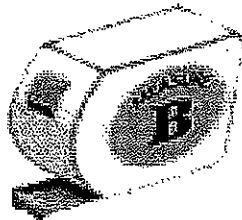


**SEVENTH ANNUAL REPORT OF THE
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
FOR MEASURE B**

**PRESENTED TO THE
BOARD OF EDUCATION
April 3, 2012**

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

**For Fiscal Year 2010 - 2011
Ending June 30, 2011**



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 assure 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 2010-11. This will be the sixth Annual Report to the Board.

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

During this period, three Committee members, Joann Case, Dolores Winchell and George Perez, submitted their resignation since they were no longer eligible or resigned.

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, construction, finance, and business.

COMMITTEE MEETINGS

The Committee operates under the requirements of the Brown Act. The agendas are posted and efforts are underway to proactively communicate the agenda beyond the normal legal minimum requirements. The Committee meetings are normally held quarterly at 8:30 a.m. at the District office. Attendance by the public has been sparse.

The 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 post as required under the Brown Act. An agenda for the most recent meeting is included in **Attachment 4** to provide information on the structure and items generally discussed at a meeting. The committee met quarterly during this reporting period.

Additionally, District staff prepares Meeting Minutes shortly after the meeting for review by the Committee members and to memorialize the meeting activities. A copy of the Minutes from a recent meeting is included as **Attachment 5**. The Committee members generally request information from staff, which is then prepared for discussion and presentation at a future meeting. District staff prepares a list of requested items with the status of the request. 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, 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, 2011. This was prepared by District Facilities staff. The 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: Many construction projects were completed in 2010-2011.

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 Audit – For Fiscal Year Ended June 30, 2011; and
- SVUSD – Proposition 39 General Obligation Bond Measure B Bond Financial Audit – For Fiscal Year Ended June 30, 2011

Presentation to the Board of Education: The Committee authorized the transmittal of this report to the Board and its presentation to the Board of Education meeting on March 13, 2012 which is included as **Attachment 7**.

COMMITTEE'S PROCEEDINGS AND ACTIVITIES

The primary activities of the Committee for 2010-11 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 8:30 a.m.

A key activity and concern of the Committee has been 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:

- Del Lago Elementary
- Olivewood Elementary
- Valencia Elementary
- Gates Elementary
- La Paz Intermediate
- Serrano Intermediate
- El Toro High School
- Trabuco Hills High School

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 not all the projects in Measure B may 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 Noemi Avila-Zamudio, Coordinator, Facilities Planning and Construction, has been supportive and accommodating to the Committee's needs and desires. 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 Member Bylaws
2. Committee Members
3. Biographical Information
4. Most Recent Meeting Agenda
5. Most Recent Board Approved Minutes
6. Most Recent Consolidated Expenditure Report
7. Annual Financial and Performance Audit 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

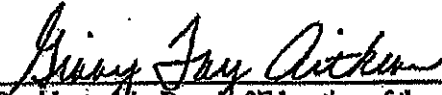
WHEREAS, more than fifty-five percent of the votes cast on the measure were in favor of issuing the Bonds; and

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:

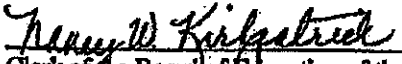
1. An Independent Citizens' Oversight Committee (the "Committee") is hereby established in compliance with the Code and for the general purpose of informing the public concerning the expenditure of proceeds of the Bonds.
2. The Independent Citizens' Oversight Committee Bylaws (the "Bylaws"), a copy of 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 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.

District's Citizens' Oversight Committee for Measure B
2010-2011 Fiscal Year

Donald Froelich, Chair
Taxpayer's Association

Zachary Toross, Vice-Chair
*Business Organization/Property & Facilities
Management/Construction Industry*

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

Joann Case
Parent of SVUSD Student/Active in PTA

Mauricio Escobar
Parent of SVUSD Student/Active in PTA

Ernestine Jones
Business Organization

Stuart Luce
Senior Citizen's Organization

Nikki Meyers
Business Organization

George Perez
Construction Industry

Steven Soo
Community Member at Large

Amanda Morrell
Parent of SVUSD Student/Active in PTA

Citizens' Oversight Committee for Measure B
Biographical Information
For Period Ending June 30, 2011

DONALD R. FROELICH – Chairman**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 a master's degree 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**dolorest@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.

JOANN CASE – Member**jcasethecases.net**

Joann Case comes from a background of 17 years in the teaching profession and understands the importance of the learning environment to a successful educational program. Mrs. Case spends many hours volunteering in the school and community. She understands how important it is to know what is happening in the schools at all times.

Mrs. Case volunteers and rarely says "no" to a good cause. She is self-employed as a real estate agent, but takes the time to spend many volunteer hours serving in the community. The Rancho Cañada PTA, Kiwanis, and Lake Forest 4th of July Parade Committee are among her volunteer commitments. She has also served on the School Site Council at Rancho Cañada where her two sons currently attend school.

Citizens' Oversight Committee for Measure B
Biographical Information
For Period Ending June 30, 2011

MAURICIO ESCOBAR – Member

monito81@hotmail.com

Mauricio Escobar represents the Community at Large on the Citizens' Oversight Committee. He and his wife, Yvetté, 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.

