

**CITIZENS' BOND OVERSIGHT COMMITTEE
ROSEMEAD SCHOOL DISTRICT**

AGENDA

**WEDNESDAY, DECEMBER 4, 2019 – 6:30 P.M.
ROSEMEAD SCHOOL DISTRICT
District Office – Board Room
3907 Rosemead Blvd., Board Room, Rosemead, CA 91770
(626) 312-2900 x221**

Call to Order _____

ROLL CALL

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

OVERSIGHT COMMITTEE - ACTION ITEMS

1. Public Comments
2. Committee Organization – Review of Existing Officers and Selection of New Officers
3. Review of Committee Bylaws – Amended February 5, 2015
4. Review and Receipt of 2018 Bond Audit - Financial and Performance Audit - Measure O
5. Facilities Updates: Harold Sullins, Assistant Superintendent
6. Future Discussion Items
7. Other Business
8. Next Meeting - _____ at 6:30 p.m., District Office – Board Room

ADJOURNMENT The meeting adjourned at _____ p.m.

Copies of the agenda materials are available in the Rosemead School District Office in the Superintendent's Office, 3907 Rosemead Blvd., Rosemead, CA 91770

**ROSEMEAD SCHOOL DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE
BYLAWS
(As Amended on February 5, 2015)**

Section 1. Committee Established. The Rosemead School District (the "District") was successful at the election conducted on November 4, 2008 (the "2008 Election"), in obtaining authorization from the District's voters to issue up to \$30,000,000 aggregate principal amount of the District's general obligation bonds, pursuant to a 55% vote in the District. In addition, the District was successful at the election conducted on November 4, 2014 (the "2014 Election, and together with the 2008 Election, the "Elections") in obtaining authorization from the District's voters to issue up to \$30,000,000 aggregate principal amount of the District's general obligation bonds, pursuant to a 55% vote in the District. The Elections were conducted under Proposition 39 ("Prop 39"), being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code of the State of California (the "State"). Pursuant to Section 15278 of the Education Code, the District is obligated to establish and maintain the Oversight Committee to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Rosemead School District (the "Board") has heretofore established the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws.

Section 2. Purposes. The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support at District expense to the Committee as consistent with the Committee's purposes as set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the Elections are hereinafter referred to as "bond proceeds." The Committee shall confine itself specifically to bond proceeds generated under the ballot measure. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform the following duties:

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditures of bond proceeds.

3.2 **Review Expenditures.** The Committee may review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the ballot measures; (b) no bond proceeds are used for any teacher or administrative salaries or other operating expenses.

3.3 Annual Report. The Committee shall present to the Board, in public session, an annual written report which shall include the following:

(a) A statement indicating whether the District has properly expended its bond funds with respect to both respective Elections, and is therefore in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and

(b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Superintendent. Either the Board or the Superintendent, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

(i) Approval of construction contracts,

(ii) Approval of construction change orders,

(iii) Appropriation of construction funds,

(iv) Handling of all legal matters,

(v) Approval of construction plans and schedules,

(vi) Approval of Deferred Maintenance Plan, and

(vii) Approval of the sale of bonds.

3.5 Voter-Approved Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the District has not charged the Committee with responsibility for:

(a) Projects financed through the State, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, the general fund or the sale of surplus property, shall be outside the authority of the Committee.

(b) The establishment of priorities and order of construction for the bond projects shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soil engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.

(d) The approval of the design for each project, including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs.

permanent) shall be made by the Board, in its sole discretion. The Board shall report to the Committee on any cost saving techniques considered or adopted by the Board.

(e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.

(f) The approval of an annual budget for the Committee that is sufficient to carry activities set forth in Prop 39 and included herein.

(g) The adoption of a plan for publicizing the activities of the Committee and the determination as to whether a mailer, a newspaper notice or website materials would best suit the distribution of the Committee's findings and recommendations.

(h) The amendment or modification of the Bylaws for the Committee as provided herein, subject to the legal requirements of Prop 39.

(i) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion as part of carrying out its functions under Prop 39.

Section 4. Authorized Activities.

