

Palmdale School District
Minutes of the Citizen's Bond Oversight Committee
Tuesday, November 14, 2017
Palmdale School District (Facilities Department Conference Room)
39120 10th Street East, Palmdale, CA. 93550

1) CALL TO ORDER – Stacy Fournier called the meeting to order at 5:40 p.m.

2) ROLL CALL – Stacy Fournier

Present: Al Tsai, Felicia Sexton, Trixie Flores, Stacy Fournier, Bridgett Pitt, Cristina Mendoza, Vladimir Gomez

3) PLEDGE OF ALLEGIANCE

4) APPROVE THE MINUTES FROM THE MAY 9, 2017 MEETING – **approved unanimously**

5) STATUS - JUNIPER INTERMEDIATE SCHOOL/REPURPOSE – AL TSAI

An update by Al Tsai on the status of the construction project within the lower quad, administration and adjoining classroom wing, MPR (complete modernization scope), and the upper quad which is an interior upgrade. In addition, Al discussed the various DSA Construction Change Documents (CCDs) related to seismic, fire life safety within the upper quad. In addition, Change Orders, to-do, were update. Measure DD's language specifically calls out the modernization work at "Juniper Intermediate" by name.

6) FACILITIES MASTER PLANNING – AL TSAI

An electronic version of the master plan developed by HPLE, Inc. was shown. The discussion was primarily in the Phase 1 work to be completed during the next summer break. The work, which is non-DSA, include painting and drinking fountains. The scopes of work align with the Bond Measure language. In addition, a pilot Future Learning Space is being designed for Joshua Hills Elementary School. The most recent audit report for Measure DD and W was shown in the electronic version. There were "zero" findings.

7) COMMENTS FROM THE FLOOR - NONE

Persons wishing to make comments to the Citizen's Bond Oversight Committee may do so at this time. Each speaker is requested to limit their comments to no more than three minutes. Please fill out a Speaker Card and turn it in to the Chair if you wish to address the Committee.

8) COMMENTS FROM COMMITTEE MEMBERS

9) OTHER

The offer to tour Juniper is an open ended invitation for all committee members.

10) ADJOURNMENT @ 6:36 p.m.

The Board of Trustees approved on December 13, 2016, Action/Superintendent item 18.a.1., “Approval of **Award of Contract** with Klassen Corporation for construction/renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-8) in the amount of \$10,959,614.00. Funding is provided by Fund 49 (Qualified School Construction Bond) and Fund 21 (Measure DD Funds).”

The Board of Trustees approved on August 15, 2017, Consent/Superintendent item 16.b.3.d., “Approval of **Change Order No. 1** with Klassen Corporation for additions (Building B corridor of multi-purpose room, sewer line replacement, and digital marquee) and credits (change in aluminum storefront size and technology related to interactive boards) - Construction/Renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-8) in the amount of \$108,927.58. Funding is provided by Fund 21 (Measure DD Funds).”

The Board of Trustees approved on October 3, 2017, Consent/Superintendent item 18.b.2.d., “Approval of **Change Order No. 2** with Klassen Corporation. Additional COSTS and CREDITS received related to: fiber optic network, fire-smoke dampers, NEC phone system, re-routing power conduits in lower quad, “furr out” walls in MPR, installing TeachLogic System, removal of foam room material under a rock roof, and additional demolition in restroom C and E - Construction/Renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-8) in the amount of \$254,039.56. (Note: This is a 2.3% increase of the original contract amount). Funding is provided by the Fund 21 (Measure DD Funds).”

Approval of Change Order No. 1 with Klassen Corporation for additions (Building B corridor of MPR, sewer line replacement, and digital marquee) and credits (change in aluminum storefront size and technology related to interactive boards) - Construction/Renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-8) in the amount of \$108,927.58. Funding is provided by the Fund 21 (Measure DD Funds).

Recommendation

It is recommended that the Board of Trustees approve Change Order No. 1 in the amount of \$108,927.58

Status

Change Order No. 1 consists of five(5) line items:

1. Item no. 1 - Labor and materials necessary to incorporate the DSA approved work as shown on Instruction Bulletin 8 for the scope at the Building B corridor. This scope was added in order to clean-up the multipurpose room. **COST: \$32,953.97**
2. Item no. 2 - Labor and materials to furnish and install new main sewer lines at the upper and lower quads. The existing sewer lines were in disrepair. This was not part of the original scope. **COST: \$58,290.15**
3. Item no. 3 - Labor and materials to use 4.5-inch aluminum storefront in lieu of 6-inch aluminum storefront. Changing to 4.5-inch would allow for better trim out at the existing steel columns. **CREDIT: \$6,000.00**
4. Item no.4 - Labor and materials necessary for power revisions for power and data to 29 classrooms. The interactive board technology changes the requirements. **CREDIT: 17,607.00**
5. Item no. 5 - Labor and materials necessary for installation of a DSA approved marquee sign. Not part of the original scope: **COST: \$41,290.46**

Change Order No. 1 increases the total cost of the project from \$10,595,614.00 to \$11,068,541.58. Change Order No. 1, in the amount of \$108,927.58 represents an 1.03% increase in the original contract amount. Since the change order amount does not exceed 10% of the original contract price (Cal. Pub. Cont. Code 20118.4) securing bids is not required.

Action Supports Student Achievement By

The repairs will sustain a safe and healthy environment for students and staff.

Background

The Board of Trustees approved on December 13, 2016, Action/Superintendent item 18.a.1., "Approval of Award of Contract with Klassen Corporation for construction/renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-

8) in the amount of \$10,959,614.00. Funding is provided by Fund 49 (Qualified School Construction Bond) and Fund 21 (Measure DD Funds).”

Goals

3. Ensure safe and attractive learning environments.

Funding Source

Fund 21 (Measure DD Funds)

In the Amount of

\$108,927.58

Staff Source

Al Tsai, Maintenance and Operations Administrator

Approval of Change Order No. 2 with Klassen Corporation. Additional COSTS and CREDITS received related to: fiber optic network, fire-smoke dampers, NEC phone system, re-routing power conduits in lower quad, "furr out" walls in MPR, installing TeachLogic System, removal of foam room material under a rock roof, and additional demolition in restroom C and E - Construction/Renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-8) in the amount of \$254,039.56. (Note: This is a 2.3% increase of the original contract amount). Funding is provided by the Fund 21 (Measure DD Funds).

Recommendation

It is recommended that the Board of Trustees approve Change Order No. 2 in the amount of \$254,039.56.