ERNESTINE JONES – Member

rcjjones@cox.net

Ernestine Jones brings a solid mix of public and private sector experience to the Bond Measure Citizens' Oversight Committee. As the Finance Manager/Treasurer for the City of Laguna Woods, Ms. Jones regularly deals with issues concerning municipal finance and accountability. She is a CA Certified Municipal Treasurer and 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 is a member and previously served as the Auditor for the Trabuco Hills High School Parent Teacher Association (PTA). She also 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.

STUART LUCE – Member

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.

Citizens' Oversight Committee for Measure B
Biographical Information
For Period Ending June 30, 2011

NIKKI MEYERS – Member**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.

GEORGE PEREZ – Member**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.

STEVEN SOO – Member**Steve.Soo@ocpw.ocgov.com**

Steven Soo has been a Project Manager with the County of Orange Public Works for over 21 years. As an Engineer, Steven has extensive experience in roadway design, transportation funding programs, and A-E contract administration. Steven received his Bachelor of Science Degree in Construction Engineering Management from California State University, Long Beach and completed his Project Management Program at Caltech Pasadena. He is a California licensed engineering and building contractor, a certified building inspector, and a licensed real estate broker. Steven is also a volunteer Disaster Service Building Inspector listed in the Governor's Office of Emergency Services. Steven and his wife Mary have two daughters who are currently attending Valencia Elementary School in Laguna Hills.

Citizens' Oversight Committee for Measure B
Biographical Information
For Period Ending June 30, 2011

ZACHARY TOROSS, PE – Vice-Chairman

zmtoross@netzero.net

Zachary Toross has lived and worked in Mission Viejo since 1978. Both his son and daughter have attended and graduated from SVUSD. He has worked for multi-national and national corporations in US and abroad. He started his small business in construction and engineering in 1981 in California and currently is Principal Engineer and General Manager of Diversified Engineering, a Consulting Engineering firm owned by him. He has extensive experience in Civil / Structural Design, specializing in retaining structures; Construction Management; Budgeting / Scheduling and cost control / feasibility studies; Commercial / Residential construction; General Contracting / Contract negotiations; Water Quality Management and Drainage and Erosion Controls. Zachary is a registered Civil Engineer with the State of California, a member of the Institute of Civil Engineers, UK and a licensed General Contractor; Class "A" Engineering and Class "B" Building. Zachary received his Bachelor of Science Degree in Civil Engineering from the City University of London, London, England; Advanced Level Science in Mathematics and Physics, Acton Technical College, Acton, England.

Amanda Morrell- Member

morrella@cox.net

Amanda Morrell has resided in the SVUSD since 1989. She and her husband have two children currently attending SVUSD schools. A resident of Lake Forest, Mrs. Morrell received her Bachelor of Science Degree in Landscape Architecture from Purdue University. Her professional experience has focused on developing Site Development/Master Plans; Construction Documentation and Cost Estimates; Basic Facilities Requirements; Exterior Architecture Plans; Facility Planning Documents; Asset Evaluations; Capital Improvement Plans; Concept Studies; Site-Land Use Studies/Analysis; and Multiple Land Use Management Plans for public facilities and infrastructure. In addition, Mrs. Morrell is an active volunteer in her community. She is a member of both the PTA at Portola Hills Elementary and the Saddleback Valley Council PTA, and has held various board positions. She has also participated in other district/school committees, as well as being a classroom volunteer. Mrs. Morrell is currently serving her second term as a Parks and Recreation Commissioner for the City of Lake Forest, where she served as Commission Chair for 2009. During her tenure, she participated in developing a 5 year Master Plan, and upgrading/renovating several parks. Mrs. Morrell is also active in youth organizations, such as Boy Scouts of America.



Citizens' Oversight Committee for Measure B
8:30 a.m., Wednesday, November 16, 2011
Saddleback Valley Unified School District Education Center

- 1. Call to Order Zachary Toross, Vice Chairman
 - a. Roll Call of Members:

Mauricio Escobar	Stuart Luce	Steven Soo
Donald Froelich	Nikki Meyers	Zachary Toross
Ernestine Jones	Amanda Morrell	

- 2. Approval of May 19, 2011 Meeting Minutes
- 3. Public Comment on Agenda Items

REPORTS

- 4. Chairman and Committee Member's Report Zachary Toross, Vice Chairman
 - a. Report on Site Inspection Tour
- 5. Facility Planning & Construction
 - a. Update on Construction Projects.....Noemi Avila-Zamudio
- 6. Financial
 - a. Report on Consolidated Expenditure Report.....Beverly Wilson

DISCUSSION ITEMS

- 7. a. 2010-11 Annual Report..... Noemi Avila-Zamudio
- 8. Future Agenda Items
 - a. COC calendar/meeting dates for 2012
- 9. Next Regular Meeting
The next regular meeting will take place on Thursday, February 16, 2012. The meeting will begin at 8:30 a.m. in the Saddleback Valley Unified School District Education Center
- 10. Adjourn
On motion of _____, seconded by _____, the Citizens' Oversight Committee adjourned the meeting of November 16, 2011 at _____ a.m.



Meeting Minutes

Measure B Citizens' Oversight Committee

8:30 a.m., Thursday, May 19, 2011, 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 scheduled November 16, 2011 Committee Meeting.