4.1 In order to perform the duties set forth in Sections 3.1, 3.2 and 3.3, 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 XA of the California Constitution.

(b) Inspect school facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Superintendent.

(c) Review copies of deferred maintenance proposal or plans developed by the District.

(d) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures, as provided in Education Code Section 15278(c)(5).

Section 5. Membership.

5.1 Number. The Committee shall consist of a minimum of seven (7) members appointed by the Governing Board from a list of candidates submitting written applications, and based on criteria established by Prop 39, to wit:

- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizen's organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member shall be a parent or guardian of a child enrolled in the District.
- One (1) member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization or school site council.
- Two (2) members of the community at-large appointed by the Board.

5.2 Qualification Standards.

(a) To be a qualified person, he or she must be at least 18 years of age and reside within the State, in accordance with Government Code Section 1020.

(b) The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

5.3 Ethics: Conflicts of Interest. By accepting appointment to the Committee, each member agrees to comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. (a) Except as otherwise provided herein, each member shall serve a term of two (2) years. No member may serve more than three (3) consecutive terms.

(b) Upon the expiration of the first two year term of each member appointed to the Commission in 2009, the Board or the Superintendent shall select those members who shall serve subsequent one (1) year terms, and those members who shall serve for subsequent two (2) year terms, such that in the Commission's third year, approximately half of the Commission members will be serving a one year term, and half serving a two year term.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) appropriate local groups will be solicited for applications; (b) the Superintendent or his designee will review the applications; (c) the Superintendent or his designee will make recommendations to the Board.

5.6 Removal; Vacancy. The Board may remove any Committee member for any reason, including failure to attend two (2) consecutive Committee meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process, shall fill any vacancies on the Committee.

5.7 Compensation. The Committee members shall not be compensated for their services.

5.8 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District. (b) Individual members of the Committee retain the right to address the Board as an individual.

Section 6. Meetings of the Committee.

6.1 Regular Meetings. The Committee is required to meet at least once a year including an annual organizational meeting to be held in the District's offices, located at 3907 Rosemead Boulevard in Rosemead.

6.2 Location. All meetings shall be held within the District.

6.3 Meeting Procedures. All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted by the Chair, and in the absence of the Chair, the Vice-Chair, and according to such additional procedural rules as the Committee may adopt. In the absence of the Chair and Vice-Chair, so long as a quorum is present, the members may elect a temporary Chair to conduct the meeting. A majority of the number of Committee members shall constitute a quorum for the transaction of any business except adjournment; provided that a quorum shall never consist of fewer than four members.

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 *Ralph M. Brown Act*, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District 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 on an Internet website maintained by the District.

7.2 District staff and/or District consultants shall attend all Committee proceedings in order to report on the status of projects and the expenditures of bond proceeds.

7.3 No bond proceeds shall be used to provide District support to the Committee.

Section 8. Reports. In addition to the Annual Report required in Section 3.3, the Committee may report to the Board from time to time in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. Officers. The Superintendent shall appoint the initial Chair, who shall serve for a two (2) year term. Thereafter, the Committee shall elect the Chair. The Committee shall elect a Vice-Chair, who shall act as Chair only when the Chair is absent. The positions of Chair and Vice-Chair shall continue for two (2) year terms. No person shall serve as Chair for more than two (2) consecutive terms.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a majority vote of the entire Board.

Section 11. 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.

**CITIZENS' BOND OVERSIGHT COMMITTEE
ETHICS POLICY STATEMENT**

This following Ethics Policy Statement provides general guidelines for Committee members to perform their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

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 the committee member's outside employment, business, or a personal finance 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 interest 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 (2) 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 (2) 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 (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Rosemead School District;

- **COMMITMENT TO DISTRICT.** A Committee member shall place the interest of the District above any personal or business interest of the member.

The undersigned acknowledges he or she has received a copy of this Ethics Policy Statement, understands the provisions of this policy and agrees to adhere to its requirements.

