

**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE AA AND MEASURE I**  
**FINANCIAL AND PERFORMANCE AUDITS**  
**June 30, 2019**



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CONSULTING

**PARAMOUNT UNIFIED SCHOOL DISTRICT**

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**June 30, 2019**

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**FINANCIAL AUDIT OF GENERAL OBLIGATION BONDS  
MEASURE AA AND MEASURE I**



## INDEPENDENT AUDITORS' REPORT

The Board of Education  
The Citizens' Oversight Committee for Measures AA and I  
Paramount Unified School District  
Paramount, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the General Obligation Bonds Measure AA and Measure I of the Paramount Unified School District (the District) as of and for the year ended June 30, 2019, 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.

### **Auditors' 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.

The Board of Education  
The Citizens' Oversight Committee for Measures AA and I  
Paramount Unified School District

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Obligation Bonds Measure AA and Measure I of the District as of June 30, 2019, and the respective changes in financial position for the 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 are intended to present the financial position and changes in financial position of only the General Obligation Bonds Measure AA and Measure I and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019 or the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the fund financial statements. Such missing information, although not a part of the fund financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the fund financial statements is not affected by this missing information.

The Board of Education  
The Citizens' Oversight Committee for Measures AA and I  
Paramount Unified School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2020 on our consideration of the District's internal control over the General Obligation Bonds Measure AA and Measure I 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 solely 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 effectiveness of the District's internal control over the General Obligation Bonds Measure AA and Measure I 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 the General Obligation Bonds Measure AA and Measure I financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP  
Glendora, California  
February 13, 2020

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I**

**BALANCE SHEET  
June 30, 2019**

	<u><b>Measure AA</b></u>	<u><b>Measure I</b></u>
<b><u>Assets</u></b>		
Cash in county treasury	\$ 1,479,903	\$ 38,696,428
Accounts receivable	<u>9,741</u>	<u>181,271</u>
<b>Total Assets</b>	<u><u>\$ 1,489,644</u></u>	<u><u>\$ 38,877,699</u></u>
<b><u>Liabilities and Fund Balance</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable	\$ -	\$ 527,753
<b>Total Liabilities</b>	<u>-</u>	<u>527,753</u>
<b><u>Fund Balance</u></b>		
Restricted	<u>1,489,644</u>	<u>38,349,946</u>
<b>Total Fund Balance</b>	<u><u>1,489,644</u></u>	<u><u>38,349,946</u></u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 1,489,644</u></u>	<u><u>\$ 38,877,699</u></u>

See the accompanying notes to the financial statements

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2019**

	<u><b>Measure AA</b></u>	<u><b>Measure I</b></u>
<b>Revenues</b>		
Interest and investment income	\$ 20,580	\$ 375,031
<b>Total Revenues</b>	<u>20,580</u>	<u>375,031</u>
<b>Expenditures</b>		
Supplies and materials	-	240,319
Services and other operating expenditures	-	362,638
Bond issuance costs	-	296,089
Capital outlay	-	5,340,101
<b>Total Expenditures</b>	<u>-</u>	<u>6,239,147</u>
Deficiency of revenues over expenditures	<u>20,580</u>	<u>(5,864,116)</u>
<b>Other Financing Sources (Uses)</b>		
Proceeds from sale of bonds	-	30,496,089
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>30,496,089</u>
Net change in fund balance	20,580	24,631,973
<b>Fund Balance at Beginning of Year</b>	<u>1,469,064</u>	<u>13,717,973</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,489,644</u>	<u>\$ 38,349,946</u>

See the accompanying notes to the financial statements



**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Policies**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**Financial Reporting Entity**

The financial statements include only the General Obligation Bonds Measure AA and Measure I of the District used to account for Measure AA and Measure I projects. The separate resource codes, in the Building Fund, were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2006 for Measure AA and General Obligation Bond Election 2016 for Measure I and is not a complete representation of the Building Fund reported in the Districts' financial statements. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Basis of Accounting**

The General Obligation Bonds Measure AA and Measure I are 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.

