

# 5TH ANNUAL REPORT

## District's Citizens' Oversight Committee for Measure B

**2008-2009 Fiscal Year  
(Period Ending June 30, 2009)**

Submitted to the Saddleback Valley Unified School District  
Board of Education

April 20, 2010

### Citizens' Oversight Committee Members for Measure B

Don Froelich, Chairman

Dolores Winchell, Vice-Chairman

Mauricio Escobar, Member

Ernestine Jones, Member

Stuart Luce, Member

Nikki Meyers, Member

George Perez, Member



## **INTRODUCTION AND BACKGROUND**

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 2008-09. This will be the fifth 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.

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 categories of membership is included in **Attachment 2**.

During this period, three Committee Members, David McClure, Jack Noenickx and Adam Spice submitted their resignation since they were no longer eligible or resigned. The Committee stated their pleasure working with these members over the 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. At the May 12, 2009 Board of Education meeting, the Board took action to reappoint Member George Perez to the Committee for his second two-year term.

The District advertised in the local newspaper, on the District's website and in the Measure B Community Newsletter to invite members of the Saddleback Valley Unified School District community to apply for membership.

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. All agendas and minutes are available on the District's web page: [www.svusd.k12.ca.us](http://www.svusd.k12.ca.us). From the home page you then click on the "Measure B" icon. Using the links you will find all agendas, minutes and related information to Measure B, including updates, news, pertinent documents and more.

Notices of all meetings are published in the local newspaper, at three schools and the District Office. 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 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 as **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, 2009. 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 2008-09. Progress to date generally indicates that the overall program is on schedule.

**Annual Financial and Performance Audit:** Proposition 39 requires that the school district of an approved measure conduct an annual independent performance audit to ensure that bond funds have been expended only on the specific projects included on the list of projects the district was required to provide before Measure B was presented to the voters. Proposition 39 also requires that the school district conduct an annual independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for the school facilities projects.

The following reports were prepared by 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, 2009; and
- SVUSD-Proposition 39 General Obligation Bond Measure B Bond Financial Audit for Fiscal Year Ended June 30, 2009

**Presentation to the Board of Education:** The Committee authorized at its February 18, 2010 Quarterly COC Meeting to present the COC Annual Report at the March 9, 2010 Board of Education Meeting.

**COMMITTEE'S PROCEEDINGS AND ACTIVITIES**

The primary activities of the Committee for 2008-09 were to:

- 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 8:15 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 eight (8) campuses (visits to some campuses multiple times to inspect progress). They were:

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| • El Toro High School            | • Serrano Intermediate School     |
| • Trabuco Hills High School      | • Gates Elementary School         |
| • La Paz Intermediate School     | • Olivewood Elementary School     |
| • Los Alisos Intermediate School | • Portola Hills Elementary School |

Community Measure B newsletters are mailed twice a year in the spring and fall and also found on the District's web page: [www.svusd.k12.ca.us](http://www.svusd.k12.ca.us).

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.

### **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. 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.

### **ATTACHMENTS:**

1. Committee Members Bylaws
2. Committee Members
3. Biographical Information
4. Most Recent Meeting Agenda
5. Most Recent Board Approved Minutes
6. Most Recent Consolidated Expenditure Report

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

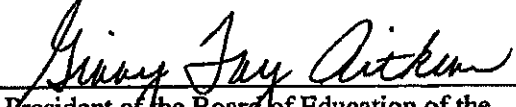
WHEREAS, more than fifty-five percent of the votes cast on the measure were in favor of issuing the Bonds; and

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.

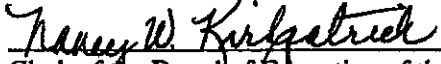
**NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT DOES HEREBY FIND, DETERMINE AND CERTIFY AS FOLLOWS:**

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 2563 I 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.

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**District's Citizens' Oversight Committee for Measure B**  
**2008-2009 Fiscal Year**

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**Donald Froelich, Chair**  
***Taxpayer's Association***

**Dolores Winchell, Vice-Chair**  
***Parent of SVUSD Student/Active in PTA***

**Mauricio Escobar**  
***Community At Large***

**Ernestine Jones**  
***Business Organization***

**Stuart Luce**  
***Senior Citizen Organization***

**Nikki Meyers**  
***Business Organization***

**George Perez**  
***Construction Industry***

***Citizens' Oversight Committee for Measure B  
Brief Biographical Information  
For Period Ending June 30, 2009***

**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.

**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.

**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.

***Citizens' Oversight Committee for Measure B  
Brief Biographical Information  
For Period Ending June 30, 2009***

**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.

**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.

**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.

**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 Intermediate and Laguna Hills High from which they both graduated. Their daughters and their daughters' families also live in Laguna Hills where their oldest granddaughter is a senior and a cheerleader for the (currently) undefeated 2009 LHHS football team. Two other grandchildren attend Valencia Elementary and the fourth is in preschool. Mr. Luce retired after 33 years with the McDonnell Douglas Aircraft Company where he was in System Engineering and Program Management positions. He 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.



