

**FOURTH ANNUAL REPORT OF THE  
*INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE*  
FOR THE  
PROPOSITION 39/MEASURE B  
GENERAL OBLIGATION BONDS**

**PRESENTED TO THE BOARD OF EDUCATION  
SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**AT THE APRIL 21, 2009  
BOARD OF EDUCATION MEETING**

**For Fiscal Year 2007-2008  
Ending June 30, 2008**



Revised January 2009

## INTRODUCTION

The Independent Citizens' Oversight Committee (Committee) was formed by appointment made by the Board of Education (Board) of the Saddleback Valley Unified School District (District) to oversee the expenditure of funds from a \$180 million "School Improvement and Repair Bond." The Bond was approved as Measure B by the voters in the general election held on March 4, 2004. Additionally, the Committee is to ensure that the improvement projects specified in Measure B are completed within the funding available from the Bond proceeds. The duties and charge of the Committee and its governance is specified in the Committee Bylaws prepared by the District and included herein as **Attachment 1**.

The Bylaws state that the Committee is to prepare an Annual Report to the Board at the end of each fiscal year and present the Annual Report to the Board at a regular meeting of the Board. The Annual Report, as taken from the Bylaws, is to include:

- A statement indicating whether the District is in compliance with the requirements of Article XIVA, Section 1(b)(3) of the California Constitution;
- A summary of the Committee's proceedings and activities for the preceding year; and
- A presentation to the Board of the annual financial and performance audits.

## PURPOSE OF THIS REPORT

The purpose of this Annual Report is to cover the activities of the Committee for Fiscal Year 2007-08. This will be the fourth Annual Report to the Board. This report reflects new activities of the Committee including Site Inspection Tours as well as comprehensive review of Measure B expenditures.

For the first report, a partial report was given to the Board of Education in July, 2005 with a supplemental report covering the financial audit of expenditures presented on July 19, 2005 after the final audit became available. For Fiscal Year ending June 30, 2006, it was deemed more efficient for the Annual Report to be presented in conjunction with the Program Performance and Financial Audits which were not available for committee review until January, 2008 following year-end closing. Therefore, complete Annual Reports shall be presented to the Board of Education annually henceforth at the February meeting.

The organization of this Annual Report will follow what has been used in the previous Annual Reports for consistency.

## **COMMITTEE MEMBERSHIP**

The Committee consists of members residing in the District representing various community groups, interests, and background as identified by the District and presented in Section 5 of the Bylaws. A listing of Committee Members for the ten (10) categories of membership is included in **Attachment 2**.

In this period, one Committee Member, Jack Siegman, submitted a resignation because his term had expired. The Committee stated their pleasure working with Jack these past years on the Committee, and voiced their opinion on how well run the Bond Program had progressed and the professionalism of Committee Members and District staff.

The District advertised in the local paper and on the District's website to invite members of the SVUSD Community to apply for membership to the Committee. Two new members were appointed by the Board of Education. The new members are, Stuart Luce, representing the Senior Citizen Community and Mauricio Escobar, representing the Parent Community.

At the October 9, 2007 District Board of Education Meeting, a state waiver was approved to retain, for an additional two-year term, six (6) of its original ten (10) Citizens' Oversight Committee Members.

Brief biographical information on each member of the Committee is provided in **Attachment 3**. It shows the great diversity in the background of the Committee members which clearly help in the work of the Committee. The Committee members have background in such areas as community involvement, school involvement, engineering and construction, finance, and business.

## **COMMITTEE MEETINGS**

The Committee operates under the requirements of the Brown Act. The agendas are posted on the District's Measure B website along with meeting minutes. Notices of all meetings are published in the local newspaper. The Committee held each of its quarterly meetings in the District Board Room during this reporting period. The Committee meets at 8:30 a.m.

District staff provides clerical and professional support to the Committee, and information as requested by the Committee members. Most of the communication between District staff and the Committee members is by e-mail, which has proven to be very efficient.

With respect to the agenda, the practice is for the District's staff to prepare the draft agenda, including the normal agenda items plus items requested by the Committee members at the prior meeting. The Committee officers meet with the District staff prior to a COC meeting to review, discuss and finalize the agenda, then staff distributes the agenda to Committee Members and posts as required under the Brown Act. An agenda for the last held meeting is included in **Attachment 4** to provide information on the structure and items generally discussed at a meeting.

Additionally, District staff prepares Meeting Minutes shortly after the meeting for review by the Committee members to memorialize the meeting activities. A copy of the Minutes from the meeting last held is included as **Attachment 5**. A key item of information discussed at each meeting is a staff provided Consolidated Expenditure Report, which is included at **Attachment 6**. The Committee Members generally request information from staff which is then prepared for discussion and presentation at a future meeting.

With the purpose of this report identified, organizational structure and procedures specified, the remainder of the report will cover the items required in the annual report for presentation to the Board and other information that describes the Committee's activities.

### **COMPLIANCE WITH ARTICLE XIII A, Section 1 (b) (3) OF THE CALIFORNIA CONSTITUTION**

Section 1 (b) (3) requires, in general, that the bond proceeds can only be used for construction related purposes and specified school projects as determined by the District in the Facilities Master Plan. This section further requires that a financial audit be performed to ensure that funds have been expended for only specified projects. In furtherance of this requirement, the Committee received the following reports from staff for the Committee to review project and financial compliance.

Use of Bond Proceeds: The Committee reviewed the quarterly report of expenditures for school improvements with the most recent dated June 30, 2008. This was prepared by District Facilities staff. This report showed that all

expenditures identified were project related expenditures plus other miscellaneous costs allowed in the Constitution. The Committee reviewed this report and found it acceptable. At the request of the Committee, the District reviewed and audited specific expenditures.

**Status of Construction Activities:** Significant construction activities were underway in the 2007-08. Progress to date generally indicates that the overall program is on schedule.

**Annual Financial and Performance Audit:** The members of the Committee received the following reports prepared by the District's Auditor Vicenti-Lloyd-Stutzman LLP:

- SVUSD- Proposition 39 General Obligation Bond Measure B Bond Program Performance Audit—For Fiscal Year Ended June 30, 2008; and
- SVUSD-Proposition 39 General Obligation Bond Measure B Bond Financial Audit—For Fiscal Year Ended June 30, 2008

A presentation was made by Jennifer Osborne, the auditor with Vincenti-Lloyd-Stutzman, on the two above reports at the November 20, 2008 Committee Meeting. The Committee Members asked a variety of questions and for further information on some of the dollar figures presented in the reports. They were also pleased that no findings or adjustments in District expenditures were necessary in the reports. The Committee accepted the auditor's reports.

**Presentation to the Board--**The Committee authorized the transmittal of this report to the Board and its presentation to the Board of Education meeting on February 10, 2009.

## **SUMMARY OF THE COMMITTEE'S PROCEEDINGS AND ACTIVITIES**

The primary activities of the Committee for 2007-08 were:

- monitor status of the school improvement projects
- review the expenditure of funds for improvements at each school site by project
- report on the challenges being faced by staff as they proceed with the improvement projects such as finances, and modification to proposed improvements

- visit school improvement sites to see the actual construction work with inspections scheduled on the third Thursday of each month at 8:00 a.m.
- closely review the ratios of soft and hard construction costs
- better understand the Bond Administration expenditures

A key activity of the Committee has been school site inspections throughout the year. During these inspections, Committee Members generally spent time with principals to discuss construction activities as well as District staff and consultants. The Committee visited a total of ten (10) campuses (visits to some campus's multiple times). They were:

- Trabuco Hills High School
- Glen Yermo Elementary School
- Mission Viejo High School
- Laguna Hills High School
- Serrano Intermediate School
- Trabuco Elementary School
- Mission Viejo High School
- Silverado High School
- Del Lago Elementary School
- Montevideo Elementary School
- La Madera Elementary School

The Committee also participated in Open Houses at five (5) school sites. The schools were Lomarena Elementary School, San Joaquin Elementary School, Serrano Intermediate School and La Paz Intermediate School. Parents, residents, school Board Members and local elected officials were invited and attended. For many, this was the first opportunity to actually see the results of the bond measure. The responses were very positive.

Additional links were developed on the Committee's website. One page allows viewers the opportunity to see construction progress through a series of photo power point presentations. The second link describes the sale of the 2007A Series Bond sale. A counter was installed to track visitors on the website, over 5,396 hits have occurred during this reporting period.

Community newsletters are mailed twice a year in the spring and fall and can also be accessed on the District website.

For the future, the Committee will certainly continue its efforts on monitoring the expenditure of funds and improvements to the many school sites in conformity to the Measure B improvement program. Additionally, the Committee will closely review all construction and financial information as a possible warning sign that all the projects in Measure B may not be completed because of fund availability concerns.

## **KEY CONCERN**

- The Committee continues to express a concern about the completion of the original site projects approved by the voters in 2004. The projects were descoped when construction costs skyrocketed, but in the past year the District has had the opportunity to re-visit and re-prioritize descoped projects due to a decrease in construction costs.

## **SUMMARY**

The Committee is a well organized and cooperative group wanting to follow through on their responsibilities. They represent a wide diversity of citizens in the community and they all have different backgrounds making the group very effective. District staff assistance from Stephen L. McMahon, Assistant Superintendent, Business Division and Noemi Avila-Zamudio, Coordinator, Facilities Planning and Construction, has been supportive and accommodating to the Committee's needs and desires. The Committee was pleased with the transition from hiring a facilities management consultant to utilizing District staff in managing the construction projects. Consequently, this provided a savings. This has been another great year for the Committee and we are prepared to move forward in fulfillment of our responsibilities as the construction activities continue. We certainly look forward to any comments the Board of Education may have on our efforts in meeting our responsibilities to the Board, the District, and the community.

