

SAVANNA SCHOOL DISTRICT

ORANGE COUNTY
ANAHEIM, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT
MEASURE G GENERAL OBLIGATION BOND
BUILDING FUND

JUNE 30, 2013

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

SAVANNA SCHOOL DISTRICT
 MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
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Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Measure G Citizens' Oversight Committee
Savanna School District
Anaheim, California

Report on the Financial Statements

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member:

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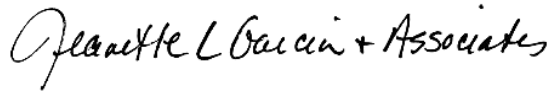
California
Society of
Certified Public
Accountants

Opinions

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

Other Reporting Required by Government Auditing Standards

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



Redlands, California
December 17, 2013

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

ASSETS

Cash (Note 2)	
Cash in County Treasury	\$ 13,711,774
Accounts Receivable (Note 3)	3,619
	<hr/>
TOTAL ASSETS	\$ 13,715,393
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 1,582,399
Fund Balance	
Restricted	12,132,994
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 13,715,393
	<hr/> <hr/>

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

SAVANNA SCHOOL DISTRICT
 MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 JUNE 30, 2013

<u>REVENUES</u>	
Bond Premium (from 2012 Series A Bonds)	\$ 921,548
Interest Received	58,904
	<hr/>
Total Revenues	980,452
	<hr/>
<u>EXPENDITURES</u>	
Facilities Acquisition and Construction	10,534,855
Other Outgo	921,548
	<hr/>
Total Expenditures	11,456,403
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,475,951)
<u>OTHER FINANCING SOURCES (USES)</u>	
Proceeds from Sale of Bonds	22,608,945
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	12,132,994
<u>FUND BALANCE - JULY 1, 2012</u>	<hr/> -
<u>FUND BALANCE - JUNE 30, 2013</u>	<hr/> \$ 12,132,994
	<hr/> <hr/>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Savanna School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Reporting Entity

On June 5, 2012, the District voters authorized up to \$28,750,000 in General Obligation Bonds (Measure G) for the purpose of financing the acquisition, construction, modernization and improving of public education facilities and projects. The measure was approved by more than 55% of the vote. In response, an independent oversight committee to the District's Board of Trustees and Superintendent, the Citizens' Oversight Committee, was established. The Committee's oversight goals include: informing the public on the expenditures of Bond proceeds, reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in Measure G, and ensuring compliance with certain other conditions relating to Measure G.

On August 16, 2012, the District issued General Obligation Bonds, 2012 Election, Series A, in the amount of \$22,608,945.

The bond proceeds and uses for the General Obligation Bonds, 2012 Election, Series A, are accounted for in the District's Measure G Building Fund. The statements presented are for the individual Measure G General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The accompanying financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the District's Board of Trustees must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

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

Fund Balance Reserves and Designations

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

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

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

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

Cash and Cash Equivalents

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

2. CASH AND DEPOSITS

Cash at June 30, 2013, with regards to the Measure G Building Fund consisted of the following:

	<u>Building</u>	
	<u>Fund</u>	
Pooled Funds:		
Cash in County Treasury	\$	<u>13,711,774</u>

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the Orange County Investment Pool (\$3,316,046,608 as of June 30, 2013). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2013, as provided by the pool sponsor, was \$3,309,453,081. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Orange County Investment Pool with a fair value of approximately \$13,684,510 and an amortized book value of \$13,711,774. The average weighted maturity for this pool is 300 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2013, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2013, with regards to Measure G consisted of the following:

	<u>BUILDING FUND</u>
Accounts Receivable	
Local Sources:	
Interest	\$ 3,619

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

4. BONDED DEBT

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

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2012	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2013
2012 Series A	8/16/2012	2013-52	1.00-6.00%	\$ 22,608,945	\$ -	\$ 22,608,945	\$ -	\$ 22,608,945