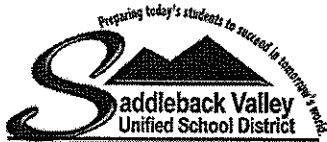
**Measure B Citizens' Oversight Committee Meeting**  
**8:30 a.m., Thursday, November 19, 2009**  
**Saddleback Valley Unified School District Education Center**

**A G E N D A**

- I. Call to Order (Chairman Froelich)
  - a. Roll Call, Members:

Mauricio Escobar	Nikki Meyers
Donald Froelich	George Perez
Ernestine Jones	Dolores Winchell
Stuart Luce	
- II. Introduction of New COC Members (Steve McMahon)
- III. Approval of August 20, 2009 Meeting Minutes ACTION ITEM
- IV. Comments from Visitors (on any items **NOT** on the Agenda)
- V. Comments from Visitors (on any items **ON** the Agenda)
- VI. Reports from COC and District Staff
  - a. Chairman Report
  - b. Site Inspection Tours
    - El Toro High School (Member Meyers)
    - Serrano (Member Jones)
  - c. Review of "draft" 2008-09 COC Annual Report (Chairman Froelich)
  - d. District Budget Update (Steve McMahon)
- VII. Facility and Planning/Construction Report (Noemi Avila-Zamudio)
- VIII. Financial Reports
  - a. Consolidated Expenditure Report (Bev Wilson)
  - b. Annual Financial and Performance Audit Update (Chairman Froelich)
- IX. Future Agenda Items
- X. Announcements
- XI. Next Regular Meeting

The next regular meeting will take place on Thursday, February 18, 2010. The meeting will begin at 8:30 a.m. in the Saddleback Valley Unified School District Education Center.
- XII. Adjournment



**MEETING MINUTES**  
**Measure B Citizens' Oversight Committee**  
**8:30 a.m., Thursday, August 20, 2009, Board Room**

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*The following minutes are the unofficial proceedings and have been approved for public viewing but not have been officially accepted by the Citizens' Oversight Committee until the scheduled November 19, 2009 Committee Meeting.*

I. Call to Order

The Regular Quarterly Meeting of the Citizens' Oversight Committee was called to order by Chairman Froelich at 8:30 a.m. in the Education Center Board Room, 25631 Peter A. Hartman Way, Mission Viejo, California.

Roll Call

The following Members were present

Donald Froelich	Adam Spice
Stuart Luce	Dolores Winchell
Nikki Meyers	

The following Members were absent

Mauricio Escobar	George Perez
Ernestine Jones	

II. Approval of May 21, 2009 Meeting Minutes

On Motion of Member Meyers, seconded by Vice-Chairman Winchell, the Meeting Minutes of May 21, 2009 were approved as submitted.

III. Comments from Visitors (on any items **NOT** on the Agenda)

No Comments

IV. Comments from Visitors (on any items **ON** the Agenda)

No Comments

REPORTS

V. Chairman Report

Chairman Froelich presented Member Spice with a certificate of appreciation for his three years of service with the Citizens' Oversight Committee and thanked him for his participation. Member Spice has resigned since he served as a parent representative and no longer has children in the District. Vice-Chairman Winchell also thanked him for his outstanding contribution.

REPORTS (cont)

## a. Committee Members' Site Inspection Tours

Gates Elementary School

Vice-Chairman Winchell stated that Gates Elementary is one of the oldest elementary schools. A new modular kitchen facility has been placed on a permanent concrete foundation at this site similar to that of Serrano Intermediate. She stated this type of installation is more work and costly because of all of the plumbing. Gates has also received a parking lot expansion.

Trabuco Hills High School

Member Luce reported that he is very impressed with the new parking structure and 2-story building at this site. Inspected the weight room and wrestling room. Everything is completed except for the wall padding for the wrestling room. He commented he was also impressed with the ticket booth entrances for the visitors and home team into the stadium and the fence separating the two teams. The building is almost complete with the exception of some work being done on one of the lower steps. The driveway into the parking structure and the drop off area for the students has been completed. Vice-Chairman Winchell confirmed that only staff would be parking in the underground parking structure. Ms. Avila-Zamudio responded this is true and will be enclosed and secured in the evenings and on weekends.

Olivewood Elementary School

Vice-Chairman Winchell reported that this school is another older elementary school. The parking lot is being expanded, gaining 35 spaces. District owned portables have been placed on permanent concrete foundations. Portables have been added to accommodate for two additional classrooms and this will be completed by the time school begins. She also reported that when the new Multi Purpose Room was built, apparently there were not enough fire hydrants, so another fire hydrant and fire road was added to this site.

La Paz Intermediate School

Member Luce indicated there is a new paved parking lot being constructed to provide 52 additional parking spaces, which will provide extra parking for the school and the community. Mesh screening has been added to capture stray arrows from the archery field. Four more volleyball courts have been added to this site and some grass strips near the basketball courts. The cost of this project is \$400,000 and should be completed by next week.

## VI. Facility Planning &amp; Construction

Ms. Avila-Zamudio indicated it has been a very busy summer. There have been fourteen (14) summer projects, in addition to the on-going projects at Trabuco Hills High School and Serrano Intermediate School MOD Phase II. She stated the high school has been completed and looks amazing. New student and teacher desks have been delivered and set up and ready to be occupied. The 2-story parking structure is being enclosed on the bottom portion of the first floor to secure during evening hours and on weekends.

## VI. Facility Planning & Construction (cont)

The Serrano MOD Phase II classroom building has been completed. Landscaping will be finished before school begins. During the summer there were seven (7) parking lot projects. Del Cerro received 22 additional parking spaces; Del Lago received 22 additional spaces; Gates received 20 additional spaces; La Tierra received 60 additional parking spaces; Olivewood received 35 additional parking spaces; La Paz received 52 additional parking spaces and O'Neill received 33 additional parking spaces. New modular kitchens have been added at Gates Elementary and Serrano Intermediate schools. She said several leased portables have been removed and have been replaced with District owned portables and most have been set on permanent concrete foundations. The next project will be the modernization of Trabuco Hills High School in about eighteen months. The planning stage will begin in early fall with the RFP process and hopefully will receive a new team of architects.

Chairman Froelich praised the District for bringing in new blood with new architects since the District has had some issues with the previous architects. Ms. Avila-Zamudio indicated there is a significant decrease in the cost of contractors, architects and consultants because of the current economic crisis, so it is a very competitive time right now. The number of bids received for projects has increased significantly.