## **LIST OF ATTACHMENTS**

1. Committee Members Bylaws
2. Listing of Committee Members for the Ten (10) Categories of Membership
3. Committee Members' Biographical Information
4. Most Recent Committee Meeting Agenda
5. Most Recent Board Approved Meeting Minutes
6. Most Recent Consolidated Expenditure Report

**Attachment #1**

**Bylaws**



RESOLUTION NO. 44:03-04

RESOLUTION OF THE BOARD OF EDUCATION OF THE  
SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT  
ESTABLISHING AN INDEPENDENT CITIZENS' OVERSIGHT  
COMMITTEE

WHEREAS, the Board of Education of the Saddleback Valley Unified School District, County of Orange, State of California, previously adopted its Resolution No. 17:03-04 requesting the County of Orange to call an election for general obligation bonds (the "Bond Election") to be held on March 2, 2004; and

WHEREAS, on March 2, 2004, the Bond Election was duly held and conducted for the purpose of voting a measure for the issuance of bonds (the "Bonds") of the Saddleback Valley Unified School District (the "District") in the amount of \$180,000,000 (the "Bond Measure"); and

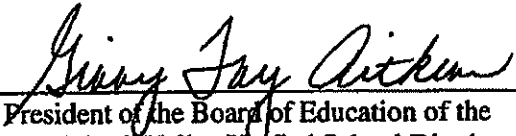
WHEREAS, more than fifty-five percent of the votes cast on the measure were in favor of issuing the Bonds; and

WHEREAS, Sections 15278 *et seq.* of the California Education Code (the "Code") requires the establishment of an independent citizens' oversight committee within 60 days of the date that the results of the Bond Election are entered on the minutes of the District, the purpose of which shall be to inform the public concerning the expenditure of proceeds from the Bonds.

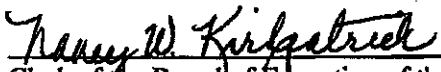
NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT DOES HEREBY FIND, DETERMINE AND CERTIFY AS FOLLOWS:

1. An Independent Citizens' Oversight Committee (the "Committee") is hereby established in compliance with the Code and for the general purpose of informing the public concerning the expenditure of proceeds of the Bonds.
2. The Independent Citizens' Oversight Committee Bylaws (the "Bylaws"), a copy of which is attached hereto as Exhibit A, are hereby approved.
3. The Committee shall have the specific purposes and be operated in the manner required by the Bylaws, as such Bylaws may be amended from time to time in accordance therewith. The initial appointment of Committee members shall be undertaken in accordance with the Bylaws.
4. This Resolution shall take effect immediately.

ADOPTED, SIGNED AND APPROVED this 5th day of April, 2004:

  
\_\_\_\_\_  
President of the Board of Education of the  
Saddleback Valley Unified School District

ATTEST:

  
\_\_\_\_\_  
Clerk of the Board of Education of the  
Saddleback Valley Unified School District

STATE OF CALIFORNIA        )  
  )  
COUNTY OF ORANGE        )

I, Nancy W. Kirkpatrick, Clerk of the Board of Education of the Saddleback Valley Unified School District, hereby certify that the foregoing Resolution No. 44:03-04 was duly adopted by the Board of Education of the Saddleback Valley Unified School District at a meeting thereof held on the 5th day of April, 2004, and that it was so adopted by the following vote:

AYES:                      6\*  
NOES:                      0  
ABSENT:                   0  
ABSTENTIONS:           0

\*Includes student preferential vote

By: *Nancy W. Kirkpatrick*  
Clerk of the Board of Education of the  
Saddleback Valley Unified School District

## **EXHIBIT A**

### **INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE BYLAWS**

#### **Section 1. COMMITTEE ESTABLISHED**

The Board of Trustees (the "Board") of the Saddleback Valley Unified School District (the "District") hereby establishes the Independent Citizens' Oversight Committee (the "Committee") which shall have the purposes and duties set forth in these Bylaws.

#### **Section 2. PURPOSE**

The purpose of the Committee is to inform the public at least annually concerning the expenditure of bond proceeds approved by the voters March 2, 2004 (the "Bond Proceeds") by issuing a written report.

#### **Section 3. DUTIES**

To carry out its stated purpose, the Committee shall perform the following duties:

3.1 Review Expenditures. The Committee shall review quarterly expenditure reports produced by the District to (a) ensure that Bond Proceeds are expended only for the purposes set forth in the ballot measure; (b) ensure that no Bond Proceeds are used for any teacher or administrative salaries or other operating expenses; and (c) verify that capital facilities work is executed.

3.2 Annual Report. The Committee shall present to the Board an annual written report (the "Annual Report") which shall include the following:

(a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution;

(b) A summary of the Committee's proceedings and activities for the preceding year; and

(c) An annual presentation to the Board of the annual financial and performance audits.

#### **Section 4. AUTHORIZED ACTIVITIES**

4.1 In order to perform the duties set forth in Section 3, the Committee may engage in the following authorized activities:

(a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit required by Article XIII A of the California Constitution.

(b) Inspect school site facilities and grounds for which Bond Proceeds have been or will be expended, in accordance with any access procedure established by the Assistant Superintendent.

(c) Review the District's efforts to maximize Bond Proceeds in ways designed to: (1) reduce costs of professional fees or site acquisition; (2) incorporate efficiencies in school site design; (3) encourage joint use of core facilities; or (4) involve cost-effective and efficient reusable facility plans.

4.2 Any Committee requests for copies or inspection of District records shall be made in writing to the Superintendent of the District.

## **Section 5. MEMBERSHIP**

5.1 Number. The Committee shall consist of 10 members, as follows:

(a) After interviewing potential members, the Board shall appoint members of the Committee.

(b) The Committee shall include:

- (1) one member who is active in a business organization representing the business community located within the District;
- (2) one member active in a senior citizens' organization;
- (3) one member who is the parent or guardian of a child enrolled in the District;
- (4) one member who is both a parent or guardian of a child enrolled in the District and active in parent-teacher organization;
- (5) one member who is active in a bona fide taxpayer's organization;
- (6) one member who is a representative from the property and facilities management community; and
- (7) one member who is a representative from the construction community.

5.2 Qualification Standards.

(a) To be a qualified member of the Committee, a person must:

- (1) be at least 18 years of age and a citizen of the state in accordance with Government Code section 1020;
- (2) reside within the geographic boundaries of the District;
- (3) not be an employee or official of the District; and
- (4) not be a vendor, contractor, or consultant of the District.

(b) If a member fails to meet the qualification standards set forth above at any time during the term of service, such member shall be disqualified and the position shall be declared vacant. The Board shall appoint a new person to serve the remainder of the term, in accordance with the appointment process set forth in Section 5.3 below.

5.3 Appointment. The Board shall appoint members to the Committee. Prior to appointment, the District Superintendent shall conduct a nomination process to ensure that each person nominated meets the qualification standards set forth in Section 5.2. The Superintendent shall establish a process that provides reasonable notice to Board members and specified nominating organizations. When an appointment is necessary to fill a vacancy, the Superintendent shall ensure that a nomination is received from the same organization or category as the Committee member whose position is vacant.

5.4 Ethics; Conflicts of Interest. By accepting appointment to the Committee, each member agrees to comply with Article 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§ 81000, *et seq.*), and to complete the Form 700 as required by all "designated employees" of the District. Additionally, each member shall comply with the Committee Ethics Policy attached as Attachment A to these Bylaws.

5.5 Term. Each member of the Committee shall serve for a term of two years and for no more than two consecutive terms.

5.6 Removal; Vacancy. The Board may remove any Committee member for cause, including failure to attend three consecutive committee meetings. Upon the removal of a member, his or her seat shall be declared vacant. The Board shall fill any vacancies on the Committee in accordance with the appointment process set forth in Section 5.3.

5.7 Compensation. The Committee members shall not be compensated for their services.

## **Section 6. MEETINGS OF THE COMMITTEE**

6.1 Regular Meetings. The Committee shall establish a schedule for the date and time of regular meetings to be held at least quarterly to include an annual organizational meeting to be held on December 1 of each year until the Bond Proceeds are expended derived by the School District for facilities purposes.

6.2 Location. All meetings shall be held at the administrative offices of the District located at 25631 Peter A. Hartman Way, Mission Viejo, California 92691 or other District facilities.

6.3 Procedures. All meetings shall be open and public in accordance with the Ralph M. Brown Act, Government Code Sections 54950, *et seq.* (the "Brown Act"). Meetings shall be conducted according to such procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business except adjournment.

## **Section 7. DISTRICT SUPPORT**

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

(a) preparation of and posting of public notices as required by the Brown Act ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the Board;

(b) provision of a meeting room, including any necessary audio/visual equipment;

(c) preparation and copies of any documentary meeting materials, such as agendas and reports; and

(d) retention of all Committee records, and providing public access to such records, including the posting of Committee records on the Internet website maintained by the District.

7.2 District staff shall attend all Committee records, and providing public access to such records.

7.3 The Committee may request the Board to authorize legal counsel to advise the Committee on legal matters relating to the operation and/or subject matter of the Committee.

7.4 The District shall not use any Bond Proceeds to provide the support set forth in this Section 7.0.

#### **Section 8. OFFICERS**

The Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent, which positions shall continue for two year terms. No person shall serve as Chair for more than two consecutive terms.

#### **Section 9. AMENDMENT OF BYLAWS**

Any amendment to these Bylaws shall be approved by a two-thirds vote of the entire Committee and must be approved by the Board prior to becoming effective.

#### **Section 10. TERMINATION**

The Committee shall automatically terminate and disband at the earlier of the date when (a) all Bond Proceeds are spent, or (b) all projects funded by Bond Proceeds are completed.

#### **Section 11. APPLICABILITY OF THE CALIFORNIA LAW**

The Committee was established by the District in order to comply with Sections 15278 *et seq.* of the California Education Code (the "Code"). Nothing in these Bylaws shall be interpreted in a manner that is inconsistent with the provisions of the Code.