I. Call to Order

The Regular Quarterly Meeting of the Citizens' Oversight Committee was called to order by Chairman Froelich at 8:32 a.m. in the Education Center Board Room, 25631 Peter A. Hartman Way, Mission Viejo, California.

II. Roll Call

Members Present

Mauricio Escobar

Donald Froelich

Ernestine Jones

Amanda Morrell

Steven Soo

Zachary Toross

Members Absent

Stuart Luce

Nikki Meyers

III. Approval of February 17, 2011 Meeting Minutes

On motion of Chairman Froelich, seconded by Vice Chairman Toross, the Meeting Minutes of February 17, 2011 were approved as submitted.

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

No Comments

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

No Comments

VI. New Business

1) Litigation Update

Dr. Harwick introduced District Legal Counsel Greg Bergman and Richard Fond of Bergman and Dacey, Inc., who were invited to provide a brief litigation update. Mr. Bergman explained that the District owes MEPCO approximately \$1.9 million dollars from a lawsuit generated by MEPCO for the Esperanza project.

ATTACHMENT 5

TELACU was the Construction Management firm and MVE was the Architect firm for the Esperanza project. Mr. Bergman stated there was a difference of information in what MVE and TELACU relayed to the District and ended in this lawsuit. The District lost the case at trial and decided to appeal the case, to no avail. Under legal advisement, SVUSD is now considering suing MVE for their involvement with the Esperanza case. Mr. Bergman also gave a brief update on the three Gymnasium Projects case with TELACU. He indicated that this case will likely end in a settlement agreement.

The Citizens Oversight Committee members asked for a timeline to resolve these. Dr. Harwick said both cases should be resolved by the end of June 2011, excluding a potential case with MVE.

2) School Closure Update

Dr. Harwick indicated that the District is facing a \$24-\$28 million dollar budget gap in year three of the District's budget, which is why the District had to have a qualified budget approved. As a result of the budget gap and continued declining enrollment, the District investigated the fiscal impact of operating a school throughout the year. In general, the operating cost of one school is between \$400-500 thousand dollars. In an effort to reduce some of the expenses and potentially generate revenue, the District explored all options. Decision Insite was hired to execute a demographic report for the Elementary Schools within SVUSD to conclude which schools if closed would cause the least disruption. The report identified Linda Vista, Trabuco, and Aliso Elementary Schools. In addition, the Facilities Advisory Committee met to gather additional data on the schools that were being recommended for potential closure. Moreover, the 7/11 Committee looked at the potential of these properties to be sold, leased, or developed to receive revenue and give the District flexibility to move back if enrollment were to increase in the near future.

VII. Reports

1) Chairman Report

There were no reports.

2) Proposed Calendar Meetings

Mrs. Noemi Avila-Zamudio went over the dates for the 2010 - 2011 meetings for the Citizens' Oversight Committee.

3) Facility Planning/Construction Update

La Tierra Early Childhood Center Modernization - Mrs. Avila-Zamudio stated that La Tierra Early Childhood Center has been eligible for modernization since 2007; however, due to its closure the District decided to hold off in conducting any upgrades. The site is currently being used by several District programs including a special education preschool program. As a result, the District has decided to proceed with the modernization in an attempt to bring the site to current building codes. La Tierra modernization will be funded using allocated Measure B funds and State matching funds.

In the interim, a new preschool playground and shade structure have been completed. Perimeter fencing has been installed to provide a secure campus.

Trabuco Hills High School - Mrs. Avila-Zamudio reported the modernization for Trabuco Hills High School is in the last phase of the design process. The plans are scheduled to be submitted to the Division of State Architect (DSA) for review and approval at the end of July 2011. It is expected that the plans will be approved by DSA in late January or early February 2012. The District will be using the Lease-Lease Back project delivery method for the Trabuco Hills High School modernization.

4) Consolidated Expenditure Report

Mrs. Avila-Zamudio reviewed the Measure B Consolidated Expenditure Reports in Mrs. Wilson's absence.

VIII. FUTURE AGENDA ITEMS

- 1) 2010-11 Annual Report
- 2) COC Calendar/Meeting Dates for 2012

IX. NEXT REGULAR MEETING

The next regular meeting will take place on Thursday, November 17, 2011. The meeting will begin at 8:30 a.m. in the Saddleback Valley Unified School District Board Room.

X. ADJOURNMENT

Meeting was adjourned at 10:23 a.m.