## VII. Financial Reports

### a. Consolidated Expenditure Report

Ms. Beverly Wilson, Accountant, shared the Expenditure Report with the Committee and explained why the last financial summary report indicated there were total expenditures in the amount of \$157M and the current financial report today indicates \$155M. She said this is correct. Currently \$16M in funds is available. Bond proceeds are \$160M and \$20M is remaining. Mr. McMahon explained that the remaining \$20M in bonds will not be issued until the schools qualify for modernization money in approximately three to four years. Vice-Chairman Winchell asked if the state is continuing with matching funds. Mr. McMahon explained construction bond money is still there and hopefully it will still be there in three to four years.

### b. District Budget

Mr. McMahon reported the District has downsized staff significantly because of the fiscal crisis. The facilities department now consists of a construction manager, a facilities planner, a secretary and a clerk. Member Spice asked about the Measure B funds remaining vs. the projects still left to do. Mr. McMahon explained we will need approximately \$40M for those schools that are not yet old enough to qualify for matching funds and we have \$20M yet to be issued, plus our contingency, which is about \$7M. The remainder will come from the state matching funds. Member Spice asked about the Bond Administration Summary & Services report indicating an expense of \$117,000 for BuzzSaw training. Ms. Avila-Zamudio explained this is not for training but is for the Measure B financial system. He asked that this be changed to reflect this is for the financial system and not training.

### VIII. Solicitation and COC Appointment Process Report

Ms. Avila-Zamudio indicated the District is currently seeking two (2) highly qualified and interested community leaders to serve on the Citizens' Oversight Committee because of the resignation of Member McClure and Member Spice. Advertising took place by posting on the website, submitting an ad in the Orange County Register and including in the most recent Measure B Newsletter. Two applications have been received so far and the deadline was extended to August 21. She plans to interview next month and bring a recommendation to the Board of Education. Terms of four (4) members will expire in May 2010 and a waiver will be submitted to the CDE to request a second waiver to serve an additional two-year term, which, if approved, would be Term 4 for those members.

Member Meyers asked about the need for a committee since the remaining \$20M in bonds will not be sold for another three to four years. Mr. McMahon said the committee will stay in place. Site inspection tours will not be necessary but financial reports will be provided. There will be small projects on-going, some field renovations and some work done at the District Office. The By-Laws will be reviewed about the committee meeting quarterly.

### IX. Future Agenda Items

Member Meyers asked for clarification as to the Measure B funds that have been used at El Toro High School. The site was originally budgeted \$26M, which included a stadium. The stadium was not built and \$28M has been used. Mr. McMahon indicated an expenditure report will be provided at the next meeting.

Vice-Chairman Winchell asked if the website provides a project list by site comparing the original project list with an updated project list. Ms. Avila-Zamudio responded that this is provided on the website.

### X. Announcements

None

### XI. Next Regular Meeting

The next regular meeting will take place on Thursday, November 19, 2009. The meeting will begin at 8:30 a.m. in the Saddleback Valley Unified School District Education Center.

### XII. Adjournment

The meeting was adjourned at 9:10 a.m.

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



October 31, 2009

SITE	BUDGET	ENCUMBRANCES / EXPENSES			BUDGET REMAINING
		COMMITTED	EXPENDITURES & RETENTIONS	CONTRACT BALANCE	
Aliso	2,642,111	2,453,908	2,453,908	0	188,205
Cielo Vista	5,765,819	1,486,742	1,456,618	10,124	4,299,077
Cordillera	2,597,896	2,574,555	2,574,555	0	23,340
De Portola	2,879,026	2,837,373	2,837,373	0	41,654
Del Cerro	1,805,387	1,177,779	1,105,033	72,746	627,608
Del Lago	7,535,995	6,889,051	6,753,069	135,982	646,943
El Toro HS	28,075,595	27,961,100	27,476,093	485,007	114,495
Esperanza	3,009,953	3,772,718	3,759,408	13,310	(762,765)
Foothill	1,989,085	1,250,398	1,212,853	37,545	738,687
Gates	3,586,352	1,735,484	1,603,872	131,592	1,830,888
Glen Yermo	8,365,518	7,938,166	7,934,808	3,259	427,352
La Madera	7,867,432	6,789,066	6,739,418	49,649	1,078,365
La Paz	10,854,025	10,667,229	10,517,998	149,231	186,796
La Tierra	3,110,754	1,213,960	1,184,002	29,959	1,896,794
Laguna Hills HS	20,244,365	18,998,300	18,987,570	10,729	1,246,065
Lake Forest	2,867,787	1,252,516	1,216,640	35,876	1,615,271
Linda Vista	4,949,977	2,595,413	2,481,908	113,505	2,354,564
Lomarena	7,829,150	7,787,623	7,786,173	1,450	41,526
Los Aislos	16,141,998	15,841,755	15,173,699	668,057	300,243
Melinda Heights	1,139,534	941,729	939,145	2,584	197,804
Mission Viejo HS	17,413,241	16,946,892	16,922,978	23,913	466,350
Montevideo	9,837,907	9,399,911	9,390,791	9,120	237,996
Olivewood	3,246,017	2,695,671	2,608,207	87,464	550,346
O'Neill	1,903,159	1,253,601	1,253,601	0	649,557
Portola Hills	1,830,149	1,109,711	1,075,619	34,092	720,438
Rancho Canada	6,138,730	6,082,172	6,061,308	20,864	56,558
Rancho Santa Margarita	2,800,496	2,763,592	2,763,592	0	36,904
Robinson	1,253,404	914,424	819,125	95,299	338,980
San Joaquin	5,963,345	5,960,532	5,938,882	21,650	2,812
Santiago	948,860	486,692	486,692	0	462,168
Serrano	21,494,805	20,875,136	19,762,225	1,112,911	619,669
Silverado/District Office	13,872,526	8,332,760	8,327,196	5,564	5,539,767
Trabuco Elementary	4,127,815	3,110,282	3,096,882	13,400	1,017,533
Trabuco Hills HS	28,800,669	21,294,274	20,026,599	1,267,675	7,506,395
Trabuco Mesa	5,573,512	366,198	364,364	1,834	5,207,313
Valencia	3,715,592	3,611,059	3,506,571	104,488	104,533
Measure B Administration	1,500,000	1,207,817	1,069,649	138,168	292,183
<b>Sub Total</b>	<b>273,457,983</b>	<b>232,555,571</b>	<b>227,668,525</b>	<b>4,887,046</b>	<b>40,902,412</b>

