

# Laguna Beach Unified School District

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*Each student gains the knowledge, experience, world perspectives,  
and skills needed to become a lifelong learner and producer in a  
competitive and interconnected world.*



**Board of Education**  
Ketta Brown, President  
William Landsiedel, Clerk  
Carol Normandin, Member  
Dee Perry, Member  
Jan Vickers, Member

September 10, 2015

The Honorable Glenda Sanders  
Presiding Judge  
Orange County Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701

Re: Laguna Beach Unified School District Response to the 2014-15 Orange County Grand Jury Report, "Mello-Roos: Perpetual Debt Accumulation and Tax Assessment Obligation"

To the Honorable Glenda Sanders:

In accordance with California Penal Code section 933.05, the Orange County Grand Jury has requested that the Laguna Beach Unified School District responds to Findings and Recommendation in the 2014-15 Orange County Grand Jury Report entitled, "Mello-Roos: Perpetual Debt Accumulation and Tax Assessment Obligation."

**Finding 1: There is a lack of transparency to homeowners relative to how CFD funds are being used.**

**Response to Finding 1:** The Laguna Beach Unified School District disagrees completely with this Finding. All of the information related to CFDs is accessible on the school district's website.

**Finding 2: There does not seem to be appropriate oversight and auditing of CFDs and special tax expenditures within the County of Orange.**

**Response to Finding 2:** The Laguna Beach Unified School District disagrees completely with this Finding. The Laguna Beach Unified School District believes there is sufficient oversight and auditing of its CFDs.

**Finding 3:** While the assumption is that the CFD debt would be repaid in a finite period of time, there is a mechanism available to controlling entities to extend debt obligations and thereby extend the CFD special tax in perpetuity.

**Response to Finding 3:** The Laguna Beach Unified School District disagrees completely with this Finding. The Laguna Beach Unified School District has not extended the time for repayment nor do the legal documents establishing the school district's CFD allow unlimited extensions of time for repayment. The Laguna Beach Unified School District does not intend to acquire additional funds under its CFD.

**Recommendation 1:** Each local agency that established the CFD should create an oversight committee and an audit committee to provide for an independent, transparent view of the manner in which CFD funds are being expended.

**Response to Recommendation 1:** The Laguna Beach Unified School District sees no need to create an oversight committee or an audit committee. The Laguna Beach Unified School District has a district website that contains all of the information the taxpayers need regarding the CFD. By entering their address or assessor parcel number, property owners can see all the information related to the Mello-Roos tax and access all district reports with respect to the CFD. The Board of Educators provides sufficient oversight and reviews all the reports. Therefore, the recommendation will not be implemented.

**Recommendation 2:** Audit report information, as delineated in California Government Code, 1982 Section 53343.1, should be made available to the CFD tax payers on a website after each fiscal year for each CFD number.

**Response to Recommendation 2:** All information is available on the Laguna Beach Unified School District website. Taxpayers may access this information on the Laguna Beach Unified School District's website. Therefore, this recommendation has been implemented.

If you have any further questions or need additional information, please contact Dean West at (949) 497-7700 ext. 5212.

Sincerely,



Dean West  
Assistant Superintendent, Business Services  
Laguna Beach Unified School District

cc: Orange County Grand Jury  
700 Civic Center Drive West  
Santa Ana, CA 92701

Ronald D. Wenkart, Esq.  
General Counsel