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



October 31, 2011

SITE	BUDGET	ENCUMBRANCES / EXPENSES			BUDGET REMAINING
		COMMITTED	EXPENDITURES & RETENTIONS	CONTRACT BALANCE	
Aliso	2,590,331	2,588,263	2,688,263	0	2,068
Cielo Vista	3,705,808	2,013,323	2,013,323	0	1,692,485
Condillera	2,574,555	2,574,555	2,574,555	0	0
De Portola	2,843,652	2,843,652	2,843,652	0	0
Del Cerro	1,346,154	1,287,077	1,286,609	468	59,077
Del Lago	7,213,248	7,171,941	7,114,989	56,951	41,307
El Toro HS	28,193,558	28,177,769	28,177,769	0	15,789
Esperanza	6,846,145	6,304,849	6,304,455	394	541,296
Foothill	1,989,085	1,418,409	1,418,409	0	570,676
Gates	2,308,536	1,919,652	1,893,627	26,025	388,883
Glen-Yermo	7,939,618	7,939,618	7,939,618	0	0
La Madera	7,384,335	7,377,765	7,267,773	109,993	6,570
La Paz	11,559,362	11,556,765	11,453,795	102,970	2,597
La Tierra	2,348,528	1,500,299	1,496,464	3,835	848,229
Laguna Hills HS	19,803,051	19,406,949	19,390,252	15,697	397,102
Lake Forest	2,867,787	1,285,987	1,260,037	5,950	1,601,800
Linda Vista	4,360,439	2,700,057	2,551,296	148,761	1,660,381
Lomarena	7,815,513	7,798,938	7,798,938	0	16,575
Los Alisos	16,518,882	16,462,576	16,462,576	0	57,308
Melinda Heights	1,139,534	959,558	959,558	0	179,975
Mission Viejo HS	17,413,241	17,289,960	17,289,960	0	123,282
Montevideo	9,637,907	9,610,082	9,604,312	5,770	27,825
Olivewood	2,892,219	2,873,302	2,873,302	0	18,918
O'Neill	1,256,001	1,256,001	1,256,001	0	0
Portola Hills	2,034,204	2,023,304	1,986,282	57,012	10,900
Rancho Canada	6,075,282	6,075,282	6,075,282	0	0
Rancho Santa Margarita	2,800,496	2,778,427	2,778,427	0	22,069
Robinson	1,263,102	902,009	902,009	0	351,093
San Joaquin	5,961,508	5,961,508	5,961,508	0	0
Santiago	942,403	854,790	764,532	90,259	87,612
Serrano	21,462,482	21,314,811	21,298,193	16,618	147,670
Silverado/District Office	9,612,882	8,673,692	8,673,692	0	938,990
Trabuco Elementary	3,111,515	3,105,543	3,105,543	0	5,972
Trabuco Hills HS	28,731,101	21,669,553	21,412,269	457,284	1,861,548
Trabuco Mesa	5,147,177	3,283,549	2,606,207	677,342	1,863,627
Valencia	3,715,592	3,713,118	3,711,818	1,300	2,474
Measure B Administration	1,697,565	1,649,525	1,633,973	15,552	48,040
Sub Total	260,093,797	246,501,659	244,709,477	1,792,182	13,592,139
Measure B Holding/Interest	12,317,008	788,310	379,802	414,508	11,528,697
Measure B DW Contingency	259,885	0	0	0	259,885
Measure B Program Contingency	6,936,385	0	0	0	6,936,385
GRAND TOTAL	279,607,075	247,289,969	245,089,279	2,286,690	32,317,106

Issued: BWilson



ATTACHMENT 6

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT
Measure B
Financial Summary as of October 31, 2011