Measure B Holding	12,124,873	845,194	351,040	494,154	11,279,689
Measure B DW Contingency	259,885	0	0	0	259,885
Measure B Program Contingency	5,214,817	0	0	0	5,214,817
<b>GRAND TOTAL</b>	<b>291,057,558</b>	<b>233,400,764</b>	<b>228,019,564</b>	<b>5,381,200</b>	<b>57,656,794</b>

Issued: BWilson



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**  
**Measure B**  
**Financial Summary as of October 31, 2009**

		2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	TOTAL
<b>REVENUES</b>								
BOND PROCEEDS	9000	\$100,000,000	\$0	\$60,000,000	\$0	\$0	\$0	\$160,000,000
NET INTEREST EARNINGS*	8860	\$1,828,846	\$3,021,823	\$3,443,069	\$2,828,855	\$548,433	\$85,297	\$11,755,122
FUND 21 CLOSEOUT	8860	\$0	\$0	\$0	\$0	\$109,256	\$0	\$109,256
DONATIONS	8699	\$0	\$0	\$84,506	\$5,000	\$8,600	\$0	\$96,106
LCP PENALTIES	8699	\$0	\$0	\$0	\$0	\$1,380	\$0	\$1,380
EXCESS ISSUANCE RETURN	8699	\$11,897	\$0	\$0	\$13,540	\$0	\$0	\$25,537
<b>TOTAL REVENUES</b>		<b>\$101,841,843</b>	<b>\$3,021,823</b>	<b>\$63,527,574</b>	<b>\$2,847,195</b>	<b>\$663,670</b>	<b>\$85,297</b>	<b>\$171,867,401</b>
<b>EXPENDITURES</b>								
Aiso Elementary	550	\$191,930	\$231,970	\$832,887	\$520,374	\$5,149	\$4,008	\$1,786,317
Cielo Vista Elementary	571	\$127,120	\$411,209	\$556,165	\$83,658	\$213,371	\$65,095	\$1,456,618
Cordillera Elementary	551	\$261,910	\$228,202	\$1,998,978	\$46,548	-\$13,454	\$0	\$1,822,181
De Portola Elementary	554	\$190,597	\$230,154	\$1,326,941	\$359,167	\$9,461	\$1,720	\$2,118,039
Del Cerro Elementary	552	\$140,849	\$235,038	\$9,435	\$178,639	\$167,577	\$373,498	\$1,105,033
Del Lago Elementary	553	\$425,076	\$520,343	\$1,888,251	\$1,368,875	-\$68,984	\$155,827	\$4,289,388
Foothill Ranch Elementary	575	\$307,438	\$425,107	\$9,703	\$39,843	\$430,963	\$0	\$1,212,853
Gates Elementary	555	\$278,879	\$94,201	\$18,453	\$183,368	\$26,897	\$1,000,874	\$1,603,672
Glen Yermo Elementary	558	\$413,747	\$382,089	\$2,359,451	\$1,970,118	\$426,234	\$2,574	\$4,854,211
La Madera Elementary	557	\$360,188	\$209,838	\$1,306,353	\$3,024,207	-\$843,565	\$70,895	\$4,327,896
La Tierra Elementary	558	\$342,477	\$108,785	\$458,302	\$21,514	\$45,755	\$209,180	\$1,184,002
Lake Forest Elementary	572	\$159,073	\$287,012	\$286,816	\$33,658	\$69,630	\$380,353	\$1,218,040
Linda Vista Elementary	559	\$408,247	\$287,538	\$772,685	\$344,653	-\$1,880	\$22,461	\$1,811,703
Lomaresa Elementary	560	\$440,342	\$319,389	\$1,479,484	\$4,291,845	-\$1,593,956	\$28,183	\$4,865,286
Melinda Heights Elementary	576	\$276,179	\$155,339	\$198,088	\$146,800	\$162,638	\$0	\$939,145
Montevideo Elementary	581	\$431,707	\$298,037	\$1,456,916	\$2,388,809	\$1,959,082	\$0	\$6,542,552
Olivewood Elementary	562	\$255,195	\$516,441	\$2,755	\$856,181	\$110,269	\$361,329	\$2,102,150
O'Neil Elementary	583	\$127,247	\$201,174	\$781,171	\$134,808	\$29,404	\$0	\$1,253,601
Portola Hills Elementary	570	\$113,896	\$168,107	\$205,920	\$68,335	\$439,734	\$79,829	\$1,075,819
Rancho Canada Elementary	564	\$411,255	\$813,485	\$1,879,798	\$332,400	\$82,633	\$10,434	\$3,630,016
Robinson Elementary	573	\$118,832	\$367,898	\$81,401	\$89,633	\$42,913	\$118,348	\$618,125
San Joaquin Elementary	565	\$439,471	\$221,876	\$3,403,057	\$1,302,915	-\$1,262,186	\$139,250	\$4,244,383
Santiago Elementary	568	\$183,534	\$260,279	\$4,760	\$14,039	\$14,080	\$0	\$486,692
Trabuco Elementary	567	\$374,377	\$107,856	\$152,401	\$2,172,937	\$289,311	\$0	\$3,096,882
Trabuco Mesa Elementary	569	\$127,612	\$117,765	\$68,317	\$47,498	\$4,808	\$566	\$384,364
Valencia Elementary	568	\$288,471	\$392,041	\$1,062,527	\$293,129	\$145,286	\$689,048	\$2,850,502
<b>La Paz Intermediate</b>	<b>680</b>	<b>\$1,429,278</b>	<b>\$1,073,197</b>	<b>\$77,034</b>	<b>\$3,832,743</b>	<b>-\$922,801</b>	<b>\$204,922</b>	<b>\$5,694,374</b>
Los Aisles Intermediate	681	\$622,278	\$823,587	\$691,912	\$4,878,988	\$1,080,223	\$93,304	\$8,088,288
Rancho Santa Margarita Inter.	685	\$259,542	\$470,105	\$623,378	\$833,916	\$44,245	\$47,728	\$2,278,911
Serrano Intermediate	682	\$697,932	\$585,696	\$682,746	\$5,703,932	\$4,299,126	\$1,147,856	\$13,117,288
<b>El Toro High School</b>	<b>790</b>	<b>\$1,352,850</b>	<b>\$3,727,451</b>	<b>\$4,138,837</b>	<b>\$3,073,178</b>	<b>\$1,104,052</b>	<b>\$1,878,846</b>	<b>\$15,375,313</b>
Laguna Hills High School	791	\$1,094,808	\$818,949	\$6,809,631	\$6,285,856	\$1,087,506	-\$3,961,865	\$12,134,784
Mission Viejo High School	782	\$1,031,323	\$7,434,019	-\$1,096,648	\$3,074,259	\$1,691,802	\$22,319	\$12,158,874
Trabuco Hills High School	783	\$1,089,784	\$2,957,581	\$894,020	\$3,107,177	\$11,188,987	\$789,040	\$20,026,599
Esperanza Special Education	898	\$98,997	\$201,618	\$2,037,084	\$380,804	\$1,014,237	\$26,668	\$3,759,408
Silverado Continuation High School	895	\$177,492	\$525,336	\$3,801,050	-\$3,123,672	\$1,361,138	\$4,645	\$2,745,890
District Office	331	\$205,604	\$1,397,014	\$210,621	-\$372,634	\$5,478	\$1,380	\$1,447,463
Bond Administration	340	\$51,566	\$279,202	\$117,218	-\$128,118	\$649,633	\$100,148	\$1,069,649
Holding Account	346	\$16,165	-\$14,527	\$152,816	-\$132,619	-\$21,746	\$0	\$89
<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>\$23,672,938</b>	<b>\$4,148,536</b>	<b>\$159,254,061</b>
<b>ENDING BALANCE</b>								<b>\$12,733,321</b>