**Fund Structure**

The Statement of Revenues, Expenditures and Changes in Fund Balance is a statement of financial activities of the General Obligation Bonds Measure AA and Measure I related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Balance Classification**

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

**Capital Assets and Long-Term Debt**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bonds Measure AA and Measure I are determined by its measurement focus. The General Obligation Bonds Measure AA and Measure I are 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 General Obligation Bonds Measure AA and Measure I are only accounted for in the government-wide financial statements of the District.

**Estimates**

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

**NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 99.90% of amortized cost. The District’s deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53534, 53601, 53635 and 53648. The county is restricted 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

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY**

repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly in participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

**NOTE 3: BONDED DEBT**

**Measure AA**

In November 2006, \$100 million in general obligation bonds were authorized by an election (Measure AA) held within the District. The bonds were authorized to finance the acquisition, construction, and modernization of school facilities and paying related costs.

Between 2007 and 2013, the District issued bonds, Series 2007 – 2013, totaling \$99,997,831. In 2015, the District issued a refunding bond to current refund originally delivered in 2007.

**Measure I**

In November 2016, \$106 million in general obligation bonds were authorized by an election (Measure I) held within the District. The bonds were authorized to finance specific construction, repair and improvement projects approved by the voters of the District. General Obligation Bonds, Election 2016, Series 2017A was issued June, 2017 for \$25,670,000 with a premium of \$2,606,912 to be amortized at \$89,894 per year which began in 2018-19. On March 27, 2019 General Obligation Bonds, Series 2019B for \$30,496,089 was issued with a premium of \$1,565,641 to be amortized at \$52,188 per year beginning in 2019-20.

*Payments*

Interest due is payable semi-annually on February 1 and August 1 of each year. The principal with respect to the bonds is payable upon maturity or upon redemption in whole or in part. The

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 3: BONDED DEBT**

bonds are issuable as fully registered bonds in denomination of \$5,000 or any integral multiple thereof.

Capital appreciation bonds were issued as part of both Measure AA: Series 2011 and Series 2013 and Measure I: Series B with maturities dates listed below. Prior to the applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable upon maturity or prior payment of the principal component.

The outstanding general obligation bonded debt of the District at June 30, 2019 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
<b>Measure AA 2006:</b>					
Series 2011	11/29/2011	8/1/2046	2.00-12.00	\$ 34,044,316	\$ 33,601,383
Series 2013	12/11/2013	8/1/2051	2.00-12.00	33,953,515	32,638,515
Total 2015 Refunding	6/23/2015	8/1/2032	2.00-5.00	25,280,000	21,490,050
Total				<u>93,277,831</u>	<u>87,729,948</u>
<b>Measure I 2017:</b>					
Series A	6/13/2017	8/1/2046	3.00-5.00	25,670,000	22,845,000
Series B	3/27/2019	8/1/2049	3.00-5.01	30,496,089	30,496,089
Total 2017				<u>\$ 56,166,089</u>	<u>\$ 53,341,089</u>
Total				<u><u>\$ 149,443,920</u></u>	<u><u>\$ 141,071,037</u></u>

**PARAMOUNT UNIFIED SCHOOL DISTRICT**  
**GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3: BONDED DEBT**

The annual debt service requirements to maturity as of June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>
2020	\$ 6,506,638	\$ 3,450,321	\$ 367,012
2021	6,159,860	3,392,330	708,591
2022	3,268,118	3,222,555	893,432
2023	1,710,109	3,521,507	894,941
2024	1,560,501	4,212,068	708,399
2025-2029	12,205,541	21,838,027	2,908,659
2030-2034	22,131,608	19,063,839	10,136,642
2035-2039	16,188,999	17,015,203	39,668,024
2040-2044	22,257,174	16,019,832	56,434,293
2045-2049	45,913,904	4,969,204	53,717,265
2050-2052	<u>3,168,585</u>	<u>-</u>	<u>38,362,149</u>
Total	<u>\$ 141,071,037</u>	<u>\$ 96,704,886</u>	<u>\$ 204,799,407</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 Education  
The Citizens' Oversight Committee for Measure AA and Measure I  
Paramount Unified School District  
Paramount, 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 General Obligation Bonds Measure AA and Measure I of the Paramount Unified School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements as listed in the table of contents, and have issued our report thereon dated February 13, 2020.