Status

Change Order No. 1 consists of eleven(11) line items:

1. Item no. 1 - Labor and materials necessary to furnish and install a new site-wide fiber optic network. When this project was originally developed there was no anticipation of the type of multimedia rich content that is now available via the promethean interactive boards. **COST: \$102,679.76**
2. Item no. 2 - Provide Corning Fiber optic cabling in lieu of Sumitomo Fiber optic cabling - **CREDIT: \$4,166.00**
3. Item no. 3 - Deletion of specified combo fire-smoke dampers in Building A, per IB no. 32 (Not required by code. CCD approved by DSA) - **CREDIT: \$7,459.00**
4. Item no. 4 - Deletion of NEC9100 phone system. District's vendor would purchase via a separate contract. Programming, service, and warranty would then be provided by the District's vendor. - **CREDIT: \$11,070.00**
5. Item no. 5 - Labor and materials necessary for re-routing the power conduits to the lower quad, per IB no. 11R. The new routing was placed underground. The conduits were removed from the roof structures to allow for better maintenance of the new roofing. - **COST: \$90,447.63**
6. Item no. 6 - Delete conduit from administration to the lower campus. **CREDIT: \$8,786.00.**
7. Item no. 7 - Labor and materials necessary to "furr out" the walls in the Multi-Purpose Room. After the existing finishes were removed from the brick walls, it was discovered that the existing walls were in disrepair. It is more cost effective to "furr out" the walls to provide a clean finish. This was an unforeseen condition. - **COST: \$50,402.00**
8. Item no. 8 - Labor and materials necessary to install a "Teach Logic" sound system vs. "Voice Lift" (which was originally specified) to support the Promethean interactive boards. - **COST: \$2,081.87**
9. Item no. 9 - Labor and materials necessary to remove an existing foam layer beneath a rock roof at Building A and B to get an acceptable substrate for the new roofing. This is an unforeseen condition. - **COST: \$22,798.07**

value added network could not

be scheduled

10. Item no. 10 - Labor and materials necessary to properly re-work and abate existing roof jacks at penetrations which contain hazardous materials. This is an unforeseen condition. – **COST:** \$6,301.95
11. Item no. 11 - Labor and materials necessary to provide additional demolition in restrooms C and E for access to wall and roofing frame. The existing wall and ceiling finishes were removed in Building C and E restrooms. This required insulation for the roof and exterior walls. – **COST:** \$10,809.28

Change Order No. 2 increases the total cost of the project from \$11,068,541.58 to \$11,322,581.14. Change Order No. 2, in the amount of \$254,039.56 represents an **2.3% increase** in the original contract amount. (Note: Change Order No. 1 and No.2 represents a cumulative 3.3% increase from the original contract amount.) Since the change order amount does not exceed 10% of the original contract price (Cal. Pub. Cont. Code 20118.4) securing bids is not required.

Action Supports Student Achievement By

The repairs will sustain a safe and healthy environment for students and staff.

Background

The Board of Trustees approved on December 13, 2016, Action/Superintendent item 18.a.1., "Approval of Award of Contract with Klassen Corporation for construction/renovation at former Juniper Intermediate School campus (Phase 1, Administration Building and Phase 2) for occupancy by Dos Caminos School (Grades K-8) in the amount of \$10,959,614.00. Funding is provided by Fund 49 (Qualified School Construction Bond) and Fund 21 (Measure DD Funds)."

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Goals

3. Ensure safe and attractive learning environments.

Funding Source

Fund 21 (Measure DD Funds)

In the Amount of

\$254,039.56

Staff Source

Al Tsai, Maintenance and Operations Administrator

Juniper Intermediate School Masterplan Reorganization

PHASING SCHEDULE



PHASE I: SUMMER 2014 TO FALL OF 2015
LOWER QUAD AND (E) SCIENCE BUILDING
CONVERSIONS TO KINDERGARTEN CLASSROOMS,
NEW PAVING AND LANDSCAPING



PHASE II: SUMMER 2015 TO WINTER 2016
UPPER QUAD, ADMINISTRATION, MULTI-PURPOSE,
KITCHEN, AND LOCKER ROOM CONVERSION TO
CLASSROOMS, NEW PAVING AND LANDSCAPING

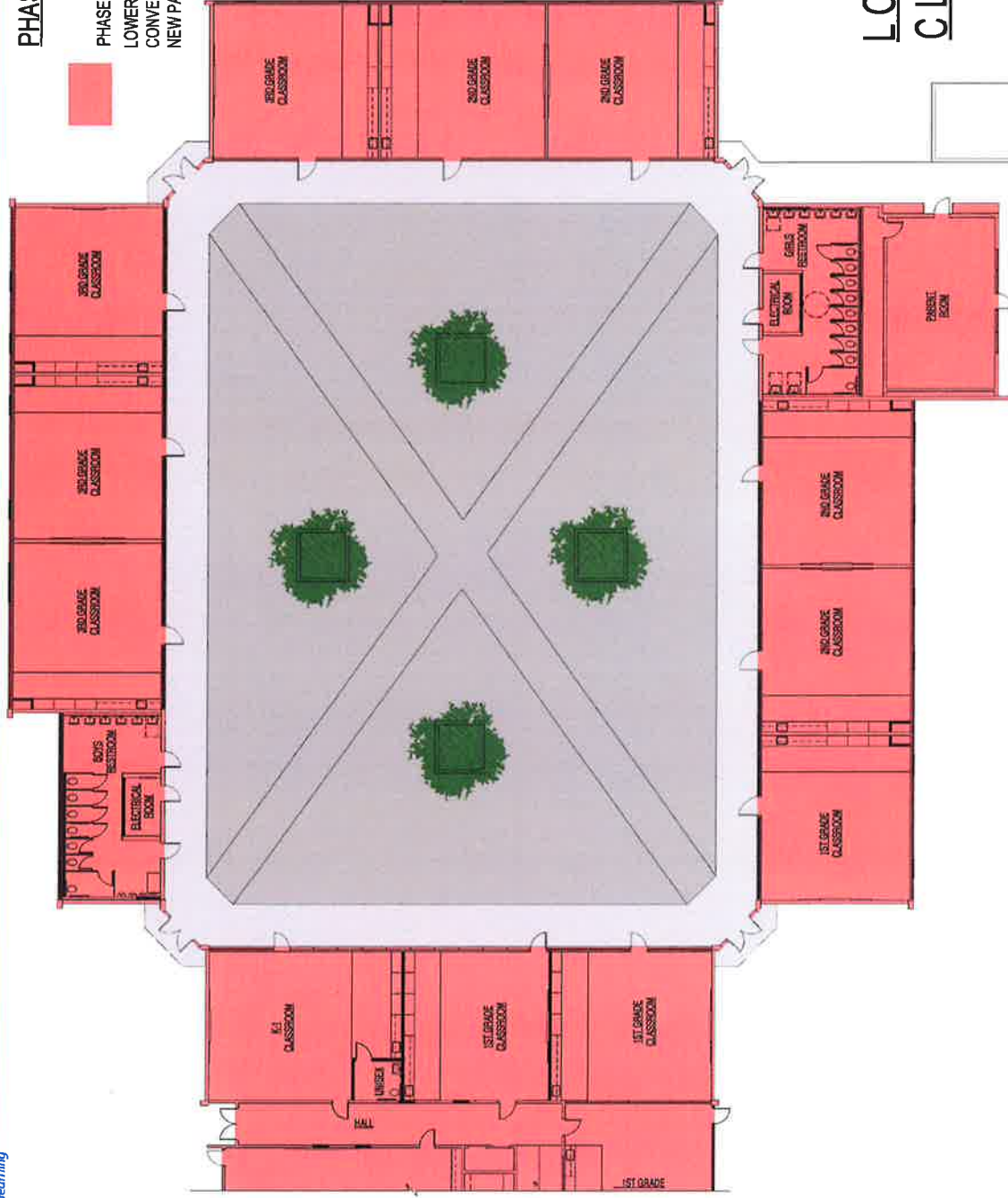


Juniper Intermediate School Masterplan Reorganization

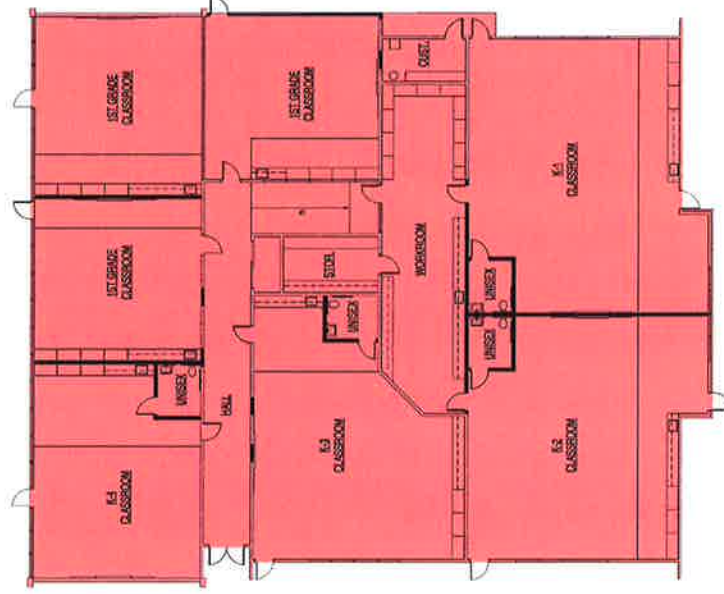
PHASING SCHEDULE



PHASE I: SUMMER 2014 TO FALL OF 2015
LOWER QUAD AND (E) SCIENCE BUILDING
CONVERSIONS TO KINDERGARTEN CLASSROOMS,
NEW PAVING AND LANDSCAPING



LOWER QUAD CLASSROOMS PHASE I



PHASING SCHEDULE



PHASE I: SUMMER 2014 TO FALL OF 2015
LOWER QUAD AND (E) SCIENCE BUILDING
CONVERSIONS TO KINDERGARTEN CLASSROOMS,
NEW PAVING AND LANDSCAPING

KINDERGARTEN CLASSROOMS PHASE I

Juniper Intermediate School Masterplan Reorganization



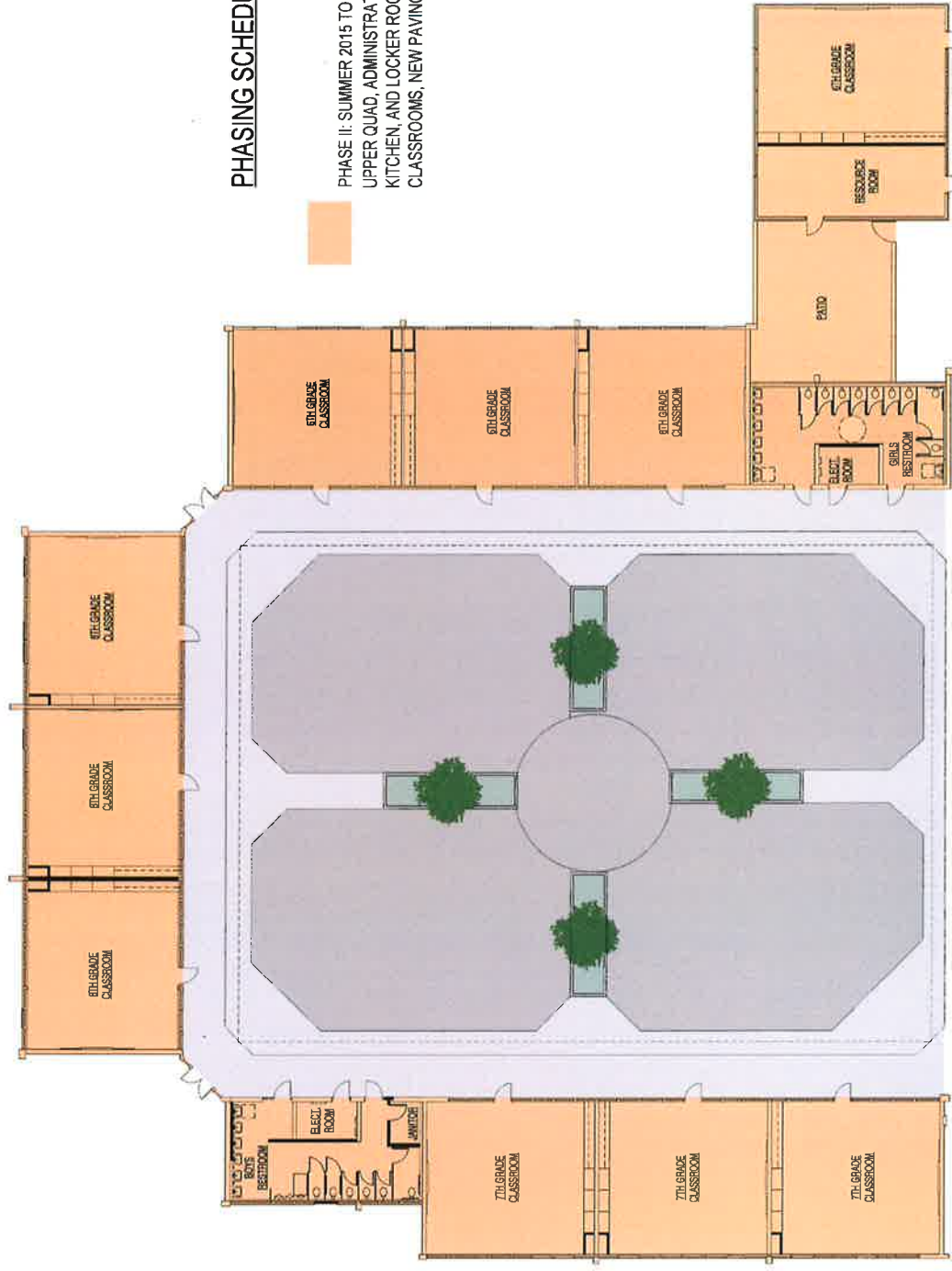
PHASING SCHEDULE

PHASE II: SUMMER 2015 TO WINTER 2016

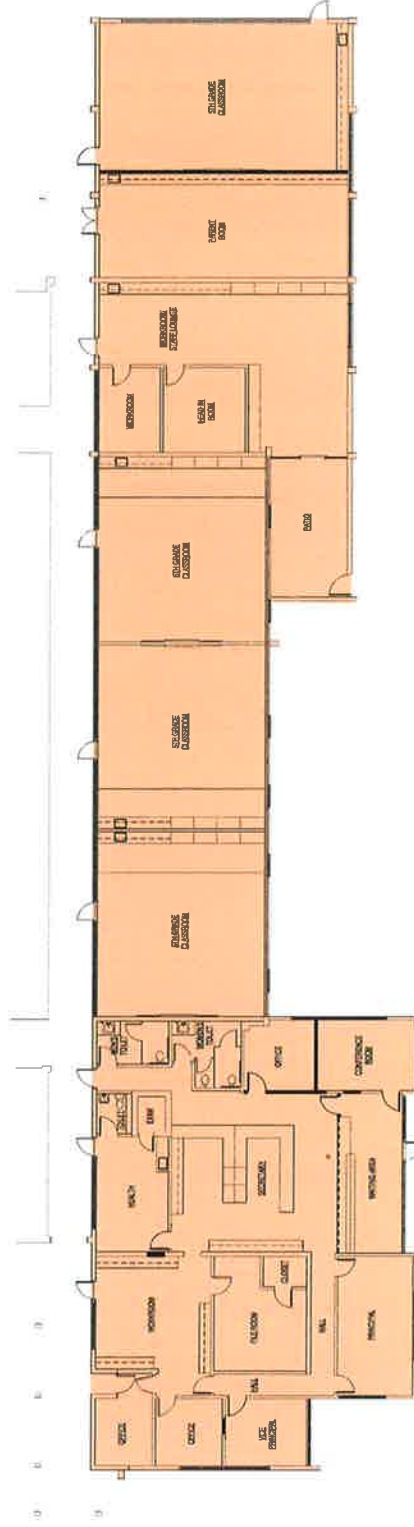
UPPER QUAD, ADMINISTRATION, MULTI-PURPOSE, KITCHEN, AND LOCKER ROOM CONVERSION TO CLASSROOMS, NEW PAVING AND LANDSCAPING

GYMNASIUM PHASE II

November 19, 2013



UPPER QUAD CLASSROOMS - PHASE II



PHASING SCHEDULE

ADMINISTRATION - PHASE II

PHASE II: SUMMER 2015 TO WINTER 2016
UPPER QUAD, ADMINISTRATION, MULTI-PURPOSE, KITCHEN, AND LOCKER ROOM CONVERSION TO CLASSROOMS, NEW PAVING AND LANDSCAPING

**RESOLUTION OF THE BOARD OF TRUSTEES OF
PALMDALE SCHOOL DISTRICT
ORDERING AN ELECTION TO AUTHORIZE THE
ISSUANCE OF SCHOOL BONDS, ESTABLISHING SPECIFICATIONS
OF THE ELECTION ORDER, AND REQUESTING CONSOLIDATION
WITH ANY OTHER ELECTIONS OCCURRING ON NOVEMBER 6, 2012**

WHEREAS, in the judgment of the Board of Trustees (the "**Board**") of the Palmdale School District (the "**District**"), it is advisable to call an election to submit to the electors of the District the question of whether bonds of the District shall be issued and sold for the purpose of raising money for the construction, reconstruction, rehabilitation and replacement of school facilities, including the furnishing or equipping of school facilities, or the acquisition or lease of real property for school facilities and paying costs incident thereto; and

WHEREAS, as a result of the approval of Proposition 39 on November 7, 2000, Article XIII A, Section 1, paragraph (b) of the California Constitution ("**Article XIII A**") provides an exception to the limit on *ad valorem* property taxes on real property for bonded indebtedness incurred by a school district that has been approved by fifty-five percent (55%) of the voters of the District voting on the proposition; and

WHEREAS, pursuant to California Education Code ("**Education Code**") Section 15264 *et seq.* (the "**Act**") and California Government Code ("**Government Code**") Section 53506, the Board is specifically authorized, upon approval by two-thirds (2/3) of the Board, to submit to the electorate of the District the question of whether bonds of the District shall be issued and sold for specified purposes, upon a fifty-five percent (55%) vote of the electorate in favor on the question, pursuant to paragraph (3) of said subdivision (b) of Section 1 of Article XIII A and subdivision (b) of Section 18 of Article XVI of the California Constitution; and

WHEREAS, pursuant to California Elections Code ("**Elections Code**") Section 10403 *et seq.*, it is appropriate for the Board to request consolidation of the election with any and all other elections to be held on November 6, 2012, and to request the Los Angeles County Registrar-Recorder/County Clerk (the "**Registrar of Voters**") to perform certain election services for the District.

NOW, THEREFORE, THE BOARD HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

gchubert
Review
A-2
A-3
Paint
FLS
Dunkley
A-3
Juniper 15

Section 1. Call for Election. The Board hereby orders an election and submits to the electors of the District the question of whether general obligation bonds of the District (the “**Bonds**”) shall be issued and sold in one or more series from time to time in the aggregate principal amount not to exceed \$220,000,000 for the purpose of raising money for construction, reconstruction, rehabilitation and replacement of school facilities, including the furnishing or equipping of school facilities, or the acquisition or lease of real property for school facilities and paying costs incident thereto, as set forth more fully in a ballot proposition approved pursuant to Section 4 below.

Section 2. Order of Election. That this Resolution shall stand as the order to Registrar of Voters to call an election within the boundaries of the District on November 6, 2012. The Registrar of Voters is hereby requested, pursuant to Section 5322 of the Education Code, to take all steps to call and hold the election in accordance with law and these specifications.

Section 3. Election Date. The date of the election shall be November 6, 2012, and the election shall be held solely within the boundaries of the District.

Section 4. Purpose of Election; Ballot Proposition. The purpose of the election shall be for the voters of the District to vote on a proposition, a full copy of which is attached hereto as **Exhibit A**, containing the question of whether the District shall issue the Bonds for the purposes stated therein, together with the accountability requirements of Article XIII A and the requirements of Section 15272 of the Act. The Registrar of Voters is hereby requested to reprint **Exhibit A** hereof in its entirety in the voter information pamphlet to be distributed to voters. As required by Elections Code Section 13247, the abbreviated form of the measure to appear on the ballot is attached hereto as **Exhibit B**. The District’s Superintendent (or designee) is hereby authorized and directed to make any changes to the text of the proposition or its abbreviated form as required to comply with the intent of this Resolution, the requirements of elections officials, and requirements of law.

Section 5. The Bonds. (i) That the maturity of any bonds issued pursuant hereto and under Chapter 1.5, Part 10, Division 1, Title 1 of the Education Code (commencing with Section 15264), as amended and Article XIII A of the California Constitution shall not exceed twenty-five (25) years and shall bear interest at a rate not to exceed the maximum legal interest rate per annum, and (ii) that the maturity of any bonds issued pursuant hereto and under Chapter 3 of Part 1 of Division 2 of Title 5, Article 4.5 of the California Government Code, as amended, applicable provisions of the Education Code and Article XIII A of the California Constitution shall not exceed forty (40) years and shall bear interest at a rate not to exceed the maximum legal interest rate per annum.

Section 6. Authority for Election. The authority for ordering the election is contained in the Act, Article XIII A, Section 1, paragraph (b), subsection (3) of the California Constitution, and Section 53506 *et seq* of the Government Code. The authority for the specification of this election order is contained in Education Code Section 5322.

Section 7. School Facilities Projects. A list of the specific school facilities projects (the “**Projects**”) to be funded from the proceeds of the bonds is set forth in **Exhibit A** (the “**Project List**”). As required by Article XIII A, the Board hereby certifies that it has evaluated safety, class-

size reduction, and information technology needs of the District in developing the list of school facilities projects set forth in **Exhibit A**. The District understands that the costs of administering the election, managing construction projects and costs of issuance of the Bonds shall be lawful charges against Bond proceeds.

Section 8. Covenants of the Board Upon Approval of the Bonds by the Electorate. As required by Article XIII A and Section 15278 of the Act, if fifty-five percent (55%) of the voters of the District voting on the measure approve of the bonds, the Board shall:

- (a) Use the bond proceeds only for the purposes of construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, as specifically set forth in **Exhibit A**, and not for any other purpose, including teacher and administrator salaries and other school operating expenses;
- (b) Conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the projects listed in **Exhibit A**;
- (c) Conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for school facilities projects listed in **Exhibit A**; and
- (d) Establish and appoint members to an independent citizens' oversight committee in accordance with Sections 15278, 15280, and 15282 of the Act.

Section 9. Delivery of this Resolution. The Clerk of this Board is hereby authorized and directed to send or hand deliver a copy of this Resolution to the Los Angeles County Superintendent of Schools, the County of Los Angeles Clerk of the Board of Supervisors and the Registrar of Voters no later than August 10, 2012.

Section 10. Ballot Arguments; Tax Rate Statement. Any and all members of this Board are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. The Superintendent, President of the Board, or their designees, are hereby authorized to execute the Tax Rate Statement and any other required documents and to perform all acts necessary to place the bond measure on the ballot. The Tax Rate Statement shall be delivered to the Registrar of Voters on or before August 10, 2012.

Section 11. Consolidation of Election; Election Services.

- (a) Pursuant to Section 15121 of the Education Code and Part 3 (commencing with Section 10400) of Division 10 of the Elections Code, the Board of Supervisors of the County is requested to order consolidation of the school bond election ordered herein with such other elections as may be held on the same day in the same territory or in territory that is in part the same.
- (b) Pursuant to Section 5303 of the Education Code and Section 10002 of the Elections Code, the Board of Supervisors is requested to permit the Registrar of Voters, or other appropriate officials of the County of Los Angeles, to render all

services necessary in connection with the bond election including, but not limited to, publication of a Formal Notice of School Bond Election pursuant to Education Code 5363 and related law, the mailing of the sample ballot and tax rate statement (described in Section 9401 of the Elections Code), the opportunity to submit ballot arguments in connection with the bond election, the canvassing and certification of the returns of the election, and other ballot requirements pursuant to Education Code Section 15123, for which services the District agrees to reimburse the County as required by law.

Section 12. Reimbursement of Qualified Project Expenditures. The Board presently intends and reasonably expects to have tax exempt obligations (the “**Obligations**”) issued on its behalf within 18 months of the date of the expenditure of moneys prior to the issuance of the Obligations, if any, made with respect to the Projects outlined in the Project List or the date upon which a Project is placed in service or abandoned, whichever is later (but in no event more than 3 years after the date the original expenditure of such moneys is paid), and to allocate an amount of the proceeds thereof to the reimbursable expenditures in connection with the Project, as may be qualified under the provisions of Section 1.150-2 of the Treasury Regulations of the Internal Revenue Service (the “**Reimbursable Expenditures**”). All of the Reimbursable Expenditures covered by this Section 12 were paid not earlier than 60 days prior to the date of this Resolution or constitute preliminary expenditures within the meaning of Section 1.150-2 of the Treasury Regulations. The Board intends to allocate within 30 days after the date of issue of the Obligations the proceeds therefrom to reimburse the District for the Reimbursable Expenditures. With respect to the proceeds of the Obligations allocated to reimburse the District for prior expenditures, the Board hereby covenants not to employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issue of tax-exempt obligations.

The above provisions are made solely for the purpose of establishing compliance with the requirements of said Section 1.150-2 of the Treasury Regulations. This provision does not bind the District or the Board to make any expenditure, incur any indebtedness, or proceed with the financing, acquisition or construction of the Projects.

Section 13. Bond Counsel. That the Board hereby approves the retention of Nixon Peabody LLP as bond counsel in connection with the bond election and subsequent issuances of bonds.

Section 14. Effective Date. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 7th day of August, 2012.

**BOARD OF TRUSTEES OF
PALMDALE SCHOOL DISTRICT**

By: _____
Carol Stanford, President

Attest:

By: _____
Sandy Corrales-Eneix, Clerk of the Board

STATE OF CALIFORNIA)
)
LOS ANGELES COUNTY) ss.

I, _____, do hereby certify that the foregoing is a true and correct copy of Resolution Ordering an Election to Authorize the Issuance of School Bonds, Establishing Specifications of the Election Order, and Requesting Consolidation with any Other Elections Occurring on November 6, 2012, which was duly adopted by the Board of Trustees of the Palmdale School District at meeting thereof held on the 7th day of August, 2012, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT

ABSTENTIONS:

By: _____
Roger D. Gallizzi, Secretary to the Board of Trustees

EXHIBIT A

FULL TEXT OF BOND MEASURE FOR PALMDALE SCHOOL DISTRICT

INTRODUCTION

“To repair/improve aging schools, improve math/science instruction and protect education in Palmdale elementary and intermediate schools with local funding that cannot be taken by State government, shall Palmdale School District repair leaking roofs, rusting plumbing and aging restrooms; update science labs, computers and instructional technology; upgrade/repair/add classrooms to meet safety, health and academic standards; by issuing \$220 million dollars in bonds at legal rates, with independent citizens’ oversight, no money for administrators salaries?”

ACCOUNTABILITY MEASURES

If the bonds are approved, the Board of Trustees will implement the following accountability measures in accordance with State law:

- (a) Use the proceeds from the sale of the bonds only for the purposes of construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, as specifically set forth in this Exhibit A, but not for any other purpose, including board member, administrator, teacher, or staff salaries or benefits or other school operating expenses;
- (b) Conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the projects listed in this Exhibit A;
- (c) Conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for school facilities projects listed in this Exhibit A; and
- (d) Establish and appoint members to an independent citizens’ oversight committee to ensure the bonds are used only for the projects listed in this Exhibit A.

SCHOOL FACILITIES PROJECTS TO BE FUNDED FROM BOND PROCEEDS

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. The Board of Trustees hereby certifies that it has evaluated the safety, class-size reduction, and information technology needs of the District in developing this list of school facilities projects:

Upgrade aging and deteriorating school sites, classrooms, science labs, computer labs and libraries

- Repair and replace roofs on classrooms and portable classrooms
- Improve, renovate, repair, furnish and equip classrooms, cafeterias and multi-purpose rooms to meet health and safety codes
- ✓ • Repair and improve school building exteriors, security windows and outdoor painting
- Plan, construct, reconstruct, replace and provide ramps to ensure student safety and access for students with disabilities

Improve energy efficiency to provide annual savings that will support classroom instruction

- Repair or replace heating, ventilation and air conditioning units at schools to improve energy efficiency and save funds
- Provide and construct xeriscaping facilities and systems to improve water efficiency and save funds
- Modernize, improve, upgrade and provide energy management system at school sites

Provide current classroom technology to support 21st century education

- Provide updated computer technology, communication systems and instructional technology including, but not limited to, installing wireless Internet/Intranet connectivity and other technological infrastructure
- Furnish, replace and modernize technological, electrical and other learning devices, including but not limited to personal computers, classroom computers, portable electronic devices, smartpad or other devices, digital textbooks, or any other device used to assist learning, including replacement of computers and technology over time

Modernize fire, alarm, emergency and security systems

- Update, furnish and equip schools with new fire protection systems and fire alarm panels to ensure school sites are up to current safety codes
- Update, improve, furnish and equip communication systems, bells, clocks and intercoms at school sites
- Provide security cameras at school sites
- Upgrade and provide exterior electronic signage at school sites

Repair and update aging student restrooms and rusting plumbing

- Plan, construct, furnish and equip additional restrooms

- Upgrade, improve, furnish and equip restrooms at schools
- Repair or replace aging plumbing at school sites

Provide additional classrooms and learning space for students

- Plan, construct, furnish and equip up to two new schools in the District

Renovate aging and worn out classrooms and school facilities to ensure student safety

- Repair unsafe play fields, play equipment and surfaces
- Plan, construct, reconstruct, update, remodel, renovate, repair, furnish and equip Juniper Intermediate School, including but not limited to demolition of any obsolete or inadequate facilities as needed, expansion and improvement of classrooms, multipurpose rooms, support facilities, student services, safety systems, wiring, plumbing, building systems, building surfaces, heating, cooling and ventilation systems, and improve access for disabled persons
- Repair, replace, renovate, update, furnish and equip student support facilities, including but not limited to offices
- Plan, construct, reconstruct, relocate, update, remodel, renovate, repair, furnish and equip District administrative offices and a professional development facility, including but not limited to demolition of any obsolete or inadequate facilities as needed, expansion and improvement of classrooms, multipurpose rooms, support facilities, student services, safety systems, wiring, plumbing, building systems, building surfaces, heating, cooling and ventilation systems, and improve access for disabled persons
- Furnish and equip all facilities constructed or improved with Bond proceeds.

The Bonds may be used to fund design, engineering and program management costs, as well as to make lease payments for leases, or to purchase authorized leased facilities. The bonds may also be used to fund the cost of issuing the bonds, election costs, and the cost of obtaining and disseminating information, as authorized under State law.

EXHIBIT B

**BOND MEASURE
FOR
PALMDALE SCHOOL DISTRICT**

(Abbreviated Form)*

<p>“To repair/improve aging schools, improve math/science instruction and protect education in Palmdale elementary and intermediate schools with local funding that cannot be taken by State government, shall Palmdale School District repair leaking roofs, rusting plumbing and aging restrooms; update science labs, computers and instructional technology; upgrade/repair/add classrooms to meet safety, health and academic standards; by issuing \$220 million dollars in bonds at legal rates, with independent citizens’ oversight, no money for administrators salaries?”</p>	<p>BONDS – YES</p>
	<p>BONDS – NO</p>

* Limited to 75 words pursuant to California Elections Code Section 13247.

Regular Meeting of the Board of Trustees

Palmdale ESD

AP August 15, 2017 4:30PM

Ross W. Amspoker Board Room 39139 N. 10th Street East Palmdale, California 93550

17.a.1.a. Approve and adopt the Facilities Master Plan

Rationale

STATUS: The Palmdale School District has developed a comprehensive, student centric facilities master plan that will create globally competitive facilities for the 21st Century. This plan identifies a road map to create learning environments that facilitate learning and teaching. It will also include specific facilities strategies that will help the District deliver spaces that will develop:

- High Level Academic Preparation
- College and Career Readiness
- Technological Fluency
- Strength of Body, Mind, and Character
- Social, Civic, & Environmental Responsibility

Copies of the Facilities Master Plan are available in the Superintendent's Office.

BACKGROUND: On February 2, 2016, the District approved the commencement of the facilities master planning process. Over the past 18 months the master planning team has conducted more than 80 stakeholder and/or community input sessions throughout the District. They have also conducted demographic analysis, food service facility study and assessed the facilities of every school in the District. The final project recommendations are a product of extensive dialog and input from the students, teachers, principals, community, District administration, District facilities staff and the Board of Trustees.

THIS ACTION SUPPORTS STUDENT ACHIEVEMENT BY: The implementation of this student centric facilities master plan will create a safe and healthy learning environment for students and staff.

*Approved
Highlights
of ppt.*



Master Plan Projects Executive Summary



Agenda



- 1. Big Picture - Options Development**
- 2. Site Specific Projects**

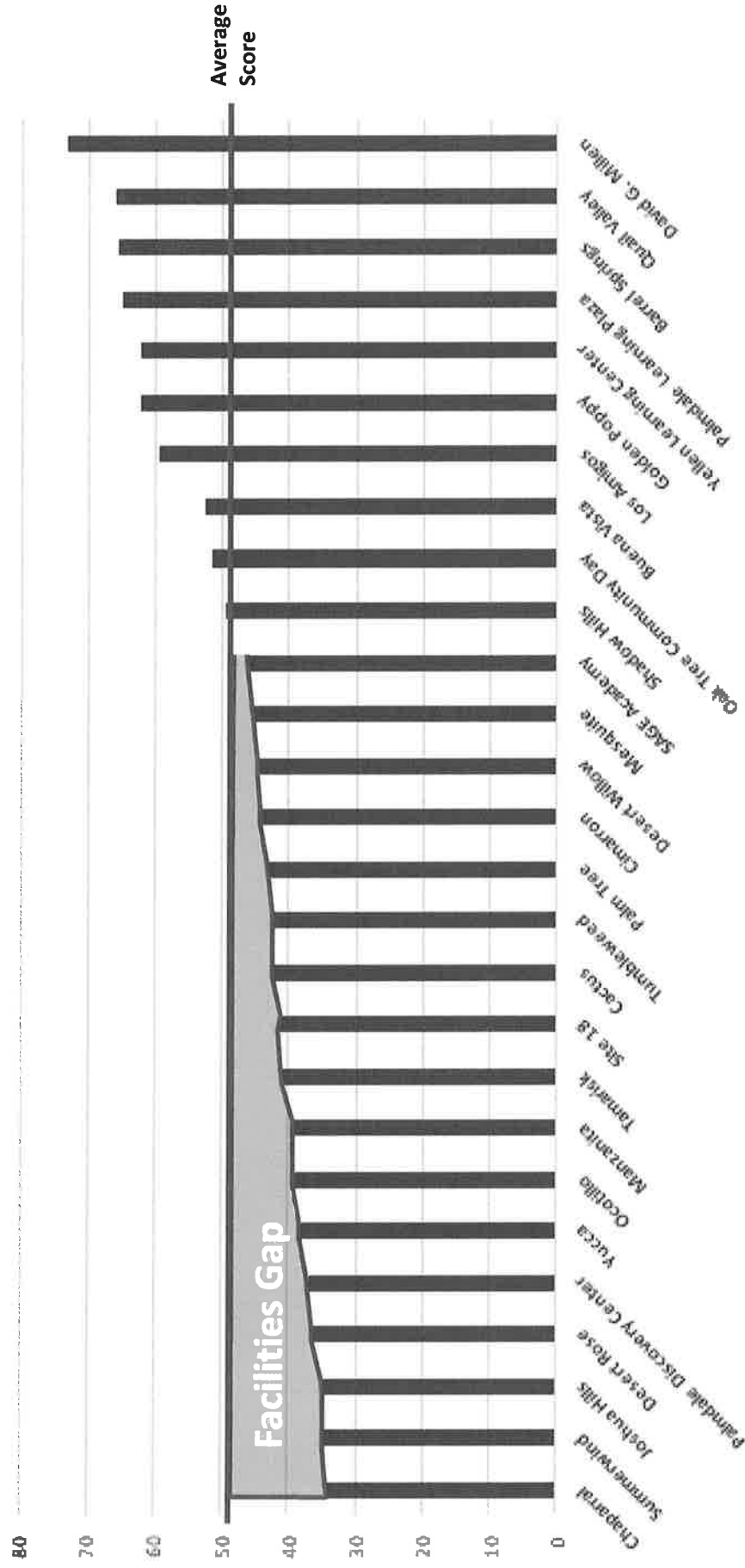
Agenda



- 1. Big Picture - Options Development**
2. Site Specific Projects

FACILITY ASSESSMENT RESULTS

Combined Score



We Need To Close The Gap!

Board Meeting - Aug. 15, 2017

BIG PICTURE PROJECT DEVELOPMENT



Phase 1 Master Plan projects identified to meet the following criteria:

- a) In line with the Guiding Principles
- b) Improve the Facilities Assessment Score
- c) Focused on closing the “Facilities Gap”
- d) Aligns with Community Input
- e) May Allow For Additional Funding Sources
- f) Buildable within a 3 year period

BIG PICTURE PROJECT DEVELOPMENT

	Estimated Project Budget	Estimated Duration in Months
Safety and Community Pride Projects	\$ 16,305,283	24
Modernize footprint buildings (bring them to 80)	\$ 10,000,000	36
Create Science Labs at Middle Schools	\$ 2,190,000	36
Create Maker Space at Elementary Schools	\$ 6,578,000	36
Playfield upgrades	\$ 6,600,000	36
Create shade at outdoor eating areas	\$ 750,000	24
Develop Future Learning Spaces	\$ 7,480,000	12
Modernize space for Middle School Pathways	\$ 3,000,000	36
Complete kitchen upgrades	\$ 3,900,000	24
Remove unnecessary portables and make field space	\$ 1,550,000	24
Create Parent Rooms	\$ 1,050,000	36
Update the Electrical and Data Lines	\$ 3,600,000	12
Professional Development	\$ 2,000,000	36
Contingency	\$ 6,000,000	36
Total	\$ 71,003,283	

Notes:

1. Project Budgets are Rough Order of Magnitude Estimates in 2017 dollars, for planning purposes. Actual cost estimates will be further defined as scope and schedule are better understood. Actual construction cost may vary materially based on market conditions at bid time.