## **ATTACHMENT A**

### **INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT**

This Ethics Policy Statement provides general guidelines for Committee members to follow. However, the guidelines set forth in this Statement are not exhaustive and do not excuse Committee members from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices and professional conduct. Committee members are expected to adhere strictly to the provisions of this Ethics Policy. All capitalized terms used herein shall have the meanings set forth in the Bylaws of the Committee.

#### **POLICY**

- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by Bond Proceeds or (2) any construction project which will benefit a Committee member's outside employment, business, or personal finances or benefit an immediate family member, such as a spouse, child or parent.
- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by Bond Proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interests of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the Bond Proceeds; and (2) any construction project.
- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California and all other applicable government entities, and the policies, procedures, rules and regulations of the District.
- **COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interests of the member.



**Attachment #2**

**Listing of Committee Members  
by group they represent**

**Saddleback Valley USD**  
**Measure B Citizens' Oversight Committee**

Mauricio Escobar ..... (Community at Large)

Donald Froelich.....(Taxpayer's Association)

Ernestine Jones ..... (Business Organization)

Stuart Luce ..... (Senior Citizen Organization)

Dave McClure .....(SVUSD Parent/School Leadership Team)

Nikki Meyers ..... (Business Organization)

Jack Noenickx ..... (Parent of SVUSD Student)

George Perez.....(Construction Industry)

Adam Spice..... (Parent of SVUSD Student)

Dolores Winchell .....(Parent of SVUSD Student/Active in PTA)

**Attachment #3**

**Biographical information on  
The Committee members**

## MEASURE B

### ***Independent Citizens' Oversight Committee Members***

**DONALD R. FROELICH - Chairman**

[donaldfroelich@cox.net](mailto:donaldfroelich@cox.net)

Donald R. Froelich has significant hands-on experience in the implementation of large public works construction projects. Mr. Froelich was employed by the Metropolitan Water District for 24 years as a supervising engineer in planning for water supplies and water facilities for southern California and later served as a Utility Manager for the City of Glendale for 14 years before recently entering into semi-retirement. He also served on the Board of Directors of the Castaic Lake Water Agency for more than 10 years. In these capacities, Mr. Froelich worked on numerous public works projects, helping ensure that the projects were completed on time and on budget.

A registered civil engineer and member of the California Bar, he earned bachelor and master's degrees in Civil Engineering from the University of Southern California and a law degree from Blackstone College. In addition to his engineering background, Mr. Froelich is a part-time instructor at Santiago Canyon College in Orange and a former instructor at College of the Canyons. He resides in Laguna Hills.

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**DOLORES WINCHELL - Vice Chairman**

[dolores1@cox.net](mailto:dolores1@cox.net)

Dolores Winchell fully understands the importance that Measure B will play in the future of the Saddleback Valley Unified School District. Ms. Winchell worked many hours as a parent volunteer to promote the Measure's passing. She will now turn her attention toward the successful completion of the intended capital projects as a member of the Bond Measure Citizens Oversight Committee.

A part-time Human Resources consultant who considers herself a full-time community volunteer, Ms. Winchell has served on Site Council for both Rancho Canada Elementary and Serrano Intermediate. She has also been active in the Parent Teacher Association since her daughter was in kindergarten. She has served as PTA President for Rancho Canada Elementary as well as the Saddleback Valley PTA Council. Her daughter Alexis attends Laguna Hills High School while her son is a student at Rancho Canada Elementary.

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**ERNESTINE JONES - Member**

[rcjjones@cox.net](mailto:rcjjones@cox.net)

Ernestine Jones brings a solid mix of public and private sector experience to the Bond Measure Citizens Oversight Committee. As the City Accountant for the City of Laguna Woods, Ms. Jones regularly deals with issues concerning municipal finance and accountability. She holds a Business degree from Auburn University and Master's Degrees in Business and Management from Webster University. The parent of a Trabuco Hills High School student, Ms. Jones has been active in District activities for many years. She currently serves as a member of the Trabuco Hills High School Parent Teacher Association (PTA) and served as the Education Council representative at Los Alisos Intermediate School. Ms. Jones is a former member of the Del Lago Elementary School PTA and a representative on the school's Site Council.

## MEASURE B

### ***Independent Citizens' Oversight Committee Members***

**NIKKI MEYERS - Member**

[nikki.meyers@sbcglobal.net](mailto:nikki.meyers@sbcglobal.net)

For more than a decade, Nikki Meyers has devoted a great deal of her time to helping others. A self-employed Certified Public Accountant, Ms. Meyers has been an active parent from the time her children became students in the Saddleback Valley Unified School District. She has participated in the Parent Teacher Association at every level, often serving as an officer or committee representative. Ms. Meyers also served on the School Site Council at El Toro High School.

In addition to her activities in the School District, Ms. Meyers regularly puts her professional training to use for others. She is a Site Coordinator for the Internal Revenue Service Volunteer Income Tax Assistance program at Rancho Santa Margarita Community Center and a volunteer for the Tax Council for the Elderly in Lake Forest and Mission Viejo. Ms. Meyers' youngest child graduated from El Toro High School last year.

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**JACK NOENICKX - Member**

[noenickx@msn.com](mailto:noenickx@msn.com)

The Vice President of Finance at Heritage Foods, Jack Noenickx, has solid financial background highlighted by nearly 25 years' professional experience. Mr. Noenickx's experience will provide the Bond Measure Citizens Oversight Committee strength in the input and analysis of financial and performance audits, budgets, capital improvement projects, and contract negotiations.

Mr. Noenickx's professional background, however, is only one way the Committee will benefit from his service. Mr. Noenickx is also well-versed in civic duty. The City Council of Laguna Hills has appointed him to the Parks and Recreation Commission, and he is a member of the Southern California Dairy Industry Security Trust Fund. Mr. Noenickx is also an active member of the Laguna Hills High School Football Boosters and Wrestling Boosters. His sons attend Laguna Hills High School and La Paz Intermediate. Mr. Noenickx is a resident of Laguna Hills.

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**DAVID McCLURE - Member**

[david.mcclure1@cox.net](mailto:david.mcclure1@cox.net)

Dave McClure qualifies for the Committee under three criteria; three of his four children attend District schools the oldest having graduated THHS in 2008; he is a volunteer Board Member and Chairman of the Development Committee for the Council on Aging – Orange County; and he works in Laguna Hills as an employee of Merrill Lynch. Dave volunteers in schools as part of Investing Pays Off™ and has been either a manager in RSM Little League or a coach in AYSO Region 630 soccer in each of the past eight years. He received a BA in Economics and Political Science from Eastern Illinois University and an MBA in Finance from DePaul University. In his business career he has been a Chief Operating Officer for a mid-sized broker/dealer and has successfully launched numerous new product initiatives for major life insurance companies. Dave's interest in Measure B springs not only from his active community involvement and children, but his wife Pattie is also a part-time Instructional Assistant in the District.

## MEASURE B

### ***Independent Citizens' Oversight Committee Members***

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**MAURICIO ESCOBAR - Member**

[monito81@hotmail.com](mailto:monito81@hotmail.com)

Mauricio Escobar represents the Community at Large on the Citizens' Oversight Committee. He and his wife, Yvette, are parents of a student that attends Gates Elementary in the Dual Immersion Program. For the past two years he has been employed as a Buyer for the Santa Ana Unified School District. Mr. Escobar is actively involved at Lighthouse to the Nations in Lake Forest for the past five years working as logistics and special project coordinator.

Mr. Escobar received his Bachelor of Arts Degree in Communications from California State University, Fullerton. During his free time he loves to play soccer and enjoys running and riding his bicycle.

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**ADAM C. SPICE - Member**

[aspice@broadcom.com](mailto:aspice@broadcom.com)

Adam C. Spice brings more than 15 years' experience in the fields of finance and technology to the Bond Measure Citizens Oversight Committee. As Treasurer and Vice President Business Planning at Broadcom Corporation, he is uniquely trained in handling large and complex financial projects and analysis, including audits, budgets, planning, and valuation activities. Mr. Spice earned a Bachelor of Science degree in Finance from Brigham Young University and a Master of Business Administration degree from the University of Texas at Austin.

A resident of Trabuco Canyon, Mr. Spice is the parent of two students at Robinson Elementary School.

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**GEORGE PEREZ - Member**

[georgep@bayley.net](mailto:georgep@bayley.net)

George Perez represents the Construction Community on the Citizens' Oversight Committee. He will use his 29 years in the construction industry to assist in guiding the COC in their oversight duties. Mr. Perez is an expert in construction management and specifically in cost estimating and cost savings alternatives. He has used his skills in carpentry as a volunteer in the Drama Department at Mission Viejo High School and as a parent volunteer in the MVHS Agriculture Department.

A resident of Mission Viejo, Mr. Perez received his Bachelor of Science Degree from Cal Poly University, Pomona.

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**STUART LUCE - Member**

[swluce@cox.net](mailto:swluce@cox.net)

Stuart Luce and his wife have lived in Laguna Hills since 1980 and their two daughters attended several Saddleback Valley Unified School District schools: Valencia Elementary, Los Alisos Intermediary and Laguna Hills High from which they both graduated. Their youngest daughter and her family also live in Laguna Hills where their daughter is a junior and a cheerleader for the 2008 undefeated LHHS football team.

## MEASURE B

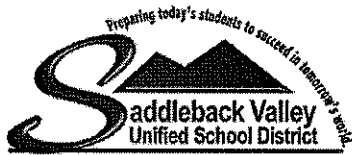
### ***Independent Citizens' Oversight Committee Members***

He retired after 33 years with the McDonnell Douglas Aircraft Company where he was in System Engineering and Program Management positions. Mr. Luce received his Bachelor of Science Degree in Electrical Engineering from North Carolina State College in 1961 and furthered his education with graduate level engineering and business management courses at UCLA.