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	TOTAL
REVENUES									
BOND PROCEEDS	9000	\$100,000,000	\$0	\$80,000,000	\$0	\$0	\$0	\$0	\$180,000,000
NET INTEREST EARNINGS*	8660	\$1,628,840	\$3,021,823	\$3,443,068	\$2,828,655	\$548,453	\$168,721	66,689	\$12,345
FUND 21 CLOSURE	9960	\$0	\$0	\$0	\$0	\$109,268	\$0	\$0	\$109,268
SERPENTINE FUNDING LOSS	5562	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DONATIONS	9999	\$0	\$0	\$34,500	\$5,000	\$0	\$0	\$0	\$39,500
LCP PENALTIES	8899	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXCESS ISSUANCE RETURN	8699	\$11,997	\$0	\$0	\$0	\$0	\$0	\$0	\$11,997
TELACU SETTLEMENT (GYM)	8699	\$0	\$0	\$0	\$13,840	\$0	\$0	\$0	\$13,840
TOTAL REVENUES		\$101,641,643	\$3,021,823	\$83,443,068	\$2,847,195	\$668,721	\$168,721	\$66,689	\$172,441,655
EXPENDITURES									
Aliso Elementary	650	\$191,930	\$231,970	\$832,987	\$820,374	\$5,149	\$11,854	\$119,774	\$4,735
Cielo Vista Elementary	671	\$127,120	\$411,208	\$658,165	\$83,858	\$213,371	\$138,484	\$477,688	\$5,771
Cordillera Elementary	681	\$201,810	\$228,202	\$1,398,978	\$48,648	\$-13,454	\$0	\$0	\$1,922,181
De Portola Elementary	684	\$180,597	\$230,154	\$1,328,941	\$359,167	\$9,481	\$8,000	\$0	\$2,724,319
Del Campo Elementary	652	\$140,848	\$235,038	\$9,435	\$178,839	\$167,677	\$537,472	\$4,694	\$12,905
Del Lago Elementary	683	\$425,076	\$528,843	\$1,688,251	\$1,388,876	\$-39,684	\$283,054	\$15,667	\$239,996
Foothill Ranch Elementary	675	\$807,458	\$425,107	\$9,703	\$99,643	\$430,883	\$120,621	\$75,936	\$0
Gates Elementary	665	\$279,878	\$94,201	\$18,453	\$183,389	\$20,898	\$1,244,798	\$36,306	\$1,419,409
Glenn Yermo Elementary	656	\$415,747	\$382,089	\$2,359,451	\$1,370,118	\$428,234	\$7,284	\$0	\$3,993,224
La Madera Elementary	657	\$380,168	\$208,838	\$1,308,288	\$3,024,207	\$-843,585	\$127,010	\$20,458	\$387,984
La Tierra Elementary	688	\$342,477	\$109,795	\$469,502	\$46,502	\$48,755	\$260,206	\$208,784	\$35,661
Lake Forest Elementary	572	\$459,073	\$287,012	\$285,818	\$21,514	\$8,768	\$405,959	\$10,745	\$1,496,484
Linda Vista Elementary	659	\$468,247	\$267,838	\$772,655	\$944,653	\$-1,680	\$23,260	\$6,800	\$62,599
Lomax Elementary	660	\$440,342	\$319,388	\$1,479,484	\$4,291,845	\$-1,893,866	\$28,496	\$6,843	\$4,578,051
Melinda Heights Elementary	676	\$278,178	\$155,439	\$180,688	\$149,800	\$162,688	\$2,112	\$9,252	\$9,050
Montevideo Elementary	661	\$431,707	\$289,537	\$1,459,918	\$2,388,808	\$1,659,082	\$63,731	\$153,464	\$8,328
Oxewood Elementary	652	\$285,188	\$510,441	\$2,789	\$88,161	\$110,289	\$825,145	\$89,628	\$11,652
O'Neill Elementary	685	\$127,247	\$201,174	\$781,171	\$134,806	\$28,404	\$2,400	\$0	\$2,387,245
Portola Hills Elementary	670	\$119,695	\$188,107	\$203,520	\$68,335	\$499,734	\$142,149	\$543,447	\$97,255
Rancho Canada Elementary	684	\$411,265	\$813,495	\$1,979,789	\$332,400	\$82,633	\$24,405	\$3	\$1,788,693
Robinson Elementary	672	\$118,832	\$97,898	\$31,401	\$89,633	\$42,813	\$165,631	\$28,531	\$3,843,909
San Joaquin Elementary	655	\$439,471	\$221,876	\$3,403,087	\$1,302,616	\$-1,262,188	\$161,875	\$0	\$4,267,609
Santiago Elementary	696	\$193,834	\$280,279	\$4,780	\$14,039	\$14,080	\$111,833	\$144,368	\$21,939
Trabuco Elementary	687	\$374,377	\$197,856	\$162,401	\$2,172,837	\$288,311	\$-271,459	\$-5,572	\$784,632
Trabuco Mesa Elementary	689	\$127,612	\$117,765	\$86,317	\$47,488	\$4,606	\$108,876	\$1,226,401	\$0
Valencia Elementary	668	\$268,471	\$392,041	\$1,062,527	\$258,129	\$146,288	\$607,051	\$54,215	\$907,073
La Paz Intermediate	680	\$1,429,278	\$1,073,197	\$77,034	\$3,892,745	\$-922,801	\$510,159	\$230,851	\$56,766
Los Alisos Intermediate	681	\$622,276	\$523,587	\$951,812	\$4,878,966	\$1,080,228	\$977,919	\$377,940	\$1,580
Rancho Santa Margarita Inter.	685	\$289,542	\$470,105	\$828,378	\$833,618	\$44,245	\$47,725	\$13,704	\$1,130
Serrano Intermediate	682	\$697,832	\$585,698	\$682,746	\$5,703,932	\$4,299,726	\$448,889	\$383,288	\$15,111
El Tero High School	780	\$1,352,850	\$3,727,451	\$4,138,837	\$3,073,478	\$1,704,052	\$2,494,535	\$71,589	\$775
Laguna Hills High School	791	\$1,084,808	\$818,840	\$8,809,661	\$5,285,859	\$1,067,836	\$-884,738	\$281,043	\$12,411
Mission Viejo High School	732	\$1,031,823	\$7,434,819	\$1,095,545	\$3,074,180	\$1,891,892	\$288,853	\$99,037	\$3,898
Trabuco Hills High School	783	\$7,089,794	\$2,557,581	\$984,020	\$3,107,295	\$11,188,887	\$1,649,331	\$-7,632,680	\$74,393
Esperanza Special Education	898	\$93,897	\$201,918	\$2,037,084	\$380,894	\$1,014,237	\$537,382	\$783,087	\$5,535
Silverado Continuation High School	895	\$177,492	\$25,338	\$3,801,050	\$-3,123,628	\$1,361,138	\$15,129	\$-884,310	\$4,337
District Office	331	\$205,604	\$1,397,014	\$210,621	\$-372,634	\$5,476	\$91,675	\$235,343	\$0
Bond Administration	340	\$51,588	\$279,202	\$117,218	\$-128,118	\$649,833	\$345,839	\$257,777	\$60,855
Holding Account	346	\$76,165	\$-14,827	\$152,916	\$-132,683	\$-21,746	\$-45	\$0	\$0
TOTAL EXPENDITURES		\$16,332,084	\$27,645,622	\$41,218,820	\$47,235,411	\$28,672,938	\$7,570,130	\$-2,740,216	\$2,083,284
ENDING BALANCE									\$10,122,932

