10,684,963
2039-43	167,012	14,185,113	14,352,125
2044-48	2,318,410	16,095,640	18,414,050
2049-53	4,092,634	17,088,166	21,180,800
Total	\$ 12,110,064	\$ 60,918,531	\$ 73,028,595

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, 2013, is summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 30,000	\$ 405,718	\$ 435,718
2015	60,000	495,263	555,263
2016	90,000	493,013	583,013
2017	141,761	492,976	634,737
2018	200,386	494,896	695,282
2019-23	1,896,321	2,549,535	4,445,856
2024-28	3,544,217	2,556,783	6,101,000
2029-33	4,595,987	3,603,201	8,199,188
2034-38	2,063,057	9,831,906	11,894,963
2039-43	167,012	14,185,113	14,352,125
2044-48	2,318,410	16,095,640	18,414,050
2049-53	4,092,634	17,088,166	21,180,800
Total	<u>\$ 19,199,785</u>	<u>\$ 68,292,210</u>	<u>\$ 87,491,995</u>

5. COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2013, the District had no commitments with respect to the unfinished capital projects.

## 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  
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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.



Jeanette L. Garcia,  
CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Savanna School District Measure N General Obligation Bond Building Fund, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2013.

**Internal Control Over Financial Reporting**

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

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

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

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Jeanette L. Garcia + Associates". The signature is written in a cursive style.

Redlands, California  
December 17, 2013



AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,  
CPA

Board of Trustees and Measure N 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 (the District) as of and for the year ended June 30, 2013. 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, 2013.

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

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Redlands, California  
December 17, 2013