**Attachment #4**

**Most Recent Committee Meeting Agenda**





**Agenda**  
**Citizens' Oversight Committee for Measure B**  
**Thursday, November 20, 2008**  
**8:30 a.m.**  
**Board Room**

1. Call to Order.....Donald Froelich, Chairman

a. Roll Call, Members:

Mauricio Escobar	Stuart Luce	Jack Noenickx
Donald Froelich	David McClure	George Perez
Ernestine Jones	Nikki Meyers	Adam Spice
		Dolores Winchell

2. Approval of Minutes Meeting of August 21, 2008

3. Public Comment on Agenda Items

**ACTION ITEMS**

4. Financial/Performance Audit Reports.....Vicenti/Lloyd/Stutzman LLP

5. *Draft* - Discussion and approval of 2007-08 COC Annual Report .....Committee Members

**INFORMATION ITEMS**

**REPORTS**

6. Chairmen and Committee Member's Report..... Don Froelich, COC Chairman

a. Report on recent Site Inspection tour..... Committee Members

- 1. LHHS ..... Stuart Luce
- 2. MVHS ..... Ernestine Jones
- 3. Silverado ..... Nikki Meyers
- 4. Serrano ..... George Perez
- 5. Del Lago..... Stuart Luce
- 6. Montevideo ..... Ernestine Jones

7. Facility Planning/Construction Update..... Noemi Avila-Zamudio, SVUSD

8. Financial..... Bev Wilson, SVUSD

a. Report on Consolidated Expenditure Report

9. School Closures..... Steve McMahon

10. Cuts to Budget Report..... Steve McMahon

**DISCUSSION ITEMS**

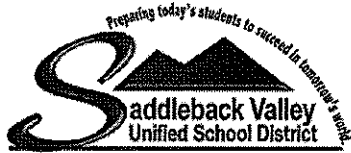
10. Public Comment on Non-Agenda Items

11. Future Agenda Items

- a. Next Meeting Date:  
Thursday, February 19, 2009  
8:30 a.m.  
Board Room

12. Meeting Adjourn

**Attachment #5**  
**Most Recent Board Approved**  
**Meeting Minutes**



**MEETING MINUTES**  
**Citizens' Oversight Committee for Measure B**  
**Thursday, August 21, 2008**  
**8:30 a.m.**  
**Board Room**

The following minutes are the unofficial proceedings and have been approved for public viewing but have not been officially accepted by the Citizens' Oversight Committee until the November 20, 2008 Committee meeting.

1. Call to Order .....Donald Froelich, Chairman

a. Roll Call, Members:

Mauricio Escobar	Stuart Luce	Jack Noenickx
Donald Froelich	David McClure	George Perez
Ernestine Jones	Nikki Meyers	Adam Spice
		Dolores Winchell

b. Introduction of New Committee Members ..... Donald Froelich, COC Chairman  
Don Froelich introduced Member Mauricio Escobar and Member Stuart Luce.

District Staff and Guests:

Stephen L. McMahon, SVUSD	Bev Wilson, SVUSD
Noemi Avila-Zamudio, SVUSD	Barbara Morini, SVUSD
Chris Ramey, SVUSD	

Community Guest:

Wayne Snodgrass

2. Approval of Minutes Meeting of April 24, 2008.  
Motion: Accept Nikki Meyers and Dolores Winchell

Move to approve the meeting minutes from April 21, 2008 COC meeting: PASSED

3. Public Comment on Agenda Items

**ACTION ITEMS**

None

**INFORMATION ITEMS**

4. Upcoming COC Annual Report Due in January ..... Donald Froelich, COC Chairman

Staff will be preparing the COC Annual Report to the Board of Education for the time period of July 1, 2007 through June 30, 2008. We are waiting for the completion of the Audit which is anticipated by the end of the 2008 year. This item will be readdressed at the November COC meeting.

**REPORTS**

5. Chairman and Committee Member's Report .....Donald Froelich, COC Chairman

Citizens' Oversight Committee Minutes  
August 21, 2008

- a. Report on Site Inspection Tour .....Dolores Winchell, Vice Chairman (Trabuco and La Madera Elementary Schools)  
Member Winchell talked about the Trabuco Elementary School site inspection tour in May. This school went through a complete modernization and looks like a brand new school. Members Winchell and Froelich visited the Science Field Study School Program and had the opportunity to crawl into and view the galaxy in the inflatable Starlab which is used to teach students about the solar system. This is a program offered to students throughout the District.

Member Winchell also talked about the La Madera Elementary School site inspection which is also going through complete modernization. In addition to having a new multi-use building, this school is having permanent walls put in place and classrooms reconfigured.

6. Facility and Planning/Construction Update

- a. Faculty Facilities at Valencia .....Noemi Avila-Zamudio, SVUSD

Noemi Avila-Zamudio, Coordinator, Facilities, Planning and Construction, shared that many projects will be nearing completion prior to the start of school. Staff is working around the clock to have sites ready for the first day of school. We do not foresee any problems or delays with projects.

Member Noenickx stated concerns that Valencia Elementary School has revised and prioritized this sites needs which have been addressed by input from parents and staff. We will address the classrooms first then enhancement of the library, portables and faculty lounge. Our plans took a different direction as the site had reprioritized their needs. What is planned for future projects is enhancement of library/media center, portables and faculty lounge, which has been deferred until future funding. We will be addressing portables next summer. Member Noenickx shared that parents came to him with priorities and the faculty lounge was not on the original master plan. It was added as a result of the committee comprised of parents, staff and principal. There was confusion as to what was to be done first. The cost estimate for library/media center and current budget does not support enhancement to the library/media center at this time. We will address classrooms first, then the library/media center, which is a descoped item.

For the record, Member Winchell states that this has been the busiest summer for facilities improvements. Steve McMahon, Assistant Superintendent, Business Division, said that we are doing it with the least amount of overhead that we have ever had.

Steve McMahon shared information for the benefit of new COC Members, giving a brief history of the Facilities, Planning and Construction Department staff, Measure B Bond Funds and the relations between schools, principals and staff as they relate to Measure B Bond projects, focusing on efficiency and cost savings regarding the utilization of in-house personnel.

Originally, the District did not have in house staff to run a full blown construction program. We brought in a consulting firm who had program management responsibilities and brought in additional personnel. They had a \$6 million budget with the District that ended March, 2008. As we got to the end of the project, we took a fresh look at the situation and we could stay with the existing plan or we could take over the management in-house. The dollar cost

in-house provided a tremendous savings. Utilizing SVUSD employees is a much more cost effective savings and ownership as it has never been before. Our employees are vested and feel it is *their* school. We are much more efficient.

7. Financial

- a. Project Completion Report versus Funds Available .....Bev Wilson, SVUSD  
Member Froelich requested Bev Wilson, Accountant, describe her responsibilities as it relates to Measure B Bond Funds. Bev addressed her responsibilities as it relates to Measure B and also shared information regarding members of the Accounting Department whose responsibility it is to oversee the financial and budget aspect of Measure B Bond Funds.

Member Spice requested a report on percentage of what we paid to projects which will be included in the handouts at the November Citizens' Oversight Committee meeting. Bev Wilson shared with the Committee a Consolidated Expenditure Report.

Member Spice requested the following for the November meeting:

- Two columns (page 1 referring to the Consolidated Expenditure Report)
- The original budget and current budget showing how far off we are when we were forecasting what the project was going to cost
- Eliminate expenditures, retentions and contract balance
- Calculate percentage expended i.e., what was the original and variance so we know how much over and under (committed versus new budget) and if we are on track. This method will hold accountability to what was budgeted in the first place.

Member Spice requests a copy to be sent to him.

Member Meyers inquired about school closures and the effect on Measure B projects. Steve McMahon stated that there has been no Board of Education action. They received the formal report last week. When it is decided we will have the schools designated for closure in good working order as we will utilize site/buildings for a *different use* facility.

To update new members, Steve McMahon gave a history of the beginning of the Measure B and projects. Originally, Measure B had a series of projects from each school site. Construction costs increased which caused the District to descope many of the items that the schools placed on their lists. District requested schools descope with a focus on essential items. After all of the essential items on the list have been completed, we will go back through and readdress descope items and reprioritize.

Member Luce asked if this will affect schools that may be closing and will we spend money on this/these campuses? Steve McMahon said it will affect the school(s).

- b. Bond Fund Expenditure Summary Quarterly Report.....Bev Wilson, SVUSD  
Bev Wilson shared the Bond Fund Expenditure Summary Quarterly Report.
- c. Hard versus Soft Costs .....Bev Wilson, SVUSD  
Bev Wilson shared a Hard Cost, Soft Cost and Contingency breakdown with COC members. It lists the items under each area of expenditure. The soft costs are planning and hard costs

are actual construction costs.

Member Froelich spoke of interest in hard versus soft costs and stay on top of the percentages.

Steve McMahon talked about descoping that took place due to the higher costs of materials and construction costs. With the contingency plan, once we get through the main (core) items we are looking at the descoped items and see what would be a priority. We want to provide the highest priorities and will show the descoped and prioritized list and how far we can go from there. The original Measure B monies were \$180,000,000. We set aside \$20 million which is reserved for schools not old enough for modernization and they will need modernization beginning 2010. The contingency includes money from potential schools that are on the list to close. We want to be good stewards of the funds and we will keep the committee informed.

8. Staff Changes
  - a. Update of Changes in Staffing..... Steve McMahon, SVUSD  
Steve McMahon shared the state of the District as it relates to staff hiring, turnover in staffing. The State budget has not been favorable to us; in addition, we have a declining enrollment. He shared some of the staffing changes and a brief background.
  
9. Calendar
  - a. COC Calendar of Meetings ..... Noemi Avila-Zamudio, SVUSD  
Noemi Avila-Zamudio shared the newly calendared COC meetings and inspection site dates for 2008-09. There was conversation about the calendar and inspection visits and requested the committee to mark their calendar for the third Thursday of every month at 8 a.m. for site visits.