*Interest as of 09/30/2011

Holding Account:	Costs to be transferred to appropriate project/site.
Bond Administration:	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, 2011

Contract Name	Date	Budget	Committed	Expended	Balance	Variance	Service Description
Budget		1,697,666					
Acom Media	04/28/05	\$147	\$147	\$147	\$0	\$0	Supplies technology equipment and service for office related projects and needs
All State Sign	08/10/09	\$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
Alkanson Andelson	03/21/07	\$16,792	\$16,792	\$240	\$16,552	\$0	Agreement for multi-prime projects
AutoDesk	03/21/08	\$128,831	\$128,831	\$128,831	\$0	\$0	BuzzSaw software and training
Bank of New York	09/06/08	\$8,746	\$8,746	\$8,746	\$0	\$0	Administration Fee for General Obligation Bond Series 2000A
Bergman & Dacey, Inc.	12/11/06	\$9,416	\$9,416	\$9,416	\$0	\$0	Legal services related to Measure B
Goobi Technologies	04/09/08	\$28,000	\$28,000	\$28,000	\$0	\$0	Annual support for Accountability
Commercial Relocation	02/01/08	\$1,509	\$1,509	\$1,509	\$0	\$0	Provides service and equipment to successfully enable a temporary or permanent relocation
Consolidated Repro	07/09/05	\$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	\$8,798	\$8,798	\$8,798	\$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	10/28/09	\$11,639	\$11,639	\$11,639	\$0	\$0	Measure B community brochures
Educational Resource	03/03/06	\$50	\$50	\$50	\$0	\$0	Supplies and installs "Win Server 2003 Standard (STD)"
Feldman Rolapp	02/13/07	\$0	\$0	\$0	\$0	\$0	Financial services with bond series 2007A
Leokot, Corinna	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)	04/28/05	\$9,800	\$9,800	\$9,800	\$0	\$0	Provides Arbitrage Rebate Services for General Obligation Bond
Office Depot	06/28/05	\$687	\$687	\$687	\$0	\$0	Supplies technology equipment and service for office related projects and needs
Or Co Register	07/01/05	\$246	\$246	\$246	\$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	07/08/07	\$1,395,983	\$1,347,922	\$1,347,922	\$0	\$48,040	Construction management - clerical
Stredling Yocca Carlson	01/25/05	\$11,708	\$11,708	\$11,708	\$0	\$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 Offices	05/12/05	\$6,081	\$6,081	\$6,081	\$0	\$0	Provided bulk mailing for 68,524 documents for "Community Outreach Brochures"
Vicenti, Lloyd & Stutzman	03/16/06	\$44,728	\$44,728	\$44,728	\$0	\$0	Auditors
Vision Macing	01/06/08	\$224	\$224	\$224	\$0	\$0	Supports signage/communication needs in respect to upcoming and ongoing projects for public's knowledge
TOTALS		\$1,697,666	\$1,649,625	\$1,633,973	\$16,552	\$48,040	
Uncommitted		\$0					

Issued: BWJ/son



SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

Measure B

Expenditure Detail as of October 31, 2011

SITE	SCHOOL	A. Site	B. Planning	C. Construction	D. Testing	E. Inspection	F. R&E	Grand Total
550	Aliso		244,109	1,559,831	13,128	58,354	45,254	1,920,674
571	Cielo Vista	295,826	237,954	1,367,119	13,357	26,282	72,785	2,013,323
551	Cordillera		210,875	1,603,302	22,123	69,351	26,531	1,922,181
554	De Portola	20,205	255,489	1,761,594	22,387	59,809	4,835	2,124,319
552	Del Cerro	480,131	120,062	602,082	7,189	5,967	71,177	1,286,609
553	Del Lago	469,820	803,312	3,236,899	38,612	86,202	16,462	4,651,308
575	Foothill Ranch	3,164	57,705	1,154,935		761	201,844	1,418,409
555	Gates	868,224	273,878	666,538	48,948	33,127	2,912	1,893,627
556	Glen Yermo	161,657	906,896	3,615,893	34,264	206,397	33,813	4,958,921
557	La Madera	306,336	864,564	3,389,597	43,135	186,773	2,007	4,792,412
558	La Tierra	239,720	379,215	863,181	6,065	4,545	3,737	1,496,464
572	Lake Forest	19,391	149,546	1,043,101		2,066	45,933	1,260,037
559	Linda Vista	61,639	333,487	1,413,630	13,884	57,795	656	1,881,092
560	Lomarena	260,744	875,494	3,551,205	26,073	232,519	32,017	4,978,051
576	Melinda Heights		35,768	918,348		2,175	3,277	959,558
561	Montavideo	192,318	1,203,521	5,119,647	35,372	178,080	27,135	6,756,072
562	Olivewood	360,409	289,071	1,613,336	22,281	70,070	12,078	2,367,245
563	O'Neill	6,392	180,950	1,045,249	12,650	9,724	1,036	1,256,001
570	Portola Hills	445,627	167,677	990,800	12,223	34,223	118,143	1,768,693
564	Rancho Canada	126,759	726,239	2,656,811	7,308	101,772	25,101	3,643,990
573	Robinson	6,970	75,606	776,569	15,752	4,325	22,787	902,009
565	San Joaquin	2,864	756,351	3,311,085	10,000	152,798	33,911	4,267,009
566	Santiago	106,782	78,733	550,948	-	2,664	25,205	764,532
567	Trabuco Elem	49,742	605,189	1,014,499	18,968	118,332	12,743	1,819,472
569	Trabuco Mesa	39,735	276,154	2,169,538	13,361	78,934	28,465	2,606,207
568	Valencia	660,880	367,777	1,867,262	48,908	97,779	13,122	3,055,749
680	La Paz	693,502	1,017,202	4,265,067	107,694	189,717	14,077	6,267,258
681	Los Alisos	482,626	1,951,683	6,468,872	115,593	305,512	28,128	9,352,413
685	Rancho Santa Margarita	96,920	231,202	1,859,251	24,876	81,495	-	2,293,745
682	Serrano	980,285	2,451,954	8,736,215	197,854	422,115	28,277	12,796,700
790	El Toro	16,179	3,237,371	12,114,148	105,739	305,280	184,797	15,963,512
791	Laguna Hills	455,046	2,410,250	9,218,391	128,701	269,220	42,856	12,525,465
792	Mission Viejo	386,655	1,950,622	9,643,059	83,988	262,735	196,797	12,523,855
793	Trabuco Hills	258,409	2,978,781	9,141,342	243,160	245,483	261,298	13,128,472
898	Esperanza	5,815	3,934,967	845,266	20,874	255,151	7,630	5,069,724
895	Silverado	17,146	686,079	928,971	77,565	155,324	40,459	1,806,544
331	District Office		682,864	1,041,461			48,775	1,773,100
340	Bond Administration		1,630,389	1,509			2,075	1,633,973
346	Holding Account	0	(0)	-	-	-	0	(0)
Grand Total		6,557,920	23,686,995	93,212,571	1,592,047	388,054	1,738,124	162,016,722

