



# CAPISTRANO UNIFIED SCHOOL DISTRICT

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June 24, 2016

Mr. Peter Hersh  
Foreperson  
2015-16 Orange County Grand Jury  
700 Civic Center Drive West  
Santa Ana, California 92701

Re: Response to the Orange County Grand Jury Report titled "Mello-Roos: Perpetual Debt Accumulation and Tax Assessment Obligation"

Thank you for your follow-up inquiry about our progress toward implementing the Grand Jury's recommendations. As noted in your letter, our original response in September 2015 to the Grand Jury's recommendations was that further analysis was required, and we detailed a plan for conducting such analysis. Since then, we have made significant progress.

Our progress toward implementing the Grand Jury's recommendations has been as follows:

**Grand Jury's Recommendation R.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.

In October 2015, the District established a Community Committee on School Classrooms and Campus Facilities to review and make recommendations to the Board of Trustees regarding school facilities and facilities funding sources (including Mello-Roos CFDs). Oversight and accountability was a topic of discussion at this Committee, and the Grand Jury's recommendations were included as a discussion item. In November 2015, the Committee published a Consensus Report that described their recommendations. The Consensus Report included the Committee's recommendation, mirroring and reinforcing the Grand Jury's recommendation, that "The District should establish a citizens' oversight and advisory committee for its Community Facilities Districts". The Committee's Consensus Report was presented to the District's Board of Trustees in December 2015.

Subsequent to receiving the Committee's Consensus Report, the Board of Trustees received information presentations and discussion items in January 2016, March 2016, and May 2016 regarding the establishment of a Community Facilities District Citizens' Oversight and Advisory Commission. Discussion included the Commission's mission, oversight topics, advisory topics, membership criteria and terms, membership selection process, meeting rules and frequency, reporting to the Board of Trustees and the public, and the crafting of Board policy describing the establishment and ongoing operation of the Commission. The next discussion item for the Board of Trustees is planned for July 2016.

While still in the planning and formation process, it is hoped that the Commission will become operational this year. It is intended that the Commission will provide both oversight and audit review and reporting functions to increase transparency and accountability, consistent with the Grand Jury's recommendation.

**Grand Jury's Recommendation R.2.** Audit report information, as delineated in California Government Code, 1982 § 53343.1, should be made available to the CFD taxpayers on a website after each fiscal year for each CFD number.

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The District has now published on its website the annual Community Facilities District Administration Reports, the annual independent Community Facilities Districts Financial and Performance Audit, and is in the process of publishing the annual California Debt and Investment Advisory Commission (CDIAC) Mello Roos Fiscal Status Reports.

I hope you can see that the District supports, and is actively making progress, toward implementation of the Grand Jury's recommendations and the broader goals of enhancing oversight, auditing, and transparency of Mello-Roos Community Facilities Districts.

If you have further questions, please feel free to contact me. Thank you.

Sincerely,



Clark Hampton  
Deputy Superintendent, Business and Support Services  
Capistrano Unified School District