Date

Member, Oversight Committee

ROSEMEAD SCHOOL DISTRICT

**PROPOSITION 39 FUNDING
FINANCIAL AUDIT – MEASURE O**

June 30, 2018

ROSEMEAD SCHOOL DISTRICT
PROPOSITION 39 FUNDING
FINANCIAL AUDIT
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Rosemead School District
Rosemead, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Bond Building Fund – Measure O of the Rosemead School District (District), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bond Building Fund – Measure O, of the District, as of June 30, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund – Measure O and do not present fairly the financial position of the Rosemead School District, as of June 30, 2018, and the change in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the District’s internal control over the Bond Building Fund’s 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 the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article XIII A, we have also issued our performance audit report dated December 14, 2018 on our consideration of the Bond Building Fund – Measure O’s compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Bond Building Fund – Measure O for the fiscal year ended June 30, 2018 and should be considered in assessing the results of our financial audit.



Moss, Levy & Hartzheim, LLP
Culver City, California
December 14, 2018

ROSEMEAD SCHOOL DISTRICT
BALANCE SHEET
BOND BUILDING FUND – MEASURE O
June 30, 2018

Assets

Cash in County Treasury	\$ 1,769,632
Accounts receivable	<u>12,022</u>
Total current assets	<u><u>\$ 1,781,654</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	<u>\$ 601,811</u>
Total liabilities	<u>601,811</u>
Fund Balance:	
Restricted for building projects	<u>1,179,843</u>
Total fund balance	<u>1,179,843</u>
Total liabilities and fund balance	<u><u>\$ 1,781,654</u></u>

ROSEMEAD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BOND BUILDING FUND – MEASURE O
For the Fiscal Year Ended June 30, 2018

Revenues:

Interest	\$ 31,804
	<hr/>
Total revenues	31,804
	<hr/>

Expenditures:

Material and supplies	37,207
Contracted services and other operating expenditures	384,823
Capital outlay	612,732
Debt service	445,941
	<hr/>
Total expenditures	1,480,703
	<hr/>
Excess (deficiency) of revenues over expenditures	(1,448,899)

Other Financing Sources (Uses):

Proceeds from issuance of debt	1,800,000
Premium on debt issuance	104,688
Expenditure transferred from Measure RR	(188,985)
	<hr/>
Total other financing sources (uses)	1,715,703
	<hr/>
Net change in fund balance	266,804
	<hr/>
Fund balance, beginning of fiscal year	913,039
	<hr/>
Fund balance, end of fiscal year	\$ 1,179,843
	<hr/> <hr/>

ROSEMEAD SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BOND BUILDING FUND – MEASURE O

For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest	\$ 13,289	\$ 31,804	\$ 18,515
Total revenues	<u>13,289</u>	<u>31,804</u>	<u>18,515</u>
Expenditures:			
Material and supplies	4,687	37,207	(32,520)
Contracted services and other operating expenditures	248,906	384,823	(135,917)
Capital outlay	612,734	612,732	2
Debt service	1,138,880	445,941	692,939
Total expenditures	<u>2,005,207</u>	<u>1,480,703</u>	<u>524,504</u>
Excess (deficiency) of revenues over expenditures	(1,991,918)	(1,448,899)	543,019
Other Financing Sources (Uses):			
Proceeds from issuance of debt	1,768,712	1,800,000	31,288
Premium on debt issuance		104,688	104,688
Expenditure transferred from Measure RR	(188,985)	(188,985)	
Total other financing sources (uses)	<u>1,579,727</u>	<u>1,715,703</u>	<u>135,976</u>
Net change in fund balance	(412,191)	266,804	678,995
Fund balance, beginning of fiscal year	<u>913,039</u>	<u>913,039</u>	
Fund balance, end of fiscal year	<u>\$ 500,848</u>	<u>\$ 1,179,843</u>	<u>\$ 678,995</u>

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE O
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants (AICPA).

Fund Structure

The Statement of Revenues, Expenditures, and Changes in Fund Balance is a statement of financial activities of the Bond Building Fund – Measure O related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, and transfers to other funds. Consequently, these statements do not purport to present the results of operations of the net income or loss for the period as would a statement of income for a profit-type organization.