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2011

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

June 30, 2011

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Balance Sheet	3
Statement of Revenues, Expenditures and Change in Fund Balance.....	4
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual	5
Notes to Financial Statements	6-10
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	11-12
Schedule of Findings and Responses.....	13
Status of Prior Year Findings.....	14



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, 2011, and have issued our report thereon dated November 29, 2011. 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, 2011. 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 Measure B Bond Program 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 Measure B Bond Program are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Measure B Bond Program 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 Measure B Bond Program of the Saddleback Valley Unified School District as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Saddleback Valley Unified School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011.

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 November 29, 2011 on our consideration of the Saddleback Valley Unified School District's internal control over financial reporting for the Measure B Bond Program and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters related to the Measure B Bond Program. 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

November 29, 2011

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

BALANCE SHEET

BUILDING FUND - MEASURE B BOND PROGRAM

June 30, 2011

ASSETS

Cash in County Treasury	\$ 12,863,015
Accounts Receivable:	
Interest Receivable	733,205
Due from Other Funds	1,636
Prepaid Expenditures	<u>2,700</u>
TOTAL ASSETS	\$ <u>13,600,556</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ <u>1,406,705</u>
TOTAL LIABILITIES	<u>1,406,705</u>

FUND BALANCE

Restricted	<u>12,193,851</u>
TOTAL FUND BALANCE	<u>12,193,851</u>

TOTAL LIABILITIES AND FUND BALANCE	\$ <u>13,600,556</u>
---	-----------------------------

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, 2011

REVENUES	
Revenue From Local Sources	\$ <u>69,163</u>
TOTAL REVENUES	<u>69,163</u>
EXPENDITURES	
Classified Salaries	159,028
Employee Benefits	67,477
Supplies and Materials	375,679
Contracted Services and Other Expenses	2,656,838
Capital Outlay	<u>4,333,840</u>
TOTAL EXPENDITURES	<u>7,592,862</u>
Deficiency of Revenues over Expenditures	<u>(7,523,699)</u>
OTHER FINANCING SOURCES	
Interfund Transfers In	<u>10,322,399</u>
TOTAL OTHER FINANCING SOURCES	<u>10,322,399</u>
Change in Fund Balance	2,798,700
Fund Balance at Beginning of Year	<u>9,395,151</u>
Fund Balance at End of Year	<u>\$ 12,193,851</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, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Revenue from Local Sources	\$ 160,000	\$ 69,163	\$ (90,837)
TOTAL REVENUES	<u>160,000</u>	<u>69,163</u>	<u>(90,837)</u>
EXPENDITURES			
Classified Salaries	159,029	159,028	1
Employee Benefits	67,486	67,477	9
Supplies and Materials	458,217	375,679	82,538
Contracted Services and Other Expenses	3,375,319	2,656,838	718,481
Capital Outlay	<u>11,244,829</u>	<u>4,333,840</u>	<u>6,910,989</u>
TOTAL EXPENDITURES	<u>15,304,880</u>	<u>7,592,862</u>	<u>7,712,018</u>
Deficiency of Revenues over Expenditures	<u>(15,144,880)</u>	<u>(7,523,699)</u>	<u>7,621,181</u>
OTHER FINANCING SOURCES			
Interfund Transfers In	<u>10,322,399</u>	<u>10,322,399</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>10,322,399</u>	<u>10,322,399</u>	<u>-</u>
Change in Fund Balance	<u>\$ (4,822,481)</u>	2,798,700	<u>\$ 7,621,181</u>
Fund Balance at Beginning of Year		<u>9,395,151</u>	
Fund Balance at End of Year		<u>\$ 12,193,851</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, 2011**

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).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

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, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

FUND BALANCE CLASSIFICATION

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Measure B Bond program fund balance is therefore classified as restricted.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011, as provided by the pool sponsor, was \$12,863,003.