**DISCUSSION ITEMS**

10. Public Comment on Non-Agenda Items  
Community Guest, Wayne Snodgrass, stated that it would be interesting to see how priorities change and have changed over time.
  
11. Future Agenda Items
  - a. Next Meeting Date:  
Thursday, November 20, 2008  
8:30 a.m.  
Board Room
  
12. Meeting Adjourn 9:29 a.m.

**Attachment #6**  
**Most Recent Consolidated Expenditure**  
**Report**



**Measure B - Consolidated Expenditure Report  
Includes State and Local Dollars**



October 31, 2008

SITE	BUDGET (from Accountability)	ENCUMBRANCES / EXPENSES			BUDGET REMAINING
		COMMITTED	EXPENDITURES & RETENTIONS	CONTRACT BALANCE	
Aliso	2,627,673	2,473,787	2,416,104	57,683	153,886
Clelo Vista	5,765,819	1,331,782	1,303,530	28,252	4,434,037
Cordillera	2,583,582	2,574,555	2,574,555	0	9,026
De Portola	2,844,161	2,833,679	2,818,974	14,705	10,482
Del Cerro	1,805,387	563,961	563,961	0	1,241,426
Del Lago	7,166,421	6,641,418	5,949,058	692,360	525,002
El Toro HS	26,595,210	25,154,656	24,484,852	669,804	1,440,554
Esperanza	2,857,280	2,817,201	2,733,894	83,307	40,079
Foothill	1,989,085	1,244,471	1,145,393	99,078	744,614
Gates	3,566,352	593,220	583,201	10,019	2,973,132
Glen Yermo	8,221,215	7,952,925	7,845,745	107,181	268,290
La Madera	6,959,736	6,546,060	6,380,494	165,566	413,676
La Paz	10,801,752	10,005,758	9,186,210	819,548	795,994
La Tierra	3,308,754	965,695	937,041	28,654	2,343,059
Laguna Hills HS	19,968,793	18,428,632	17,719,706	708,926	1,540,161
Lake Forest	2,867,787	899,948	765,657	133,291	1,967,839
Linda Vista	4,934,174	2,505,663	2,430,878	74,785	2,428,511
Lomarena	7,621,791	7,690,060	7,269,020	421,040	(68,269)
Los Alisos	15,833,143	15,547,029	10,051,090	5,495,939	286,114
Metinda Heights	1,139,534	901,642	869,943	11,699	237,892
Mission Viejo HS	17,382,931	16,086,633	15,827,672	258,962	1,296,298
Montevideo	9,013,862	9,452,781	7,671,095	1,781,686	(438,919)
Olivewood	2,645,451	2,237,601	2,168,941	68,660	407,850
O'Neill	1,903,159	1,269,304	1,251,104	18,200	633,855
Portola Hills	1,830,149	709,509	590,006	119,503	1,120,640
Rancho Canada	6,551,042	6,117,118	6,049,375	67,744	433,924
Rancho Santa Margarita	2,787,086	2,682,308	2,674,180	8,128	104,778
Robinson	1,253,402	663,502	658,623	4,878	589,901
San Joaquin	5,772,222	5,723,218	5,378,765	344,453	49,004
Santiago	948,660	564,808	474,459	90,348	384,052
Serrano	20,003,853	16,229,371	12,310,262	3,919,109	3,774,482
Silverado/District Office	13,054,379	8,143,160	7,452,890	690,270	4,911,218
Trabuco Elementary	3,196,359	3,060,664	3,013,789	46,876	135,695
Trabuco Hills HS	28,391,156	18,540,513	11,572,996	6,967,517	9,850,643
Trabuco Mesa	5,573,512	359,192	359,192	0	5,214,320
Valencia	3,703,095	2,767,341	2,702,631	64,710	935,754
Measure B Administration	600,000	614,947	473,376	141,571	(14,947)
<b>Sub Total</b>	<b>264,068,164</b>	<b>212,894,113</b>	<b>188,679,662</b>	<b>24,214,451</b>	<b>51,174,051</b>

Measure B Holding	6,536,453	533,883	341,703	192,179	6,002,570
Measure B DW Contingency	259,885	0	0	0	259,885
Measure B Program Contingency	9,856,540	0	0	0	9,856,540
<b>GRAND TOTAL</b>	<b>280,721,042</b>	<b>213,427,996</b>	<b>189,021,366</b>	<b>24,406,630</b>	<b>67,293,046</b>

Issued: BWilson

**Measure B - Consolidated Expenditure Report**  
**Includes State and Local Dollars**  
**Original/Current Budget vs Committed**



October 31, 2008

SITE	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	CURRENT BUDGET	COMMITTED	ORIGINAL BUDGET VS COMMITTED		CURRENT BUDGET VS COMMITTED	
					Dollar Variance	% Committed	Dollar Variance	% Committed
Aliso	2,604,098	23,575	2,627,673	2,473,787	130,311	95.0%	153,886	94.1%
Cielo Vista	5,611,483	154,336	5,765,819	1,331,782	4,279,701	23.7%	4,434,037	23.1%
Cordillera	2,302,838	280,744	2,583,582	2,574,555	(271,717)	111.8%	9,026	99.7%
De Portola	2,762,819	81,342	2,844,161	2,833,679	(70,860)	102.6%	10,482	99.6%
Del Cerro	1,901,751	(96,364)	1,805,387	563,961	1,337,790	29.7%	1,241,426	31.2%
Del Lago	7,092,408	74,013	7,166,421	6,641,418	450,990	93.6%	525,002	92.7%
El Toro HS	24,608,546	1,986,664	26,595,210	25,154,656	(546,110)	102.2%	1,440,554	94.6%
Esperanza	2,492,238	365,042	2,857,280	2,817,201	(324,963)	113.0%	40,079	98.6%
Foothill	1,814,705	174,380	1,989,085	1,244,471	570,234	68.6%	744,614	62.6%
Gates	3,516,440	49,912	3,566,352	593,220	2,923,220	16.9%	2,973,132	16.6%
Glen Yermo	6,299,366	1,921,849	8,221,215	7,952,925	(1,653,559)	126.2%	268,290	96.7%
La Madera	5,423,053	1,536,683	6,959,736	6,546,060	(1,123,007)	120.7%	413,676	94.1%
La Paz	9,454,746	1,347,006	10,801,752	10,005,758	(551,012)	105.8%	795,994	92.6%
La Tierra	2,509,157	799,597	3,308,754	965,695	1,543,462	38.5%	2,343,059	29.2%
Laguna Hills HS	19,841,228	127,565	19,968,793	18,428,632	1,412,596	92.9%	1,540,161	92.3%
Lake Forest	2,966,302	(98,515)	2,867,787	899,948	2,066,354	30.3%	1,967,839	31.4%
Linda Vista	5,035,550	(101,376)	4,934,174	2,505,663	2,529,887	49.8%	2,428,511	50.8%
Lomarena	6,518,767	1,103,024	7,621,791	7,690,060	(1,171,293)	118.0%	(68,269)	100.9%
Los Alisos	10,848,972	4,984,171	15,833,143	15,547,029	(4,698,057)	143.3%	286,114	98.2%
Melinda Heights	1,229,056	(89,522)	1,139,534	901,642	327,414	73.4%	237,892	79.1%
Mission Viejo HS	20,587,130	(3,204,199)	17,382,931	16,086,633	4,500,497	78.1%	1,296,298	92.5%
Montevideo	6,292,373	2,721,489	9,013,862	9,452,781	(3,160,408)	150.2%	(438,919)	104.9%
Olivewood	3,844,402	(1,198,951)	2,645,451	2,237,601	1,606,801	58.2%	407,850	84.6%
O'Neill	1,816,695	86,464	1,903,159	1,269,304	547,391	69.9%	633,855	66.7%
Portola Hills	1,920,022	(89,873)	1,830,149	709,509	1,210,513	37.0%	1,120,640	38.8%
Rancho Canada	7,575,152	(1,024,110)	6,551,042	6,117,118	1,458,034	80.8%	433,924	93.4%
Rancho Santa Margarita	3,118,906	(331,820)	2,787,086	2,682,308	436,598	86.0%	104,778	96.2%
Robinson	1,231,762	21,640	1,253,402	663,502	568,260	53.9%	589,901	52.9%
San Joaquin	5,965,425	(193,203)	5,772,222	5,723,218	242,207	95.9%	49,004	99.2%
Santiago	986,087	(37,227)	948,860	564,808	421,279	57.3%	384,052	59.5%
Serrano	15,656,457	4,347,396	20,003,853	16,229,371	(572,914)	103.7%	3,774,482	81.1%
Silverado/District Office	9,724,229	3,330,150	13,054,379	8,143,160	1,581,069	83.7%	4,911,218	62.4%
Trabuco Elementary	3,476,495	(280,136)	3,196,359	3,060,664	415,831	88.0%	135,695	95.8%
Trabuco Hills HS	23,028,970	5,362,186	28,391,156	18,540,513	4,488,457	80.5%	9,850,643	65.3%
Trabuco Mesa	5,649,647	(76,135)	5,573,512	359,192	5,290,455	6.4%	5,214,320	6.4%
Valencia	3,614,388	88,707	3,703,095	2,767,341	847,047	76.6%	935,754	74.7%
Measure B Administration	284,680	315,320	600,000	614,947	(330,267)	216.0%	(14,947)	102.5%
<b>Sub Total</b>	<b>239,606,343</b>	<b>24,461,821</b>	<b>264,068,164</b>	<b>212,894,113</b>	<b>26,712,230</b>	<b>88.9%</b>	<b>51,174,051</b>	<b>80.6%</b>