Basis of Accounting

The Bond Building Fund – Measure O of the Rosemead School District (District) 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 Changes in Fund Balance – Budget and Actual includes a column entitled “Final Budget.” The amounts in this column represent the most recent updated budget information provided by the District.

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term debt liabilities associated with the Bond Building Fund – Measure O are determined by its measurement focus. The Bond Building Fund – Measure O 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 Bond Building Fund – Measure O are accounted for in the basic financial statements of the District.

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE O
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, 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 amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those reported.

NOTE 2 – BONDED DEBT

2008 Measure O GO Bond

On November 4, 2008, \$30,000,000 in general obligation bonds were authorized by an election held within the District. On December 10, 2009, \$9,000,000 of the general obligation bonds were sold under Proposition 39/Measure O 2008, which provides that proceeds of the bonds will be used to finance new construction and additions to and modernization of school facilities for the District. On June 22, 2016, the partial outstanding balance of 2008 Measure O GO Bonds in the amount of \$8,215,000 were refunded by the 2016 General Obligation Refunding Bonds. As of June 30, 2018, the principal balance outstanding on these bonds (2008) was \$420,000.

2013 General Obligation Bonds Election 2008 Series B and 2008 Series T-1

On August 1, 2013, the District, pursuant to an amended resolution adopted by its Board of Education, issued the 2013 General Obligation Bonds Election 2008 Series B and Series T-1. The Series B issue consisted of: a) Capital Appreciation Bonds in the amount of \$3,683,657 and b) Convertible Capital Appreciation Bonds in an amount of \$3,882,846 with a conversion value of \$5,130,000. The Series T-1 consisted of Current Interest Bonds in an amount of \$760,000.

The proceeds from the sale of the Series B bonds were used to advance refund the 2011 General Obligation Bond Anticipation Notes, in the principal amount of \$5,303,817 and to finance new construction. The proceeds from the T-1 series were used to finance technology acquisitions. As of June 30, 2018, the principal balance outstanding on these bonds was \$7,566,503. Accreted interest payable as of June 30, 2018 was \$255,000.

2017 General Obligation Bonds Election 2008 Series C

On December 14, 2017, the District, pursuant to a resolution adopted by its Board of Education, issued the 2017 General Obligation Bonds in the amount of \$1,800,000 with stated interest rates at 4.00%. The proceeds from the sale of the bonds were used to finance District's capital improvement projects. As of June 30, 2018, the principal balance outstanding on these bonds was \$1,800,000.

2016 General Obligation Refunding Bonds

On June 22, 2016, the District, pursuant to a resolution adopted by its Board of Education, issued the 2016 General Obligation Refunding Bonds in the amount of \$12,800,000 with stated interest rates ranging from 2.00% to 4.00%. The proceeds from the sale of the bonds were used to advance refund the 2000 General Obligation Bonds Series D in the amount of \$4,585,000 (2000 Measure RR) and the 2008 General Obligation Bonds (2008 Measure O) in the amount of \$8,215,000. As of June 30, 2018, the principal balance outstanding on the bonds related to the 2016 Measure O was \$7,962,306.

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE O
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 – BONDED DEBT (Continued)

The outstanding related bonded debt for the District Measure O Bonds at June 30, 2018, is:

<u>Date Of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2017</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2018</u>
12/10/2009	5.0%-6.0%	2040	\$ 9,000,000	\$ 615,000	\$ -	\$ (195,000)	\$ 420,000
10/2/2013	3.59%-6.66%	2043	7,566,503	7,566,503			7,566,503
10/2/2013	2.0%-3.0%	2018	760,000	475,000		(220,000)	255,000
6/22/2016	2.0%-4.0%	2039	8,215,000	8,059,186		(96,880)	7,962,306
12/14/2017	4.00%	2048	1,800,000		1,800,000		1,800,000
			<u>\$ 27,341,503</u>	<u>\$ 16,715,689</u>	<u>\$ 1,800,000</u>	<u>\$ (511,880)</u>	<u>\$ 18,003,809</u>

The annual requirements to amortize the bonds payable outstanding as of June 30, 2018, are as follows:

2008 Measure O GO Bond

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 205,000	\$ 15,875	\$ 220,875
2020	215,000	5,375	220,375
	<u>\$ 420,000</u>	<u>\$ 21,250</u>	<u>\$ 441,250</u>

2013 2008 Series B Refunding Bonds

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ -	\$ -
2020		300,105	300,105
2021	27,448	307,657	335,105
2022	58,984	321,121	380,105
2023	83,204	336,901	420,105
2024-2028	695,614	2,069,913	2,765,527
2029-2033	969,938	3,115,587	4,085,525
2034-2038	1,045,043	4,645,482	5,690,525
2039-2043	2,987,053	5,808,455	8,795,508
2044	1,699,219	677,114	2,376,333
	<u>\$ 7,566,503</u>	<u>\$17,582,335</u>	<u>\$25,148,838</u>

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE O
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 – BONDED DEBT (Continued)

The annual requirements to amortize the bonds payable outstanding as of June 30, 2018, are as follows (Continued):

2013 2008 Series T-1Bonds

Fiscal Years			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 255,000	\$ 3,825	\$ 258,825
	<u>\$ 255,000</u>	<u>\$ 3,825</u>	<u>\$ 258,825</u>

2013 2008 Series C

Fiscal Years			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 72,000	\$ 72,000
2020		72,000	72,000
2021		72,000	72,000
2022		72,000	72,000
2023		72,000	72,000
2024-2028		360,000	360,000
2029-2033		360,000	360,000
2034-2038		360,000	360,000
2039-2043		360,000	360,000
2044-2048	1,800,000	223,600	2,023,600
	<u>\$ 1,800,000</u>	<u>\$ 2,023,600</u>	<u>\$ 3,823,600</u>

2016 General Obligation Refunding Bonds

This represent total debt service schedule and including only the portion of the 2008 series.

Fiscal Years			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 100,618	\$ 229,563	\$ 330,181
2020	100,653	227,629	328,282
2021	298,559	227,822	526,381
2022	302,827	222,654	525,481
2023	312,682	216,799	529,481
2024-2028	1,668,510	972,596	2,641,106
2029-2033	1,930,540	700,097	2,630,637
2034-2038	2,282,366	358,534	2,640,900
2039-2040	965,551	90,201	1,055,752
	<u>\$ 7,962,306</u>	<u>\$ 3,245,895</u>	<u>\$11,208,201</u>



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**INDEPENDENT AUDITOR'S 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**

The Board of Trustees
The Citizens' Oversight Committee
Rosemead School District
Rosemead, 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 the Bond Building Fund – Measure O of the Rosemead School District (District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 14, 2018

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE O
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

There were no findings or questioned costs related to the financial audit of the Bond Building Fund – Measure O for the fiscal year ended June 30, 2018.

ROSEMEAD SCHOOL DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT – MEASURE O**

For the Fiscal Year Ended
June 30, 2018

ROSEMEAD SCHOOL DISTRICT
PROPOSITION 39 FUNDING
PERFORMANCE AUDIT – MEASURE O
For the Fiscal Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Rosemead School District
Rosemead, California

We have conducted a performance audit of the Measure O 2008 General Obligation Bonds of the Rosemead School District's (District) compliance with the performance requirements for Proposition 39, as incorporated in Article XIII A of the California Constitution and Education Code Section 15264 et seq., during the fiscal year that ended on June 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our performance audit.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to performance audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States, and the performance requirements for the Proposition 39 Measure O General Obligation Bond under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The attached performance audit report as referenced in the table of contents presents the objectives, scope, and methodology of the audit. The performance audit report also includes the results of our performance audit and conclusion.

We have audited the financial statements of the Measure O 2008 General Obligation Bonds for the fiscal year ended June 30, 2018 and have issued our report thereon dated December 14, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the performance requirements for the Proposition 39 Measure O General Obligation Bond under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution.