\*Interest as of 09/30/09

<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, 2009

Contract Name	Date	Budget	Committed	Expended	Balance	Variance	Service Description
<b>Budget</b>		<b>\$1,500,000</b>					
Acorn Media	04/29/05	\$147	\$147	\$147	\$0	\$0	Supplies technology equipment and service for office related projects and needs
All State Sign	09/10/09	\$1,761	\$1,761	\$1,761	\$0	\$0	Measure B banners for schools
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 Anderson	03/21/07	\$240	\$240	\$240	\$0	\$0	Agreement for multi-prime projects
AutoDesk	03/21/08	\$117,586	\$117,586	\$117,586	\$0	\$0	BuzzSaw software and training
Bank of New York	09/06/06	\$5,565	\$5,565	\$5,565	\$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	\$14,000	\$14,000	\$14,000	\$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 Repro	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
Documedia Group	10/29/09	\$11,539	\$11,539	\$11,539	\$0	\$0	Measure B community brochures
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
Loakot, 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 (Willdan Financial)	04/28/06	\$7,600	\$7,600	\$7,600	\$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	\$2,446	\$2,446	\$2,446	\$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 - Const Management Clerical	07/05/07	\$842,514	\$842,514	\$842,514	(\$0)	\$0	Construction management - clerical
Strading Yocca Carlson	01/25/05	\$135,873	\$135,873	\$8,706	\$127,167	\$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 96,524 documents for "Community Outreach Brochures"
Vicenti, Lloyd Stutz	03/15/06	\$38,950	\$38,950	\$27,950	\$11,000	\$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>\$1,207,817</b>	<b>\$1,207,817</b>	<b>\$1,068,649</b>	<b>\$138,168</b>	<b>\$0</b>	
Uncommitted		\$292,183					