The annual requirement to amortize the 2012 Series A general obligation bonds payable, outstanding at June 30, 2013, is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 10,000	\$ 531,019	\$ 541,019
2015	-	530,968	530,968
2016	30,000	530,669	560,669
2017	75,000	529,244	604,244
2018	145,000	525,219	670,219
2019-23	1,575,000	2,463,494	4,038,494
2024-28	1,388,614	4,332,324	5,720,938
2029-33	1,808,328	5,437,535	7,245,863
2034-38	349,888	9,355,287	9,705,175
2039-43	8,975,000	3,764,075	12,739,075
2044-48	5,825,519	11,109,705	16,935,224
2049-53	2,426,596	20,509,293	22,935,889
Total	\$ 22,608,945	\$ 59,618,832	\$ 82,227,777

5. COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2013, the District had the following commitments with respect to the unfinished capital projects:

Measure G Projects	Remaining Construction Commitments	Expected Date of Completion
Reid Modernization	\$ 1,200,606	December 1, 2013

Supplementary Information

SAVANNA SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
TAX RATE STATEMENT

EXHIBIT A

As shown on the enclosed official ballot, an election is being held in the Savanna Elementary School District (“District”) on June 5, 2012, for the purpose of submitting to the registered voters within the District the question of whether the District shall issue and sell bonds in an amount not to exceed \$28,750,000 for the purpose of providing funds for the specified school facilities and school projects as set forth in the resolution of the District calling such bond election. This measure will authorize a tax sufficient for interest on, and redemption of, the bonds. The bonds shall bear interest at a rate, or rates to be established at such time as the bonds are sold, in one or more series, at fixed or variable interest rates not to exceed the maximum applicable statutory rate for such bonds. If such bonds are authorized and sold, the principal thereof and the interest thereon are a general obligation of the District, payable from the proceeds of *ad valorem* taxes on taxable real property located within the District.

The following information is submitted in compliance with California Elections Code Sections 9401 through 9404 based on estimates of assessed valuations available at the time of filing of this statement:

- (a) The best estimate of the tax rate that would be required to be levied to fund the bond issue during the first fiscal year after the first sale of the bonds based on estimated assessed valuations available at the time of filing of this statement or a projection based on experience within the same jurisdiction or other demonstrable factors is \$0.03000 per \$100 (\$30.00 per \$100,000) of assessed valuation.
- (b) It is anticipated that the bonds will be sold in more than one series. The best estimate of the tax rate which would be required to be levied to fund such bonds issues during the first fiscal year after the last sale of the bonds based on estimated assessed valuations available at the time of filing of this statement or a projection based on experience within the same jurisdiction or other demonstrable factors is \$0.03000 per \$100 (\$30.00 per \$100,000) of assessed valuation.
- (c) The best estimate of the highest tax rate which would be required to be levied to fund the bond issues during the term of the bond issues, based on estimated assessed valuations available at the time of filing of this statement or a projection based on experience within the same jurisdiction or other demonstrable factors, is \$0.03000 per \$100 (\$30.00 per \$100,000) of assessed valuation. It is estimated that the highest tax rate would apply in the 2031-2032 tax year based on assessed valuations available at the time of this filing or a projection based on experience within the same jurisdiction or other demonstrable factors.

Voters should note that these estimated tax rates are based on the assessed value of taxable property within the District as shown on the official rolls of Orange County, *not* on the property’s market value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner’s exemption, will be taxed at a lower effective rate than described above. Certain taxpayers may also be eligible to postpone the payment of taxes. Actual future assessed valuation will depend upon the amount and value of taxable property within the District as determined by the Orange County Assessor in the annual assessment and the equalization process. Property owners should consult their own property tax bills and/or the applicable county assessor and/or tax advisors to determine their property’s assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that these estimates are based on assumptions and projections derived from information obtained from official sources. The actual tax rates and the years in which they will apply may vary depending on the timing of any bond sales, the amount of bonds sold, market interest rates at the time of each sale of bonds and the actual assessed valuations over the term of repayment of the bonds. The timing of the bond sales and the amount of bonds sold at any given time will be governed by the needs of the District, including the legal limitations on bonds approved by a 55% vote. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each such sale.