**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 opinion 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

**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***

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 of the General Obligation Bonds Measure AA and Measure I 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.



CliftonLarsonAllen LLP  
Glendora, California  
February 13, 2020

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I**

**SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2019**

There were no findings related to the financial audit of the General Obligation Bonds Measure AA and Measure I for the year ended June 30, 2019. In addition, there were no findings related to the financial audit of the General Obligation Bonds Measure AA and Measure I for the year ended June 30, 2018.



**PERFORMANCE AUDIT OF GENERAL OBLIGATION BONDS  
MEASURE AA AND MEASURE I**



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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
The Citizens' Oversight Committee Measure AA and Measure I  
Paramount Unified School District  
Paramount, California

We have conducted a performance audit of the Paramount Unified School District (the District) General Obligation Bonds Measure AA and Measure I for the year ended June 30, 2019.

We conducted this performance audit in accordance generally accepted government auditing standards. 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.

Our audit was limited to the objectives listed on pages 17-18 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 General Obligation Bonds Measure AA and Measure I under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

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

The results of our tests indicated that, in all significant respects, the District expended Measure AA and Measure I bond funds for the fiscal year ended June 30, 2019, only for the specific projects developed by the District's Board of Education, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

*CliftonLarsonAllen LLP*

CliftonLarsonAllen LLP  
Glendora, California  
February 13, 2020

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I**

**PERFORMANCE AUDIT  
June 30, 2019**

**BACKGROUND INFORMATION**

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

In November 2006, a general obligation bond proposition (Measure AA) of the District was approved by the voters of that District. Measure AA authorized the District to issue up to \$100,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

In November 2016, \$106 million in general obligation bonds were authorized by an election (Measure I) held within the District. The bonds were authorized to finance specific construction, repair and improvement projects approved by the voters of the District. General Obligation Bonds, Election 2016, Series 2017A was issued June, 2017 for \$25,670,000 with a premium of \$2,606,912. On March 27, 2019 General Obligation Bonds, Series 2019B for \$30,496,089 was issued with a premium of \$1,565,641.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Education of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure AA and Measure I bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the General Obligation Bonds Measure AA and Measure I have been expended only for the authorized bond projects.

**OBJECTIVES**

The objectives of our performance audit were to:

- Determine the expenditures charged to the General Obligation Bonds Measure AA and Measure I.
- Determine whether expenditures charged to the General Obligation Bonds Measure AA and Measure I have been made in accordance with the bond project list approved by the voters through the approval of Measure AA and Measure I in November 2006 and November 2016.

**PARAMOUNT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS MEASURE AA AND MEASURE I**

**PERFORMANCE AUDIT  
June 30, 2019**

**OBJECTIVES**

- Provide the District Board and the Measure AA and Measure I Citizens' Oversight Committee with a performance audit as required under the provisions of the California Constitution.

**SCOPE OF THE AUDIT**

The scope of our performance audit covered the fiscal period from July 1, 2018 to June 30, 2019. The sample of expenditures tested included object and project resource codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2019, were not reviewed or included within the scope of our audit or in this report.

**PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2019, for the General Obligation Bonds Measure AA and Measure I. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure AA and Measure I and with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure AA and Measure I election documents.
- We selected a sample of expenditures for the year ended June 30, 2019, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 86 transactions totaling \$3,329,985. This represents 56% of total expenditures of \$5,943,058.
  - We verified on a sample basis that funds from the General Obligation Bonds Measure AA and Measure I funds were expended on the authorized bond projects and not used for salaries of school administrators or other operating expenses of the District.

**CONCLUSION**

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds of the General Obligation Bonds Measure AA and Measure I and that such expenditures were made on authorized bond projects.