Measure B Holding/Interest		6,536,453	6,536,453	533,883	(533,883)		6,002,570
Measure B DW Contingency	259,885	0	259,885	0	259,885		259,885
Measure B Program Contingent	21,000,000	(11,143,460)	9,856,540	0	21,000,000		9,856,540
<b>GRAND TOTAL</b>	<b>260,866,228</b>	<b>19,854,814</b>	<b>280,721,042</b>	<b>213,427,996</b>	<b>47,438,232</b>		<b>67,293,046</b>

Issued: BWilson  
11/14/2008 9:43



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**  
**Measure B**  
**Financial Summary as of October 31, 2008**

		2004 - 2005	2005 - 2006	2006 - 2007	2007-2008	2008-2009	TOTAL
<b>REVENUES</b>							
BOND PROCEEDS	9000	\$100,000,000	\$0	\$60,000,000	\$0	\$0	\$160,000,000
NET INTEREST EARNINGS*	8660	\$1,829,845	\$3,021,822	\$3,443,069	\$2,828,655	\$258,744	\$11,382,135
DONATION FROM SCHOOL	8699	\$0	\$0	\$84,506	\$0	\$0	\$84,506
LCP PENALTIES	8699	\$0	\$0	\$0	\$0	\$1,380	\$1,380
EXCESS ISSUANCE RETURN	8699	\$11,987	\$0	\$0	\$13,540	\$0	\$25,537
<b>TOTAL REVENUES</b>		<b>\$101,841,843</b>	<b>\$3,021,822</b>	<b>\$63,527,674</b>	<b>\$2,842,185</b>	<b>\$260,124</b>	<b>\$171,493,569</b>
<b>EXPENDITURES</b>							
Aliso Elementary	550	\$191,930	\$231,970	\$832,887	\$520,374	-\$12,896	\$1,784,265
Cielo Vista Elementary	571	\$127,120	\$411,209	\$556,165	\$83,658	\$125,378	\$1,303,530
Cordillera Elementary	551	\$261,910	\$228,202	\$1,398,976	\$46,548	\$860	\$1,936,495
De Portola Elementary	554	\$190,597	\$230,154	\$1,326,941	\$359,167	\$9,106	\$2,115,964
Del Cerro Elementary	552	\$140,849	\$235,038	\$9,435	\$178,639	\$0	\$563,961
Del Lago Elementary	553	\$425,076	\$520,343	\$1,888,251	\$1,368,875	\$1,033,695	\$5,236,240
Foothill Ranch Elementary	575	\$307,438	\$425,107	\$9,703	\$39,643	\$363,503	\$1,145,393
Gates Elementary	555	\$279,879	\$94,201	\$18,453	\$183,388	\$7,300	\$583,201
Glen Yermo Elementary	556	\$413,747	\$382,089	\$2,359,451	\$1,370,118	\$339,644	\$4,865,048
La Madera Elementary	557	\$380,188	\$209,838	\$1,306,353	\$3,024,207	\$656,412	\$5,556,978
La Tierra Elementary	558	\$342,477	\$108,795	\$456,302	\$21,514	\$7,954	\$937,041
Lake Forest Elementary	572	\$159,073	\$287,012	\$266,916	\$33,656	\$0	\$766,657
Linda Vista Elementary	559	\$408,247	\$267,538	\$772,695	\$344,653	-\$14,656	\$1,776,476
Lomarena Elementary	560	\$440,342	\$319,389	\$1,479,484	\$4,291,845	\$278,538	\$6,809,598
Melinda Heights Elementary	576	\$276,179	\$155,339	\$198,088	\$146,900	\$113,436	\$889,943
Montevideo Elementary	561	\$431,707	\$296,037	\$1,456,916	\$2,398,809	\$418,189	\$5,001,659
Olivewood Elementary	562	\$255,195	\$516,441	\$2,755	\$856,161	\$32,333	\$1,662,885
O'Neill Elementary	563	\$127,247	\$201,174	\$761,171	\$134,606	\$26,906	\$1,251,104
Portola Hills Elementary	570	\$113,695	\$168,107	\$205,920	\$68,335	\$33,949	\$590,006
Rancho Canada Elementary	564	\$411,255	\$813,495	\$1,979,798	\$332,400	\$81,134	\$3,618,083
Robinson Elementary	573	\$118,832	\$367,998	\$81,401	\$89,633	\$760	\$658,623
San Joaquin Elementary	565	\$439,471	\$221,876	\$3,403,057	\$1,302,915	\$11,445	\$5,378,765
Santiago Elementary	566	\$193,534	\$260,279	\$4,780	\$14,039	\$1,847	\$474,459
Trabuco Elementary	567	\$374,377	\$107,856	\$152,401	\$2,172,937	\$206,217	\$3,013,789
Trabuco Mesa Elementary	569	\$127,612	\$117,765	\$66,317	\$47,498	\$0	\$359,192
Valencia Elementary	568	\$288,471	\$392,041	\$1,062,527	\$293,129	\$10,394	\$2,046,562
La Paz Intermediate	880	\$1,429,279	\$1,073,197	\$77,034	\$3,832,743	\$665,541	\$7,077,794
Los Alisos Intermediate	881	\$822,276	\$623,587	\$691,912	\$4,976,966	\$1,936,141	\$8,850,882
Rancho Santa Margarita Inter.	685	\$259,542	\$470,105	\$623,378	\$833,916	\$2,559	\$2,189,498
Serrano Intermediate	682	\$697,932	\$585,696	\$682,746	\$5,703,932	\$2,176,162	\$9,846,469
El Toro High School	790	\$1,352,850	\$3,727,451	\$4,138,837	\$3,073,176	\$91,758	\$12,384,072
Laguna Hills High School	791	\$1,094,808	\$818,949	\$6,809,831	\$6,285,856	\$412,671	\$15,421,915
Mission Viejo High School	792	\$1,031,323	\$7,434,019	-\$1,096,848	\$3,074,259	\$986,232	\$11,428,985
Trabuco Hills High School	793	\$1,089,794	\$2,957,581	\$894,020	\$3,107,177	\$3,524,424	\$11,572,996
Esperanza Special Education	898	\$98,997	\$201,618	\$2,037,084	\$380,804	\$15,391	\$2,733,894
Silverado Continuation High School	895	\$177,492	\$525,336	\$3,801,050	-\$3,123,672	\$496,512	\$1,876,719
District Office	331	\$205,604	\$1,397,014	\$210,621	-\$372,634	\$1,823	\$1,442,428
Bond Administration	340	\$51,586	\$279,202	\$117,218	-\$128,118	\$153,508	\$473,376
Holding Account	346	\$16,185	-\$14,527	\$152,816	-\$132,619	-\$10,421	\$11,414
<b>TOTAL EXPENDITURES</b>		<b>\$15,332,054</b>	<b>\$27,648,522</b>	<b>\$41,216,620</b>	<b>\$47,235,411</b>	<b>\$14,183,751</b>	<b>\$145,616,357</b>
<b>ENDING BALANCE</b>							<b>\$25,877,201</b>

\*Interest as of 09/30/08

<b>Holding Account:</b>	Costs to be transferred to Appropriate project/site.
<b>Bond Administration:</b>	Costs associated with the Administration of the Bond.

## Bond Administration Summary of Services

This report is a list of all Posted Contracts for this project October 31, 2008

Contract Name	Date	Budget	PO's Issued	Expended	Remaining on PO	Remaining Budget	Service Description
<b>Budget</b>		<b>\$600,000</b>					
Acorn Media	04/29/05	\$147	\$147	\$147	\$0	\$0	Supplies technology equipment and service for office related projects and needs
Amer Institute of Arch	12/05/05	\$779	\$779	\$779	\$0	\$0	American Institute of Architects (AIA) documents / forms utilized for Construction Projects and Bid Documents
Atkinson Andelson	03/21/07	\$1,819	\$1,819	\$1,818	\$1	\$0	Agreement for multi-prime projects
AutoDesk	03/21/08	\$2,450	\$2,450	\$2,450	\$0	\$0	Training on BuzzSaw
Bank of New York	09/06/06	\$3,975	\$3,975	\$3,975	\$0	\$0	Administration Fee for General Obligation Bond Series 2000A
Bergman & Dacey, Inc.	12/11/06	\$902	\$902	\$902	\$0	\$0	Legal services related to Measure B
Colbi Technologies	04/09/08	\$7,000	\$7,000	\$7,000	\$0	\$0	Annual support for Accountability
Commercial Relocation	02/01/06	\$1,509	\$1,509	\$1,509	\$0	\$0	Provides service and equipment to successfully enable a temporary or permanent relocation
Consolidated Rapro	07/06/05	\$1,583	\$1,583	\$1,583	\$0	\$0	Serves as source of document supply in respect to construction related plans, drawings, and schematics.
D M C Engineering	11/22/05	\$6,798	\$6,798	\$6,798	\$0	\$0	Preparation of District Wide Stormwater Pollution Prevention Plan (SWPPP)
DecisionSite Integrated Demo	02/01/05	\$0	\$0	\$0	\$0	\$0	Provides geo-demographic analysis, enrollment projections, and information technology for the educational sector
District Print Shop	09/17/07	\$53	\$53	\$53	\$0	\$0	Provide printing services
Educational Resource	03/03/06	\$50	\$50	\$50	\$0	\$0	Supplies and installs "Win Server 2003 Standard (STD)"
Fieldman Rolapp	02/13/07	\$0	\$0	\$0	\$0	\$0	Financial services with bond series 2007A
Loskot, Corinne	11/10/04	\$0	\$0	\$0	\$0	\$0	Provides specialized services for Facilities Project Planning, School Facility Program (SFP) Eligibility, and support services
MuniFinancial	04/28/06	\$3,800	\$3,800	\$3,800	\$0	\$0	Provides Arbitrage Rebate Services for General Obligation Bond
Office Depot	06/28/05	\$667	\$667	\$667	\$0	\$0	Supplies technology equipment and service for office related projects and needs
Or Co Register	07/01/05	\$245	\$245	\$245	\$0	\$0	Advertisement outlet utilized for General Obligation Bond
Portford Solutions	02/27/07	\$2,448	\$2,448	\$2,448	\$0	\$0	Document scanning
Poster-Size-It	12/20/05	\$1,531	\$1,531	\$1,531	\$0	\$0	Supports signage/communication needs for General Obligation Bond
Registrar of Voters	11/08/05	\$207	\$207	\$207	\$0	\$0	Mailing list of SVUSD area
Salaries (District)	07/05/07	\$395,026	\$395,026	\$395,026	\$0	\$0	District salaries
Stradling Yocca Carlson	01/25/05	\$135,873	\$135,873	\$7,206	\$128,667	\$0	Provided advisement and counsel to the School District as to the best legal method of accomplishing Bonds issuance
Trend Offset Printing	04/21/05	\$8,965	\$8,965	\$8,965	\$0	\$0	Supplied printing and graphic services for "Community Outreach Brochures"
US Post Office	05/12/05	\$6,081	\$6,081	\$6,081	\$0	\$0	Provided bulk mailing for 86,524 documents for "Community Outreach Brochures"
Vicenti, Lloyd Stutz	03/15/06	\$32,817	\$32,817	\$19,914	\$12,903	\$0	Auditors
Vision Marking	01/06/06	\$224	\$224	\$224	\$0	\$0	Supports signage/communication needs in respect to upcoming and ongoing projects for public's knowledge
<b>TOTALS</b>		<b>\$614,947</b>	<b>\$614,947</b>	<b>\$473,376</b>	<b>\$141,571</b>	<b>\$0</b>	
Unencumbered							
Issued: BWilson		(\$14,947)					



# SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

Measure B

Expenditure Detail as of October 31, 2008

SITE	SCHOOL	A. Site	B. Planning	C. Construction	D. Testing	E. Inspection	F. F&E	Grand Total
550	Aliso		244,106	1,431,308	12,926	58,354	17,570	1,764,265
571	Cielo Vista		222,187	1,052,250	11,162	17,932		1,303,530
551	Cordillera		210,875	1,617,616	22,123	59,351	26,531	1,936,495
554	De Portola		253,516	1,777,016	22,387	59,536	3,509	2,115,964
552	Del Cerro		60,162	503,798				563,961
553	Del Lago		710,902	4,412,941	21,088	76,003	15,306	5,236,240
575	Foothill Ranch	3,164	53,364	1,088,104		761	-	1,145,393
555	Gates	5,020	239,624	325,430	11,278	1,849		583,201
556	Glen Yermo	9,311	893,978	3,712,391	32,315	202,010	15,043	4,865,048
557	La Madera		803,317	4,549,944	26,731	174,763	2,223	5,556,978
558	La Tierra	10,037	345,261	578,958		2,785	-	937,041
572	Lake Forest	12,400	108,246	643,944		2,066		766,657
559	Linda Vista		301,267	1,403,731	13,684	57,795	-	1,776,476
560	Lomarena	9,963	863,024	5,674,290	25,435	223,809	13,077	6,809,598
576	Melinda Heights		35,758	851,443		2,175	567	889,943
561	Montevideo	10,870	1,058,784	3,745,616	20,425	140,189	25,776	5,001,659
562	Olivewood	7,223	237,912	1,351,642	10,993	54,904	211	1,662,885
563	O'Neill		179,931	1,047,763	12,650	9,724	1,036	1,251,104
570	Portola Hills	12,400	94,266	459,172	2,100	22,068	-	590,006
564	Rancho Canada	10,701	770,763	2,703,967	6,197	101,562	24,892	3,818,083
573	Robinson		37,890	618,082		1,088	1,564	658,623
565	San Joaquin	7,581	715,972	4,462,707	10,000	151,355	31,149	5,378,765
566	Santiago		44,834	429,626	-	-	-	474,459
567	Trabuco Elem	12,923	606,645	2,241,128	23,235	118,332	11,526	3,013,789
569	Trabuco Mesa	12,400	143,980	201,180		1,631	-	359,192
568	Valencia		307,149	1,628,702	25,305	77,793	7,614	2,046,562
680	La Paz	8,522	679,587	6,120,668	83,116	172,488	13,413	7,077,794
681	Los Alisos	14,825	1,396,294	7,167,816	81,149	183,645	7,153	8,850,882
685	Rancho Santa Margarita	10,870	231,202	1,842,967	22,964	81,495	-	2,189,498
682	Serrano	12,846	1,676,784	7,879,836	91,010	183,979	2,013	9,846,469
790	El Toro		2,869,683	9,018,418	97,417	251,998	146,556	12,384,072
791	Laguna Hills	7,001	2,337,969	12,649,102	121,117	266,612	40,115	15,421,915
792	Mission Viejo		1,901,252	9,006,545	79,326	252,984	188,878	11,428,985
793	Trabuco Hills	14,200	2,301,792	8,818,247	111,913	122,820	204,025	11,572,996
898	Esperanza	5,815	517,688	2,066,163	20,874	115,724	7,630	2,733,894
895	Silverado	2,161	674,398	989,095	56,576	117,051	37,438	1,876,719
331	District Office		648,764	776,445			17,219	1,442,428
340	Bond Administration		469,792	1,509			2,075	473,376
346	Holding / Interest	0	11,414	-	-	-	0	11,414
<b>Grand Total</b>		<b>263,248</b>	<b>18,885,665</b>	<b>48,294,695</b>	<b>162,651</b>	<b>618,072</b>	<b>579,767</b>	<b>145,616,357</b>

Measure B  
as of October 31, 2008

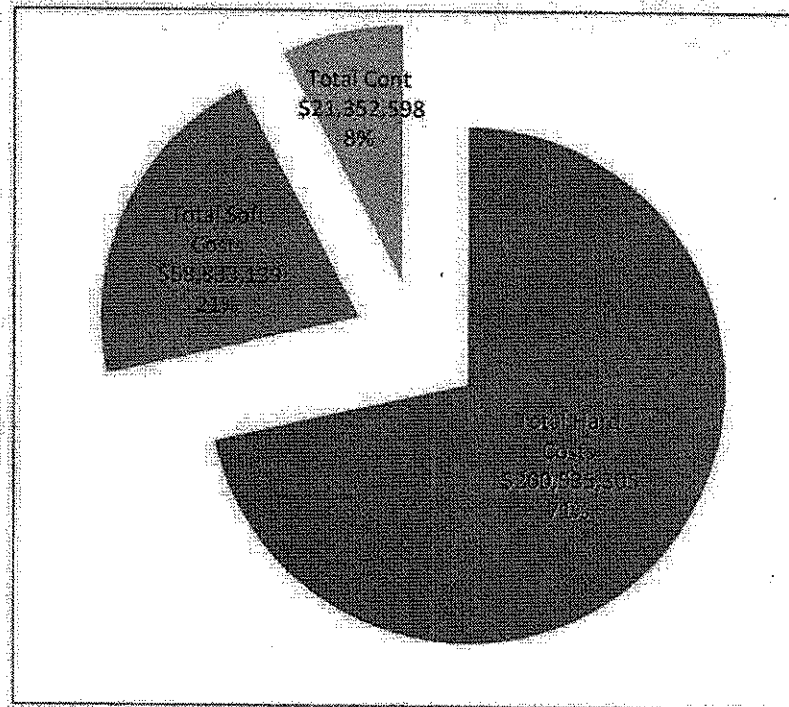
### Hard Cost, Soft Cost, and Contingency Budget Breakdown \$280,721,042

**Soft Costs** - cost associated with planning, design, and coordination of a construction project.

- 47% Architect/Consultant Fees
- 23% Construction Management Services
- 1% Legal Fees
- 3% Div. of State Architect/CDE Fees
- 2% Labor Compliance Requirements
- 6% Interim Housing/Move Mngt
- 15% Testing and Inspection
- 1% Abatement
- 2% Planning Contingency

**Contingency** - any additional monies segregated to support a project or the program.

- 25% Individual Project Contingency
- 75% Program Contingency



**Hard Costs** - work and cost associated with actual construction.

- 87% Main Construction Contracts (General or Multiple Prime Contractors)
- 1% Shade Structure Projects
- 1% Field Restroom Building
- 1% Upgrade Play Surface Project
- 1% Telephone System Upgrade
- 1% Technology Projects
- 1% Safety & Security Projects
- 7% Field Renovation Projects

**DRAFT** for Discussion Purposes Only



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
FINANCIAL AUDIT**

**For the Fiscal Year Ended June 30, 2008**

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
FINANCIAL AUDIT**

**June 30, 2008**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
The Citizens' Oversight Committee  
Saddleback Valley Unified School District  
25631 Peter A. Hartman Way  
Mission Viejo, CA 92691

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddleback Valley Unified School District, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated \_\_\_\_\_, 2008. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Building Fund (Measure B Bond Program) of the Saddleback Valley Unified School District for the fiscal year ended June 30, 2008. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Building Fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 for the Building Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Building Fund 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Building Fund (Measure B Bond Program) of the Saddleback Valley Unified School District as of June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.



The Board of Education  
The Citizens' Oversight Committee  
Saddleback Valley Unified School District

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2008 on our consideration of the Saddleback Valley Unified 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 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.

VICENTI, LLOYD & STUTZMAN LLP

\_\_\_\_\_, 2008

## SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

BALANCE SHEET  
BUILDING FUND - MEASURE B BOND PROGRAM  
June 30, 2008**ASSETS**

Cash in County Treasury	\$ 45,664,497
Accounts Receivable:	
Interest Receivable	<u>123,150</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>45,787,647</u></b>

**LIABILITIES AND FUND BALANCE****LIABILITIES**

Accounts Payable	\$ 5,981,348
Due to Other Funds	<u>471</u>
<b>TOTAL LIABILITIES</b>	<b><u>5,981,819</u></b>

**FUND BALANCE**

Undesignated	<u>39,805,828</u>
<b>TOTAL FUND BALANCE</b>	<b><u>39,805,828</u></b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>45,787,647</u></b>
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See the accompanying notes to the financial statements.



SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUILDING FUND - MEASURE B BOND PROGRAM  
For the Fiscal Year Ended June 30, 2008

<b>REVENUES</b>	
Interest Income	\$ 2,912,652
<b>TOTAL REVENUES</b>	<u>2,912,652</u>
<b>EXPENDITURES</b>	
Classified Salaries	173,210
Employee Benefits	72,636
Supplies and Materials	318,061
Contracted Services and Other Expenses	3,207,139
Capital Outlay	<u>42,659,789</u>
<b>TOTAL EXPENDITURES</b>	<u>46,430,835</u>
Deficiency of Revenues over Expenditures	<u>(43,518,183)</u>
<b>OTHER FINANCING USES</b>	
Interfund Transfers Out	<u>(870,034)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(870,034)</u>
Net Change in Fund Balance	(44,388,217)
Fund Balance at Beginning of Year	<u>84,194,045</u>
Fund Balance at End of Year	<u>\$ 39,805,828</u>

See the accompanying notes to the financial statements.

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUILDING FUND - MEASURE B BOND PROGRAM**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest Income	\$ 3,000,000	\$ 2,912,652	\$ (87,348)
<b>TOTAL REVENUES</b>	<u>3,000,000</u>	<u>2,912,652</u>	<u>(87,348)</u>
<b>EXPENDITURES</b>			
Classified Salaries	174,865	173,210	1,655
Employee Benefits	80,013	72,636	7,377
Supplies and Materials	330,216	318,061	12,155
Contracted Services and Other Expenses	3,387,699	3,207,139	180,560
Capital Outlay	<u>72,615,122</u>	<u>42,659,789</u>	<u>29,955,333</u>
<b>TOTAL EXPENDITURES</b>	<u>76,587,915</u>	<u>46,430,835</u>	<u>30,157,080</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(73,587,915)</u>	<u>(43,518,183)</u>	<u>30,069,732</u>
<b>OTHER FINANCING USES</b>			
Interfund Transfers Out	<u>(893,300)</u>	<u>(870,034)</u>	<u>23,266</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(893,300)</u>	<u>(870,034)</u>	<u>23,266</u>
Net Change in Fund Balance	<u>\$ (74,481,215)</u>	<u>(44,388,217)</u>	<u>\$ 30,092,998</u>
Fund Balance at Beginning of Year		<u>84,194,045</u>	
Fund Balance at End of Year		<u>\$ 39,805,828</u>	

See the accompanying notes to the financial statements.

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.

**FUND STRUCTURE**

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure B Bond Program related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**BASIS OF ACCOUNTING**

The Measure B Bond Program is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

**BUDGET**

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

## SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAMNOTES TO FINANCIAL STATEMENTS  
June 30, 2008**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)****CAPITAL ASSETS AND LONG-TERM DEBT**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure B Bond Program are determined by its measurement focus. The Measure B Bond Program is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure B Bond Program are accounted for in the basic financial statements of the Saddleback Valley Unified School District.

**NOTE 2 - DEPOSITS AND INVESTMENTS:****Deposits****Cash in County**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District’s deposits for the Measure B Bond program in this pool as of June 30, 2008, as provided by the pool sponsor, was \$45,641,665.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted 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. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**
**PROPOSITION 39 GENERAL OBLIGATION BONDS  
 MEASURE B BOND PROGRAM**
**NOTES TO FINANCIAL STATEMENTS  
 June 30, 2008**
**NOTE 3 – BONDED DEBT:**
**General Obligation Bonds**

In March 2004 the voters approved the issuance of bonds, not to exceed \$180 million, for the purpose of paying for the cost of new construction, reconstruction or modernization of some or all of the schools within the District.

The outstanding general obligation bonded debt of Saddleback Valley Unified School District at June 30, 2008 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2007</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2008</u>
8/12/2004	2.0-6.0	8/1/2029	\$100,000,000	\$ 89,760,000	\$ -	\$ 690,000	\$ 89,070,000
1/24/2007	3.5-5.0	8/1/2030	<u>60,000,000</u>	<u>60,000,000</u>	-	<u>6,590,000</u>	<u>53,410,000</u>
			<u>\$160,000,000</u>	<u>\$149,760,000</u>	<u>\$ -</u>	<u>\$7,280,000</u>	<u>\$142,480,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2008, are as follows:

**2004 Series A**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 870,000	\$ 4,310,488	\$ 5,180,488
2010	1,045,000	4,281,763	5,326,763
2011	1,230,000	4,246,100	5,476,100
2012	1,425,000	4,197,613	5,622,613
2013	1,645,000	4,136,213	5,781,213
2014-2018	12,105,000	19,306,969	31,411,969
2019-2023	20,735,000	15,298,625	36,033,625
2024-2028	32,680,000	8,696,250	41,376,250
2029-2030	17,335,000	883,875	18,218,875
Total debt service	<u>\$ 89,070,000</u>	<u>\$ 65,357,894</u>	<u>\$ 154,427,894</u>



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**
**PROPOSITION 39 GENERAL OBLIGATION BONDS  
 MEASURE B BOND PROGRAM**
**NOTES TO FINANCIAL STATEMENTS  
 June 30, 2008**
**NOTE 3 - BONDED DEBT: (continued)**
**General Obligation Bonds (continued)**
**2007 Series A**

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,410,000	\$ 2,391,456	\$ 3,801,456
2010	1,465,000	2,333,956	3,798,956
2011	1,525,000	2,274,156	3,799,156
2012	1,585,000	2,211,956	3,796,956
2013	1,650,000	2,151,381	3,801,381
2014-2018	9,255,000	9,716,030	18,971,030
2019-2023	11,460,000	7,414,346	18,874,346
2024-2028	14,530,000	4,256,250	18,786,250
2029-2031	10,530,000	724,725	11,254,725
Total debt service	<u>\$ 53,410,000</u>	<u>\$ 33,474,256</u>	<u>\$ 86,884,256</u>

**NOTE 4 - PURCHASE COMMITMENTS:**

As of June 30, 2008, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$40,915,230. Projects will be funded through bond proceeds.



**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***

Board of Education  
The Citizens' Oversight Committee  
Saddleback Valley Unified School District  
25631 Peter A. Hartman Way  
Mission Viejo, California 92691

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Saddleback Valley Unified School District (the District) as of and for the year ended June 30, 2008 which collectively comprise the District's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2008. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Building Fund (Measure B Bond Program) of the Saddleback Valley Unified School District for the fiscal year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statement that is more than inconsequential will not be prevented or detected by the District's internal control.

**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***

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saddleback Valley Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 Board, management, the California Department of Education, the State Controller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

VICENTI, LLOYD & STUTZMAN LLP

\_\_\_\_\_, 2008



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2008**

There are no findings and questioned costs related to Proposition 39 compliance for fiscal year 2007-08. In addition, no findings were noted for fiscal year 2006-07.

**DRAFT** for Discussion Purposes Only



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT**

**For the Fiscal Year Ended June 30, 2008**

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT  
June 30, 2008**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
The Citizens' Oversight Committee  
Saddleback Valley Unified School District  
25631 Peter A. Hartman Way  
Mission Viejo, CA 92691

We have examined the Saddleback Valley Unified School District's compliance with the performance requirements for the Proposition 39/Measure B General Obligation Bonds for the fiscal year ended June 30, 2008, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for the Saddleback Valley Unified School District's compliance with those requirements. Our responsibility is to express an opinion on the Saddleback Valley Unified School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Saddleback Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Saddleback Valley Unified School District's compliance with specified requirements.

In our opinion, the Saddleback Valley Unified School District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2008.

VICENTI, LLOYD & STUTZMAN LLP

\_\_\_\_\_, 2008

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT  
June 30, 2008**

**OBJECTIVES**

The objectives of our performance audit were to:

- determine the expenditures charged to the Saddleback Valley Unified School District Building Fund.
- determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure B in March 2004.
- note any incongruities or system weaknesses and provide recommendations for improvement.
- provide the District Board and the Citizens' Oversight Committee with a performance audit as specified under the requirements of the California Constitution and Proposition 39.

**SCOPE OF THE AUDIT**

The scope of our performance audit covered the period of July 1, 2007 to June 30, 2008. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2008 were not reviewed or included within the scope of our audit.



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT  
June 30, 2008**

**BACKGROUND INFORMATION**

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. In March 2004, a general obligation bond proposition (Measure B) of the Saddleback Valley Unified School District was approved by the voters of that District. Measure B authorized the District to issue up to \$180,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Education of the District has established a Citizens' Oversight Committee and appointed its initial members. The principal purpose of the Citizens' Oversight Committee, as set out in State law, is to inform the public as to the expenditures made using the proceeds of the bonds issued pursuant to the Measure B bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Building Fund have been expended only for the authorized bond projects.

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT  
June 30, 2008**

**PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure reports prepared by the District for the period of July 1, 2007 to June 30, 2008 for the Building Fund. Within the period audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure B with regards to the approved bond projects list. We performed the following procedures:

- reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure B election documents.
- selected a sample of expenditures for the period of July 1, 2007 to June 30, 2008 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. Furthermore, we verified that funds expended from the Building Fund were not used for salaries of school administrators or other operating expenses of the District.

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT  
June 30, 2008**

**CONCLUSION**

Based upon our procedures performed, we found that for the items tested, the Saddleback Valley Unified School District has properly accounted for the expenditures of the funds held in the Building Fund – Measure B Bond Program and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Building Fund – Measure B Bond Program, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE B BOND PROGRAM  
PERFORMANCE AUDIT**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
June 30, 2008**

There are no findings and questioned costs related to Proposition 39 compliance for fiscal year 2007-08. In addition, no findings were noted for fiscal year 2006-07.