SAVANNA SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
TAX RATE STATEMENT

EXHIBIT B

**FULL TEXT OF MEASURE G
SAVANNA ELEMENTARY SCHOOL DISTRICT**

"In order to protect the quality of education at our schools, provide safe and modern school facilities, and complete priority school renovation that would otherwise not occur due to State budget cuts, and in so doing increase health, safety, welfare and educational effectiveness of classrooms for students, shall the Savanna Elementary School District be authorized to issue Bonds in an amount not to exceed \$28,750,000, including the furnishing and equipping of school facilities as listed and described in Attachment "1" on file at the District office and herein incorporated, which Bonds shall be issued for a term not to exceed the applicable statutory maximum, which is currently twenty-five (25) years in the case of bonds issued under the authority of the Education Code and forty (40) years in the case of bonds issued under the authority of the Government Code, at an interest rate below the legal maximum, and which Bonds shall be subject to the following provisions:

- (A) That proceeds of the Bonds shall be used only for the construction of school facilities and supporting infrastructure, including the furnishing and equipping of school facilities or the lease of real property for school facilities pursuant to California Constitution Article XIII A, Section 1(b)(3) and further that the proceeds of the Bonds shall be used only for the purposes specified in California Constitution Article XIII A, Section 1(b)(3) (as amended by Proposition 39) and not for any other purpose, including teacher and non-construction related administrator salaries and any other school operating expenses.
- (B) That a list of the specific school facilities projects to be funded with the proceeds of the Bonds is attached hereto as Attachment "1" and, based upon the adoption of this Resolution, this Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the school facilities projects listed in Attachment "1".
- (C) That the Board of Trustees of the District shall conduct an annual, independent performance audit to insure that the proceeds from the sale of the Bonds have been expended only on the specific projects listed in this bond proposition.
- (D) That the Board of Trustees of the District shall conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects identified herein.
- (E) That the Board of Trustees of the District will appoint a citizens' oversight committee and conduct annual independent audits to assure that the Bond proceeds are spent only on school and classroom improvements and for no other purposes?

Such bond proposition is also for the purpose of making the Savanna Elementary School District eligible for State matching funds.

SAVANNA SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
TAX RATE STATEMENT

EXHIBIT C

**BOND PROJECT LIST
SAVANNA ELEMENTARY SCHOOL DISTRICT
MEASURE G
ATTACHMENT 1**

LIST OF SCHOOL FACILITIES PROJECTS TO BE FUNDED WITH PROCEEDS OF BONDS

The general obligation bond funds of the Savanna Elementary School District (“District”) would be used for public schools and school facilities projects to **improve student safety and security** and to **meet student educational needs** through the specified school projects described herein.

Reid Elementary School Opened: 1961 (now more than 50 years old).

- Repair/renovate/modernize classroom, school library and school support buildings, including repairing or replacing deteriorated foundations, walls, ceilings, floors, floor coverings, doors, windows, furniture and equipment.
- Secure campus with reconfigured and upgraded fencing, walkways, exterior lighting, security systems, and related exterior improvements needed to increase school safety and security.
- Repair, replace, or install exterior lighting, fire alarms, emergency communications and related electrical support systems, and infrastructure for improved school safety and security.
- Renovate school facilities to improve access for students with disabilities.
- Repair or replace aging/deteriorated roofs.
- Repair or replace inefficient heating, ventilation, and air conditioning systems.
- Replace aging inefficient lighting, and upgrade electrical capacity and infrastructure.
- Repair or replace plumbing and restrooms.
- Expand, reconfigure, and refinish storage areas within classrooms and support spaces.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher workstations.
- Upgrade all systems and building envelopes to increase energy efficiency/water conservation, and reduce operating costs, including installing a high efficiency energy management system/infrastructure.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health, pre-school and daycare services) for improved one-stop student/parent access.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.
- Upgrade food services facilities for health department compliance, better efficiency and adequate capacity.
- Replace deteriorated paving, and playground facilities for safety and code compliance.
- Re-grade site areas for proper drainage and replace failing irrigation systems.
- Provide new covered areas for safe site pedestrian access, and outdoor educational support.

Holder Elementary School Opened: 1962 (now 50 years old).

- Secure campus with reconfigured and upgraded fencing, walkways, exterior lighting, security systems and related exterior improvements needed to increase school safety and security.
- Provide upgraded electrical safety systems, fire alarms, and security systems.
- Repair/renovate/modernize classroom, school library and school buildings, including repairing or replacing deteriorated foundations, walls, ceilings, floors, floor coverings, storage areas, doors, windows, furniture and equipment.
- Renovate school facilities to improve access for students with disabilities.
- Repair or replace aging/deteriorated roofs, and inefficient heating, ventilation, and air conditioning systems.
- Repair or replace plumbing and restrooms.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher workstations.
- Upgrade aging/outdated phone, data and school communications systems.