In our opinion, the Measure O 2008 General Obligation Bonds complied, in all material respects, with the aforementioned requirements during the fiscal year that ended on June 30, 2018. This report is intended solely for the information and use of the District's Governing Board, the Measure O Citizen Oversight Committee, management, others within the entity, and the taxpayers of the District and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 14, 2018

ROSEMEAD SCHOOL DISTRICT
PROPOSITION 39 FUNDING
PERFORMANCE AUDIT – MEASURE O
For the Fiscal Year Ended June 30, 2018

OBJECTIVES

The objectives of our Performance Audit were:

- 1) Document the expenditures charged to the voter approved 2008 General Obligation Bonds.
- 2) Determine whether all expenditures for the fiscal year ended June 30, 2018, charged to the Building Fund Measure O have been made in accordance with project budgets and guidelines.
- 3) Note any incongruities or system weaknesses and provide recommendations for improvement.

SCOPE OF THE AUDIT

The scope of our Performance Audit covered the period from July 1, 2017 through June 30, 2018. 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 were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2018, were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 4, 2008, \$30,000,000 in general obligation bonds were authorized by an election held within the District. On December 10, 2009, \$9,000,000 of the Series A general obligation bonds were sold under Proposition 39/Measure O 2008, which provides that proceeds of the bonds will be used to refinance certificates of participation, finance new construction, additions to, and modernization of school facilities for the District. On April 27, 2011, the District pursuant to a resolution adopted by its Board of Education issued the 2011 General Obligation Bond Anticipation Notes (the “Notes”) of \$5,303,817 with stated interest rate of 4%. The proceeds from the issuance of the Notes will be used to finance the acquisition and construction of educational facilities and projects. The Notes were issued as capital appreciation notes with 4.670% accretion rate and the accreted value of the Notes are payable upon the surrender of the Notes at maturity. On August 1, 2013, the District, pursuant to an amended resolution adopted by its Board of Education, issued the 2013 General Obligation Bonds Election 2008 Series B and Series T-1. The proceeds from the sale of the Series B bonds were used to advance refund the 2011 General Obligation Bond Anticipation Notes, in the principal amount of \$5,303,817 and to finance new construction. The proceeds from the T-1 series were used to finance technology acquisitions. On June 22, 2016, the District, pursuant to a resolution adopted by its Board of Education, issued the 2016 General Obligation Refunding Bonds in the amount of \$12,800,000 with stated interest rates ranging from 2.00% to 4.00%. The proceeds from the sale of the bonds were used to advance refund the 2000 General Obligation Bonds Series D in the amount of \$4,585,000 (2000 Measure RR) and the 2008 General Obligation Bonds (2008 Measure O Series A) in the amount of \$8,215,000. On December 14, 2017, the District, pursuant to a resolution adopted by its Board of Education, issued the 2017 General Obligation Bonds in the amount of \$1,800,000 with stated interest rates at 4.00%. The proceeds from the sale of the bonds were used to finance District’s capital improvements projects.

ROSEMEAD SCHOOL DISTRICT
PROPOSITION 39 FUNDING
PERFORMANCE AUDIT – MEASURE O
For the Fiscal Year Ended June 30, 2018

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2018 for the Building Fund - Measure O. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for selected expenditures to ensure compliance with Proposition 39/Measure O 2008 funding.

We performed the following procedures:

- We reviewed the School Plan Bond Project publicized list of intended projects.
- We selected expenditures in the fiscal year ending June 30, 2018 and reviewed supporting documentation to ensure that funds were properly expended on the specific projects outlined on the publicized list and met the requirements for bidding, if applicable.
- We compared total project expenditures to budgets, to determine if there was any expenditure in excess of appropriations.
- We verified that funds were used for the renovation, construction, and acquisition of classrooms and school facilities at various schools in the Rosemead School District (District) and we verified that funding was not used for salaries of school administrators or other operating expenses of the District.

RESULTS OF PROCEDURES

The District incurred total costs of \$1,480,703 during the fiscal year ended June 30, 2018 and all expenditures were used to finance new construction and additions to and modernization of school facilities for the District.

CONCLUSION

Based upon the procedures performed, we found that for the items tested, the Rosemead School District has properly accounted for the expenditures of the Proposition 39/Measure O 2008 General Obligation Bonds. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures.