

ROSEMEAD SCHOOL DISTRICT

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

June 30, 2023

ROSEMEAD SCHOOL DISTRICT
PROPOSITION 39 FUNDING
FINANCIAL AUDIT
June 30, 2023

TABLE OF CONTENTS

Independent Auditor’s Report..... 1

Balance Sheet – Bond Building Fund – Measure RS.....3

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Bond Building Fund – Measure RS4

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Bond Building Fund – Measure RS.....5

Notes to Financial Statements6

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 Standards9

Schedule of Findings and Questioned Costs 11



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bond Building Fund – Measure RS of the Rosemead School District (District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Building Fund – Measure RS of Rosemead School District, as of June 30, 2023, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, Appendix A*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

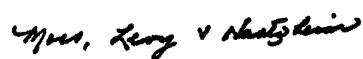
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Bond Building Fund – Measure RS and do not present fairly the financial position of the Rosemead School District, as of June 30, 2023, 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 March 29, 2024, 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.



Moss, Levy & Hartzheim, LLP
Culver City, California
March 29, 2024

ROSEMEAD SCHOOL DISTRICT
BALANCE SHEET
BOND BUILDING FUND – MEASURE RS
June 30, 2023

Assets

Cash in County Treasury	<u>\$ 6,762,437</u>
Total current assets	<u><u>\$ 6,762,437</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	<u>\$ 1,962,818</u>
Total liabilities	<u>1,962,818</u>

Fund Balance:

Restricted for building projects	<u>4,799,619</u>
Total fund balance	<u>4,799,619</u>
Total liabilities and fund balance	<u><u>\$ 6,762,437</u></u>

ROSEMEAD SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BOND BUILDING FUND – MEASURE RS**

For the Fiscal Year Ended June 30, 2023

Revenues:

Interest	\$ 220,937
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Total revenues	220,937
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Expenditures:

Material and supplies	89,573
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Contracted services and other operating expenditures	406,536
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Capital outlay	3,622,987
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Total expenditures	4,119,096
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Excess (deficiency) of revenues over expenditures	(3,898,159)
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Fund balance, beginning of fiscal year	8,697,778
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Fund balance, end of fiscal year	\$ 4,799,619
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ROSEMEAD SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BOND BUILDING FUND – MEASURE RS**

For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest	\$ 28,868	\$ 220,937	\$ 192,069
Total revenues	28,868	220,937	192,069
Expenditures:			
Material and supplies	203,935	89,573	114,362
Contracted services and other operating expenditures	661,934	406,536	255,398
Capital outlay	5,285,282	3,622,987	1,662,295
Total expenditures	6,151,151	4,119,096	2,032,055
Excess (deficiency) of revenues over expenditures	(6,122,283)	(3,898,159)	2,224,124
Fund balance, beginning of fiscal year	8,697,778	8,697,778	
Fund balance, end of fiscal year	\$ 2,575,495	\$ 4,799,619	\$ 2,224,124

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE RS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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 RS 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 RS 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 and GASB Statement No. 72.

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 RS are determined by its measurement focus. The Bond Building Fund – Measure RS 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 RS are accounted for in the basic financial statements of the District.

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE RS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

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

2017 General Obligation Bonds Election 2014 Series A and 2014 Series T-2

On December 14, 2017, the District, pursuant to an amended resolution adopted by its Board of Education, issued the 2017 General Obligation Bonds in the amount of \$7,980,000. The issue consisted of: a) Current Interest Series T-2 Bonds in the amount of \$780,000, and b) Series A Term bonds in the amount of \$7,200,000. Yields to maturity range from 2.00% to 4.00% for the Series A Term bonds and fully mature on August 1, 2047. The proceeds from the sale of the bonds were used to finance new construction, renovation, modernization and equipping of school facilities. As of June 30, 2023, the principal balance outstanding on the 2014 Series A bonds was \$7,200,000.

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE RS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 – BONDED DEBT (Continued)

2021 General Obligation Bonds Election 2014 Series B

On September 22, 2021, the District, pursuant to a resolution adopted by its Board of Education, issued the 2021 General Obligation Bonds in the amount of \$9,125,000 with stated interest rates from 0.20% to 2.55%. The proceeds from the sale of the bonds were used to provide funds for the modernization, upgrading and equipping of public education facilities. As of June 30, 2023, the principal balance outstanding on these bonds was \$8,475,000.

The outstanding related bonded debt for the District Measure RS Bonds at June 30, 2023, is:

Bond/Note Description	Date Of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Balance Outstanding July 1, 2022	Issued Current Year	Redeemed Current Year	Balance Outstanding June 30, 2023
2017 2014 Series A	12/14/2017	2.0%-4.0%	2048	\$ 7,200,000	\$ 7,200,000	\$ -	\$ -	\$ 7,200,000
2021 2014 Series B	9/22/2021	2.3-8.0%	2051	9,125,000	9,125,000		(650,000)	8,475,000
				<u>\$ 16,325,000</u>	<u>\$ 16,325,000</u>	<u>\$ -</u>	<u>\$ (650,000)</u>	<u>\$ 15,675,000</u>

The annual requirements to amortize the bonds payable outstanding as of June 30, 2023, are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2024	\$ 595,000	\$ 535,716	\$ 1,130,716
2025	505,000	492,766	997,766
2026	65,000	471,366	536,366
2027	80,000	467,466	547,466
2028	95,000	462,966	557,966
2029-2033	1,015,000	2,202,080	3,217,080
2034-2038	2,130,000	1,913,733	4,043,733
2039-2043	3,495,000	1,437,007	4,932,007
2044-2048	5,275,000	742,533	6,017,533
2049-2051	<u>2,420,000</u>	<u>95,242</u>	<u>2,515,242</u>
	<u>\$ 15,675,000</u>	<u>\$ 8,820,875</u>	<u>\$ 24,495,875</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 RS of the Rosemead School District (District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 29, 2024.

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 statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
March 29, 2024

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE RS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

There were no findings or questioned costs related to the financial audit of the Bond Building Fund – Measure RS for the fiscal year ended June 30, 2023.

ROSEMEAD SCHOOL DISTRICT
BOND BUILDING FUND – MEASURE RS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

There were no findings or questioned costs related to the financial audit of the Bond Building Fund – Measure RS for the fiscal year ended June 30, 2022.