Issued: BWilson





# SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

**Measure B**
**Expenditure Detail as of October 31, 2009**

SITE	SCHOOL	A. Site	B. Planning	C. Construction	D. Testing	E. Inspection	F. F&E	Grand Total
550	Aliso		244,109	1,453,157	13,126	58,354	17,570	1,786,317
571	Cielo Vista	217,850	226,650	972,479	13,357	26,282		1,456,618
551	Cordillera		210,875	1,603,302	22,123	59,351	26,531	1,922,181
554	De Portola	14,705	255,489	1,761,198	22,387	59,536	4,724	2,118,039
552	Del Cerro	345,000	118,580	560,250	4,982	5,070	71,151	1,105,033
553	Del Lago	168,910	801,732	3,189,403	25,013	89,004	15,326	4,289,388
575	Foothill Ranch	3,164	57,705	1,151,223		761		1,212,853
555	Gates	684,648	250,405	598,268	45,441	24,469	640	1,603,872
556	Glen Yermo	161,657	905,096	3,613,243	34,004	206,397	33,813	4,954,211
557	La Madera	94,034	841,818	3,161,894	42,151	185,993	2,007	4,327,896
558	La Tierra	145,520	346,032	681,850	5,378	4,545	676	1,184,002
572	Lake Forest	12,400	148,929	1,053,245		2,066		1,216,640
559	Linda Vista	15,309	325,200	1,399,516	13,884	57,795		1,811,703
560	Lomarena	260,560	875,494	3,538,624	26,073	232,519	32,017	4,965,286
576	Melinda Heights		35,758	900,047		2,175	1,165	939,145
561	Montevideo	43,758	1,197,183	5,063,282	35,372	176,832	26,125	6,542,552
562	Olivewood	206,206	285,535	1,518,864	22,027	68,900	617	2,102,150
563	O'Neill	6,392	180,950	1,042,849	12,650	9,724	1,036	1,253,601
570	Portola Hills	43,943	123,776	878,791	3,013	25,552	545	1,075,619
564	Rancho Canada	113,576	725,448	2,656,811	7,308	101,772	25,101	3,630,016
573	Robinson	2,357	73,589	722,891	14,656	4,169	1,464	819,125
565	San Joaquin	7,581	752,465	3,287,831	10,000	152,798	33,707	4,244,383
566	Santiago		56,776	429,626		290		486,692
567	Trabuco Elem	36,342	609,927	2,300,570	18,968	118,332	12,743	3,096,882
569	Trabuco Mesa	17,572	143,980	201,180		1,631		364,364
568	Valencia	522,015	366,078	1,811,131	46,878	91,558	12,842	2,850,502
680	La Paz	328,371	762,112	4,293,340	107,694	188,781	14,077	5,694,374
681	Los Alisos	180,993	1,685,664	5,782,027	115,593	304,839	19,152	8,088,268
685	Rancho Santa Margarita	96,920	231,202	1,844,417	24,876	81,495		2,278,911
682	Serrano	488,568	2,069,228	9,975,665	190,502	366,971	26,355	13,117,288
790	El Toro	16,179	3,222,331	11,566,153	102,730	285,975	181,946	15,375,313
791	Laguna Hills	125,431	2,396,555	9,172,020	128,701	269,220	42,856	12,134,784
792	Mission Viejo	108,771	1,922,578	9,583,408	83,988	261,331	196,797	12,156,874
793	Trabuco Hills	875,790	2,411,758	15,855,004	380,751	242,207	261,090	20,026,599
898	Esperanza	5,815	1,409,105	2,071,948	20,874	244,035	7,630	3,759,408
895	Silverado	17,146	686,024	1,769,823	77,565	154,973	40,459	2,745,990
331	District Office		648,764	781,479			17,219	1,447,463
340	Bond Administration		1,066,066	1,509			2,075	1,069,649
346	Holding Account	0	89				0	89
<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>159,254,081</b>

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



October 31, 2009

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	38,013	2,642,111	2,453,906	150,192	94.2%	189,205	92.9%
Cielo Vista	5,611,483	154,336	5,765,819	1,466,742	4,144,741	26.1%	4,299,077	25.4%
Cordillera	2,302,838	295,058	2,597,896	2,574,555	(271,717)	111.8%	23,340	99.1%
De Portola	2,762,819	116,207	2,879,026	2,837,373	(74,554)	102.7%	41,654	98.6%
Del Cerro	1,801,751	(96,364)	1,805,387	1,177,779	723,972	61.9%	627,608	65.2%
Del Lago	7,092,408	443,587	7,535,995	6,689,051	203,357	97.1%	646,943	91.4%
El Toro HS	24,608,546	3,467,049	28,075,595	27,961,100	(3,352,554)	113.6%	114,495	99.6%
Esperanza	2,492,238	517,715	3,009,953	3,772,718	(1,280,480)	151.4%	(762,765)	125.3%
Foothill	1,814,705	174,380	1,989,085	1,250,398	564,307	68.9%	738,687	62.9%
Gates	3,516,440	49,912	3,566,352	1,735,464	1,780,976	49.4%	1,830,688	48.7%
Glen Yermo	6,299,366	2,066,152	8,365,518	7,938,166	(1,638,800)	126.0%	427,352	94.9%
La Madera	5,423,053	2,444,379	7,867,432	6,789,066	(1,366,013)	125.2%	1,076,365	86.3%
La Paz	9,454,746	1,399,279	10,854,025	10,667,229	(1,212,483)	112.8%	186,798	98.3%
La Tierra	2,509,157	601,597	3,110,754	1,213,960	1,295,197	48.4%	1,896,794	39.0%
Laguna Hills HS	19,841,228	403,137	20,244,365	18,998,300	842,928	95.8%	1,246,065	93.8%
Lake Forest	2,966,302	(98,515)	2,867,787	1,252,516	1,713,786	42.2%	1,615,271	43.7%
Linda Vista	5,035,550	(85,573)	4,949,977	2,595,413	2,440,137	51.5%	2,354,564	52.4%
Lomarena	6,518,767	1,310,383	7,829,150	7,787,623	(1,268,856)	119.5%	41,526	99.5%
Los Alisos	10,848,972	5,293,026	16,141,998	15,841,755	(4,992,783)	146.0%	300,243	98.1%
Melinda Heights	1,229,056	(89,522)	1,139,534	941,729	287,327	76.6%	197,804	82.6%
Mission Viejo HS	20,587,130	(3,173,889)	17,413,241	16,946,892	3,640,238	82.3%	466,350	97.3%
Montevideo	6,292,373	3,945,534	9,637,907	9,399,911	(3,107,538)	149.4%	237,996	97.5%
Olivewood	3,844,402	(598,385)	3,246,017	2,695,671	1,148,731	70.1%	550,346	83.0%
O'Neill	1,816,695	86,464	1,903,159	1,253,601	563,094	69.0%	649,557	65.9%
Portola Hills	1,920,022	(89,873)	1,830,149	1,109,711	810,311	57.8%	720,438	60.6%
Rancho Canada	7,575,152	(1,436,422)	6,138,730	6,082,172	1,492,980	80.3%	56,558	99.1%
Rancho Santa Margarita	3,118,906	(318,410)	2,800,496	2,763,592	355,314	88.6%	36,904	98.7%
Robinson	1,231,762	21,642	1,253,404	914,424	317,338	74.2%	338,980	73.0%
San Joaquin	5,965,425	(2,080)	5,963,345	5,960,532	4,893	99.9%	2,812	100.0%
Santiago	986,087	(37,227)	948,860	486,692	499,395	49.4%	462,168	51.3%
Serrano	15,656,457	5,838,348	21,494,805	20,875,136	(5,218,679)	133.3%	619,669	97.1%
Silverado/District Office	9,724,229	4,148,297	13,872,526	8,332,760	1,391,469	85.7%	5,539,767	60.1%
Trabuco Elementary	3,476,495	851,320	4,127,815	3,110,282	366,213	89.5%	1,017,533	75.3%
Trabuco Hills HS	23,028,970	5,771,899	28,800,869	21,294,274	1,734,696	92.5%	7,506,395	73.9%
Trabuco Mesa	5,649,647	(76,135)	5,573,512	366,198	5,283,449	6.5%	5,207,313	6.6%
Valencia	3,614,388	101,204	3,715,592	3,611,059	3,329	99.9%	104,533	97.2%
Measure B Administration	284,680	1,215,320	1,500,000	1,207,817	(923,137)	424.3%	292,183	80.5%
<b>Sub Total</b>	<b>239,606,343</b>	<b>33,851,640</b>	<b>273,457,983</b>	<b>232,655,571</b>	<b>7,050,772</b>	<b>97.1%</b>	<b>40,902,412</b>	<b>85.0%</b>
Measure B Holding/Interest		12,124,873	12,124,873	845,194	(845,194)		11,279,680	
Measure B DW Contingency	259,885	0	259,885	0	259,885		259,885	
Measure B Program Contingent	21,000,000	(15,785,183)	5,214,817	0	21,000,000		5,214,817	
<b>GRAND TOTAL</b>	<b>260,866,228</b>	<b>30,191,330</b>	<b>291,057,558</b>	<b>233,400,764</b>	<b>27,465,464</b>		<b>57,656,784</b>	

Measure B  
as of October 31, 2009

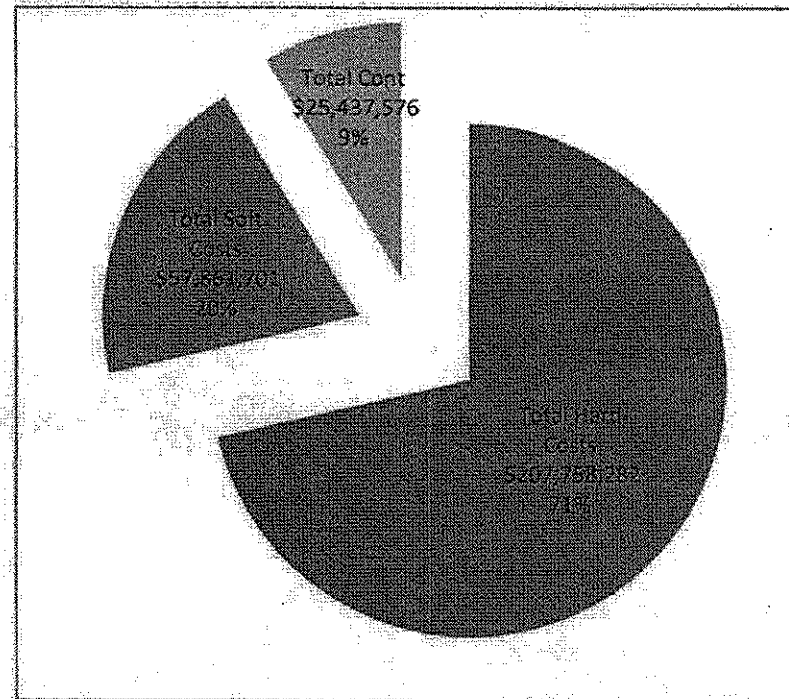
**Hard Cost, Soft Cost, and Contingency  
Budget Breakdown  
\$291,057,558**

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

- 49% Architect/Consultant Fees
- 20% 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.

- 32% Individual Project Contingency
- 68% 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

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

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

**For the Fiscal Year Ended June 30, 2009**

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

**June 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

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

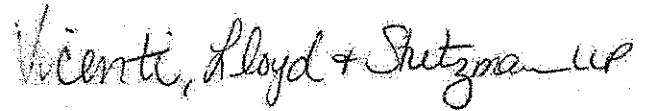
We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddleback Valley Unified School District, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated December 8, 2009. 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, 2009. 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, 2009, 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 December 8, 2009 on our consideration of the Saddleback Valley Unified School District's internal control over financial reporting for the Building Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters related to the Building Fund. 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

December 8, 2009

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**BUILDING FUND - MEASURE B BOND PROGRAM**

**June 30, 2009**

**ASSETS**

Cash in County Treasury	\$ 20,537,605
Accounts Receivable:	
Interest Receivable	19,010
Due from Other Funds	<u>962</u>

**TOTAL ASSETS** **\$ 20,557,577**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 3,760,135
Due to Other Funds	<u>882</u>

**TOTAL LIABILITIES** **3,761,017**

**FUND BALANCE**

Undesignated	<u>16,796,560</u>
--------------	-------------------

**TOTAL FUND BALANCE** **16,796,560**

**TOTAL LIABILITIES AND FUND BALANCE** **\$ 20,557,577**

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, 2009**

**REVENUES**

Interest Income	681,613
All Other Local Revenue	<u>7,980</u>

<b>TOTAL REVENUES</b>	<u>689,593</u>
-----------------------	----------------

**EXPENDITURES**

Classified Salaries	350,842
Employee Benefits	159,443
Supplies and Materials	118,397
Contracted Services and Other Expenses	2,509,899
Capital Outlay	<u>20,560,280</u>