SAVANNA SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
TAX RATE STATEMENT

- Improve electrical capacity and infrastructure, including inefficient lighting replacement, and installation of high efficiency energy management system/infrastructure.
- Upgrade all systems, buildings, and site features to increase energy efficiency and water conservation, and reduce operating costs.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services) for improved one-stop student/parent access.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.
- Upgrade food services facilities for health department compliance, better efficiency and adequate capacity.
- Replace deteriorated paving, and playground facilities for safety and code compliance.
- Re-grade site areas for proper drainage and replace failing irrigation systems.
- Provide new covered areas for safe site pedestrian access and outdoor educational support.
- Restore site and utilities following removal of interim housing facilities.

Cerritos Elementary School Opened: 1961 (now more than 50 years old).

- Repair, replace, or install fire alarms, security, exterior lighting, and emergency communications systems equipment and infrastructure for improved school safety.
- Repair/renovate/modernize classroom, school library and school buildings—including repairing/replacing deteriorated foundations, walls, ceilings, floors, floor coverings, storage areas, windows, doors, furniture and equipment.
- Renovate school facilities to improve access for students with disabilities.
- Upgrade perimeter fencing, building exteriors, walkways, grounds, and exterior structures for improved campus security and safety and maintenance efficiency.
- Repair or replace aging/deteriorated roofs.
- Repair or replace aging/deteriorated plumbing and restrooms.
- Upgrade electrical capacity and infrastructure for safety and expanded technology use.
- Upgrade inefficient lighting and heating, ventilation, and air conditioning systems.
- Install a high efficiency building/site management system infrastructure to increase energy-efficiency and water conservation, and reduce operating costs.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher work stations.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services, pre-school, and daycare) for improved one-stop student/parent access.
- Upgrade food services facilities for health department compliance, better efficiency and adequate capacity.
- Replace deteriorated paving, and playground facilities for safety and code compliance.
- Re-grade site areas for proper drainage, and replace failing irrigation systems.
- Provide new covered areas for safe site pedestrian access and outdoor educational support.

Hansen Elementary School Opened: 1958 (now more than 50 years old).

- Repair, replace, or install communication, emergency alarm, and related safety systems and infrastructure for improved school safety and security.
- Repair/renovate/modernize classroom, school library and school buildings, including repairing or replacing deteriorated foundations, walls, ceilings, floors, floor coverings, storage areas, doors, windows, furniture and equipment.
- Renovate school facilities to improve access for students with disabilities.
- Upgrade perimeter fencing, exterior lighting, walkways, grounds, and exterior structures for improved safety and security and maintenance efficiency.
- Repair or replace aging/deteriorated plumbing and restrooms.
- Repair or replace inefficient heating, ventilation, and air conditioning systems.
- Repair or replace aging/deteriorated roofs.

SAVANNA SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BOND BUILDING FUND
TAX RATE STATEMENT

- Upgrade electrical capacity infrastructure, including all inefficient lighting.
- Replace aging/deteriorated windows, doors, and hardware.
- Improve educational technology in classrooms, the school library and instructional support areas—including technology-enhanced instructional equipment and teacher workstations.
- Upgrade systems and building to reduce operating costs and increase energy efficiency and water conservation, including installing a high efficiency energy management system/infrastructure.
- Reconfigure/expand school parking lot and pick-up/drop-off zones for improved safety.
- Reconstruct/reconfigure support spaces (e.g. administration, special education, speech therapy, health services, pre-school and daycare) for improved one-stop student/parent access.
- Upgrade food services facilities for health department compliance, better efficiency and adequate capacity.
- Replace deteriorated paving, and playground facilities for safety and code compliance.
- Re-grade site areas for proper drainage and replace failing irrigation systems.
- Provide new covered areas for safe site pedestrian access and outdoor educational support.

ALL DISTRICT SCHOOL SITES WHERE RENOVATION, MAJOR REPAIRS AND/OR NEW CONSTRUCTION TO BE UNDERTAKEN:

- Remove and mitigate hazardous materials (asbestos, lead, PCB, mold, mildew, etc.) where necessary.
- Address unforeseen conditions revealed by construction/modernization such as plumbing, or gas line breaks, dry rot, termite damage, and/or seismic structural repairs.
- Improve schools as required to comply with existing building codes and state/federal requirements, including access requirements of the Americans with Disabilities Act.
- Provide adequate furniture and equipment for all classrooms, and spaces to be newly constructed or reconstructed, including up to date/modern classroom learning technology and software, computer and science equipment and book storage.
- Acquisition of any of the facilities on the Project List through temporary lease or lease-purchase arrangements, or execute purchase option under lease for any of these authorized facilities.
- Necessary site preparation/restoration in connection with renovation or remodeling, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to property.
- If the Board of Trustees determines that replacement is more economical than rehabilitation or renovation of existing classrooms/school facilities, in those particular cases replacement/new construction will be explored/pursued.
- Provide temporary (interim) classrooms and other school facilities as needed to accommodate students and school functions displaced during construction, including, but not limited to, relocation costs. This includes the costs to remove such facilities when no longer needed and the costs to restore the site and utility systems after removal.

DISTRICT WIDE:

- Upgrade or replace District-wide server and related technology equipment, software, and infrastructure.

Project Costs for Furnishings and Equipment

Project Costs for furnishings and equipment for some or all of the within-identified District campuses may include, but are not limited to, some or all of the following: security, safety and communication systems and equipment, desks and tables; window and floor coverings (including tiles and carpeting); computers and computer systems and software, media recording and presentation equipment, including, but not limited to, audio systems, kitchen equipment, improvements and furnishings; science laboratory equipment; and/or other electronic equipment and systems.

Project costs for the above-referenced projects may include installation costs, engineering and design costs, project management/construction management costs, warranty costs, Master facilities planning, state or local costs or expenses involving design, planning, site and facilities development costs and charges, environmental review(s) and

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proceedings, necessary supporting infrastructure costs, relocation costs and expenses, necessary contingency plans and related costs construction and completion of the aforementioned facilities projects, direct legal costs and related costs. Project costs may also include the payment or prepayment of existing or future lease payments and/or interim financing costs for lease of authorized facilities, property or buildings, prepayment of lease obligations for facilities purposes (including temporary classroom facilities) and payment of costs and expenses for interim financing of authorized facilities (including, but not limited to, financing delivery costs). Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on, or necessary and incidental to, bond projects. Allowable project costs also include: costs of issuing the bonds or other securities (as authorized under California law), informational distribution costs and election costs authorized under State law. Funding for these projects may come from this bond measure or other District resources as the school facilities needs arise.

In preparing the foregoing list, the Board of Trustees of the Savanna Elementary School District has evaluated safety, class size reduction and information technology needs. Approval of the District's bond measure does not guarantee that all of the identified projects within this list will be funded beyond local funds generated by the bond measure and does not guarantee that the projects will be completed in any particular order. The District will also aggressively pursue funds from the State of California to complete facilities projects.

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, acquisition, repair, renovation, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the lease of real property for school facilities as identified herein, and not for any other purpose, including teacher and non-construction related administrator salaries and other operating expenses.

Bond Expenditure Accountability and Citizens' Oversight Committee. The expenditure of bond funds on any of these projects is subject to strict accountability requirements required by law. These include:

- Annual financial audit by independent auditors.
- Annual performance audit by independent auditors.
- Expenditure of bond funds will be monitored on an ongoing basis by an independent Citizens' Oversight Committee.



Jeanette L. Garcia,
CPA

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

Independent Auditor's Report

To the Board of Trustees and Measure G Citizens' Oversight Committee
Savanna School District
Anaheim, California

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

Internal Control Over Financial Reporting

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

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

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

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Compliance and Other Matters

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

Purpose of this Report

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

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

Redlands, California
December 17, 2013



AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,
CPA

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

We have audited the accompanying financial Statements of the Measure G General Obligation Bond Building Fund of the Savanna School District (the District) as of and for the year ended June 30, 2013. Our audit was made in accordance with auditing standards generally accepted in the United States of America; and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following requirements:

- Proceeds from the sale of the bonds are used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
- Proper bidding procedures have been observed/met.
- Measure G bond monies are used only on projects, which were approved as part of the Measure G bond election.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2013.

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

Member:

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California
Society of
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Redlands, California
December 17, 2013