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.

NOTE 3 – INTERFUND TRANSFER:

There was a \$10,322,399 transfer in from the County School Facilities Fund to reimburse for State approved capital projects.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

A. Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of any such matters will not have a material adverse effect on the District's financial statements.

B. Purchase Commitments

As of June 30, 2011, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$4,100,000. Projects will be funded through bond proceeds.

NOTE 5 – 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, 2011 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2010</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2011</u>
8/12/2004	2.0-6.0	8/1/2029	\$100,000,000	\$ 87,155,000	\$ -	\$1,230,000	\$ 85,925,000
1/24/2007	3.5-5.0	8/1/2030	<u>60,000,000</u>	<u>50,535,000</u>	-	<u>1,525,000</u>	<u>49,010,000</u>
			<u>\$160,000,000</u>	<u>\$137,690,000</u>	<u>\$ -</u>	<u>\$2,755,000</u>	<u>\$134,935,000</u>

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 5 – BONDED DEBT: (continued)

General Obligation Bonds (continued)

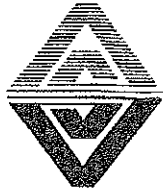
The annual requirements to amortize all bonds payable, outstanding as of June 30, 2011, are as follows:

2004 Series A

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,425,000	\$ 4,197,613	\$ 5,622,613
2013	1,645,000	4,136,213	5,781,213
2014	1,880,000	4,068,063	5,948,063
2015	2,125,000	3,987,657	6,112,657
2016	2,390,000	3,882,750	6,272,750
2017-2021	16,920,000	17,178,250	34,098,250
2022-2026	27,450,000	11,698,750	39,148,750
2027-2030	32,090,000	3,370,250	35,460,250
Total debt service	<u>\$ 85,925,000</u>	<u>\$ 52,519,544</u>	<u>\$ 138,444,544</u>

2007 Series A

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,775,000	2,018,606	3,793,606
2016	1,850,000	1,946,106	3,796,106
2017-2021	10,470,000	8,439,180	18,909,180
2022-2026	13,200,000	5,630,978	18,830,978
2027-2031	16,770,000	1,988,175	18,758,175
Total debt service	<u>\$ 49,010,000</u>	<u>\$ 26,474,688</u>	<u>\$ 75,484,688</u>



**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, 2011 which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2011. 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 District for the fiscal year ended June 30, 2011. 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 Measure B Bond Program financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

**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***

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure B Bond Program 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, Citizens' Oversight Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

November 29, 2011

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

There are no findings related to the financial audit of the Measure B Bond program for the fiscal year ended June 30, 2011.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

**STATUS OF PRIOR YEAR FINDINGS
June 30, 2011**

There were no findings related to the financial audit of the Measure B Bond program for the fiscal year ended June 30, 2010.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2011

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

MEASURE B BOND PROGRAM

PERFORMANCE AUDIT

June 30, 2011

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Background Information	2
Objectives	3
Scope of the Audit.....	3
Procedures Performed	4
Conclusion	5
Schedule of Findings and Responses.....	6
Status of Prior Year Findings.....	7



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 conducted a performance audit of the Saddleback Valley Unified School District (the "District"), Measure B General Obligation Bond funds for the year ended June 30, 2011.

We conducted our performance audit in accordance with *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the Saddleback Valley Unified School District's compliance with the performance requirements for the Proposition 39 Measure B General Obligation Bonds 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.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Saddleback Valley Unified School District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal control.

The results of our tests indicated that, in all significant respects, Saddleback Valley Unified School District expended Measure B General Obligation Bond funds for the year ended June 30, 2011 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN ^{LLP}

November 29, 2011

-1-

2210 E. Route 66, Suite 100, Glendora, CA 91740

Tel 626.857.7300 | Fax 626.857.7302 | E-Mail INFO@VLSLLP.COM | Web WWW.VLSLLP.COM

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

June 30, 2011

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, 2011

OBJECTIVES

The objectives of our performance audit were to:

- Document 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, system weaknesses or non-compliance with specific Education Code Sections related to oversight of bond expenditures.
- Provide the District Board and the Citizens' Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period of July 1, 2010 to June 30, 2011. 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, 2011 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, 2011

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2011, 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:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure B election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2011, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We 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. In addition, we verified that funds held in the Building Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

June 30, 2011

CONCLUSION

The results of our tests indicated that, in all significant respects, the Saddleback Valley Unified School District has properly accounted for the expenditures of the funds held in the Building Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Building Fund and expended by the District were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

There are no findings related to the performance audit of the Measure B Bond Program for the fiscal year ended June 30, 2011.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

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

STATUS OF PRIOR YEAR FINDINGS

June 30, 2011

There were no findings related to the performance audit of the Measure B bond Program for the fiscal year ended June 30, 2010.