<b>TOTAL EXPENDITURES</b>	<u>23,698,861</u>
---------------------------	-------------------

Deficiency of Revenues over Expenditures	<u>(23,009,268)</u>
--	---------------------

Net Change in Fund Balance	(23,009,268)
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Fund Balance at Beginning of Year	<u>39,805,828</u>
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Fund Balance at End of Year	<u>\$ 16,796,560</u>
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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  
BUDGET AND ACTUAL - BUILDING FUND - MEASURE B BOND PROGRAM**

For the Fiscal Year Ended June 30, 2009

	<u>Budget*</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest Income	\$ 682,520	\$ 681,613	\$ (907)
All Other Local Revenue	<u>8,230</u>	<u>7,980</u>	<u>(250)</u>
<b>TOTAL REVENUES</b>	<u>690,750</u>	<u>689,593</u>	<u>(1,157)</u>
<b>EXPENDITURES</b>			
Classified Salaries	375,194	350,842	24,352
Employee Benefits	176,831	159,443	17,388
Supplies and Materials	118,949	118,397	552
Contracted Services and Other Expenses	2,650,591	2,509,899	140,692
Capital Outlay	<u>19,378,322</u>	<u>20,560,280</u>	<u>(1,181,958)</u>
<b>TOTAL EXPENDITURES</b>	<u>22,699,887</u>	<u>23,698,861</u>	<u>(998,974)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(22,009,137)</u>	<u>(23,009,268)</u>	<u>(1,000,131)</u>
Net Change in Fund Balance	<u>\$ (22,009,137)</u>	<u>(23,009,268)</u>	<u>\$ (1,000,131)</u>
Fund Balance at Beginning of Year		<u>39,805,828</u>	
Fund Balance at End of Year		<u>\$ 16,796,560</u>	

\*The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and

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, 2009**

**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 PROGRAM**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**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, 2009, as provided by the pool sponsor, was \$20,574,572.

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, 2009**

**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, 2009 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2008</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2009</u>
8/12/2004	2.0-6.0	8/1/2029	\$100,000,000	\$ 89,070,000	\$ -	\$ 870,000	\$ 88,200,000
1/24/2007	3.5-5.0	8/1/2030	60,000,000	53,410,000	-	1,410,000	52,000,000
			<u>\$160,000,000</u>	<u>\$142,480,000</u>	<u>\$ -</u>	<u>\$2,280,000</u>	<u>\$140,200,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2009, are as follows:

**2004 Series A**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,045,000	\$ 4,281,762	\$ 5,326,762
2011	1,230,000	4,246,100	5,476,100
2012	1,425,000	4,197,612	5,622,612
2013	1,645,000	4,136,213	5,781,213
2014	1,880,000	4,068,063	5,948,063
2015-2019	13,585,000	18,692,407	32,277,407
2020-2024	22,835,000	14,209,375	37,044,375
2025-2029	35,545,000	6,990,625	42,535,625
2030	9,010,000	225,250	9,235,250
<u>Total debt service</u>	<u>\$ 88,200,000</u>	<u>\$ 61,047,407</u>	<u>\$ 149,247,407</u>

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 3 – BONDED DEBT: (continued)**

**General Obligation Bonds (continued)**

**2007 Series A**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,465,000	\$ 2,333,955	\$ 3,798,955
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	1,710,000	2,088,306	3,798,306
2015-2019	9,625,000	9,328,030	18,953,030
2020-2024	12,010,000	6,848,640	18,858,640
2025-2029	15,255,000	3,520,013	18,775,013
2030-2031	7,175,000	326,363	7,501,363
Total debt service:	<u>\$ 52,000,000</u>	<u>\$ 31,082,800</u>	<u>\$ 83,082,800</u>

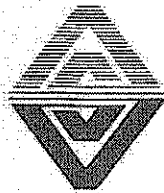
**NOTE 4 – PURCHASE COMMITMENTS:**

As of June 30, 2009, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$12,700,000. Projects will be funded through bond proceeds.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES:**

**Litigation**

The District has been named as defendant in several lawsuits. The District's attorneys have reported that in two construction litigation matters, there is a potential liability estimated to be up to \$1.4 million. This liability is contingent on the outcome of the litigation and is therefore not reported in these financial statements.



**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, 2009 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2009. 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 of the District for the fiscal year ended June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Building 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 Building Fund that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Building Fund 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 and management, and is not intended to be and should not be used by anyone other than these specified parties.

*Vicenti, Lloyd + Stutzman LLP*  
VICENTI, LLOYD & STUTZMAN LLP

December 8, 2009



**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
June 30, 2009**

There are no findings and recommendations related to Proposition 39 compliance for fiscal year 2008-09. In addition, no findings were noted for fiscal year 2007-08.

**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

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

**For the Fiscal Year Ended June 30, 2009**

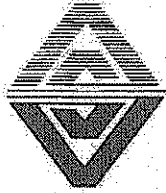
**SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT**

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

**June 30, 2009**

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INDEPENDENT AUDITORS' 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, 2009, 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, 2009.

*Vicenti, Lloyd & Stutzman LLP*  
VICENTI, LLOYD & STUTZMAN LLP

December 8, 2009

## SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

June 30, 2009

#### OBJECTIVES

The objectives of our 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 audit covered the period of July 1, 2008 to June 30, 2009. 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, 2009 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, 2009**

**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, 2009**

**PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure reports prepared by the District for the period of July 1, 2008 to June 30, 2009 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, 2008 to June 30, 2009 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, 2009**

**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, 2009**

There are no findings and questioned costs related to Proposition 39 compliance for fiscal year 2008-09. In addition, no findings were noted for fiscal year 2007-08.