CREATING A SCHOOL ALLOWANCE

Safety and Community Pride Projects

Painting

Fix water fountains

Complete Safety Projects (lighting, secure perimeters, secure entries, traffic and drop off)

Playground and playfield upgrades

Mitigate traffic concerns at schools

Upgrade or install new MPR sound equipment

Landscape Improvements

Digital Marquees

Allowance

Formula = \$0.32

x Square Footage

x (80 - Assessment Score)

School	Allowance
Cactus	\$1,101,039
Chaparral	\$911,536
Desert Rose	\$898,856
Shadow Hills	\$879,024
Desert Willow	\$865,463
SAGE Academy	\$861,620
Yucca	\$818,271
Buena Vista	\$809,877
Ocotillo	\$798,546
Joshua Hills	\$783,311
Tumbleweed	\$780,940
Manzanita	\$758,622
Palm Tree	\$720,841
Mesquite	\$659,866
Summerwind	\$651,072
Cimarron	\$587,499
Tamarisk	\$548,188
Los Amigos	\$488,897
Golden Poppy	\$474,943
Palmdale Learning Plaza	\$426,650
Oak Tree Community Day	\$310,153
Barrel Springs	\$305,011
Quail Valley	\$263,114
Palmdale Discovery Center	\$231,944
David G. Millen	\$209,134
Yellen Learning Center	\$160,866
Site 18	\$16,305,283

Regular Meeting of the Board of Trustees
Palmdale ESD

January 17, 2017 4:30PM

Ross W. Amspoker Board Room 39139 N. 10th Street East Palmdale, California 93550

15.b. Financial and performance audit of Building Fund (Measure W and DD) for fiscal year ending June 30, 2016.

Rationale

STATUS: The Financial and Performance Audit of Building Fund (Measure W and DD) for fiscal year ending June 30, 2016 has been received and submitted to all required agencies. A performance audit conducted by an independent firm is a requirement of Proposition 39.

BACKGROUND: Palmdale School District has issued General Obligation Bonds pursuant to Proposition 39. As required by Education Code Section 15278-15828, the district must conduct an annual independent financial audit until all of the proceeds of those bonds have been expended.

THIS ACTION SUPPORTS STUDENT ACHIEVEMENT BY: Ensuring that financial transactions of public school funds are managed in accordance with Generally Accepted Accounting Principles (GAAP), Board Policy, and all other applicable State and Federal law.

Audit
from
2016 YE

Review
Auditor's Report
last report
pf 2, 4, 5

PALMDALE SCHOOL DISTRICT

**BUILDING FUND (MEASURE W AND MEASURE DD)
FINANCIAL AND PERFORMANCE AUDIT REPORT**

JUNE 30, 2016

PALMDALE SCHOOL DISTRICT

**BUILDING FUND (MEASURE W AND MEASURE DD)
FINANCIAL REPORT**

JUNE 30, 2016

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

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JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board and
Citizens Oversight Committee
Palmdale School District
Palmdale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Palmdale School District's (the District), Building Fund (Measures W and DD), as of and for the year ended June 30, 2016, 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 statement 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 of 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 financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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 financial position of the Building Fund (Measures W and DD) of the Palmdale School District at June 30, 2016, 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 present only the Building Fund specific to Measures W and DD, and are not intended to present fairly the financial position and changes in financial position of Palmdale School District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016, on our consideration of the District's Building Fund (Measures W and DD) internal control over 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 control 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 Building Fund (Measures W and DD) internal control over financial reporting and compliance.

Vavrinck, Irine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2016

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**BALANCE SHEET
JUNE 30, 2016**

	<u>Measure W</u>	<u>Measure DD</u>	<u>Total</u>
ASSETS			
Deposits and investments	\$ 370,269	\$ 10,615,094	\$ 10,985,363
Accounts receivable	36,769	-	36,769
Total Assets	<u>\$ 407,038</u>	<u>\$ 10,615,094</u>	<u>\$ 11,022,132</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 237,644</u>	<u>\$ 240,665</u>	<u>\$ 478,309</u>
Fund Balances:			
Restricted			
Capital projects funds	<u>169,394</u>	<u>10,374,429</u>	<u>10,543,823</u>
Total Liabilities and Fund Balances	<u>\$ 407,038</u>	<u>\$ 10,615,094</u>	<u>\$ 11,022,132</u>

The accompanying notes are an integral part of these financial statements.

**PALMDALE SCHOOL DISTRICT
BUILDING FUNDS (MEASURES W AND DD)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	Measure W	Measure DD	Total
REVENUES			
Interest income	\$ 110,112	\$ -	\$ 110,112
Other local revenue	-	62,481	62,481
Total Revenues	110,112	62,481	172,593
EXPENDITURES			
Current			
Salaries and benefits	-	30,354	30,354
Supplies			
Maintenance supplies	-	266,156	266,156
Services			
Contracted services	4,124	490,972	495,096
Repairs	-	718,826	718,826
Advertisement	-	1,944	1,944
Other services	-	18,127	18,127
Capital outlay			
Site improvements		1,220,184	1,220,184
Site construction costs	2,932,071	712,310	3,644,381
Surveys/Preliminary tests	2,475	130,011	132,486
Construction management	-	358,020	358,020
Equipment	-	345,824	345,824
Architects fees	203,244	527,814	731,058
DSA/Plan check fees	-	33,772	33,772
Utilities	-	282,037	282,037
Total Expenditures	3,141,914	5,136,351	8,278,265
NET CHANGE IN FUND BALANCES	(3,031,802)	(5,073,870)	(8,105,672)
FUND BALANCES - BEGINNING	3,201,196	15,448,299	18,649,495
FUND BALANCES - ENDING	\$ 169,394	\$ 10,374,429	\$ 10,543,823

The accompanying notes are an integral part of these financial statements.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Palmdale School District (the District) Building Fund (Measures W and DD) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Palmdale School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Palmdale School District used to account for Measures W and DD projects. These Funds were established to account for the expenditures of general obligation bonds issued under Measures W and DD. These financial statements are not intended to present fairly the financial position and results of operations of the Palmdale School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund (Measures W and DD) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund (Measures W and DD) are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Fund Balance - Building Fund (Measures W and DD)

As of June 30, 2016, the fund balance of the Building Fund is classified as follows:

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Spending Order

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool. The District maintains a building fund investment of \$10,985,363 with the Los Angeles County Investment Pool, with an average maturity of 608 days.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 asset may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Reported Amount	Uncategorized
Los Angeles County Treasury Investment Pool	\$ 10,985,363	\$ 10,985,363

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consisted of the following:

	Measure W	Measure DD	Total
Interest	\$ 36,769	\$ -	\$ 36,769

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	Measure W	Measure DD	Total
Salaries and benefits	\$ -	\$ 22,215	\$ 22,215
Supplies	-	6,200	6,200
Services	-	54,408	54,408
Retention payable	236,658	3,789	240,447
Capital outlay	986	154,053	155,039
	\$ 237,644	\$ 240,665	\$ 478,309

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

MEASURES W & DD PROJECTS	Remaining Construction Commitment	Expected Date of Completion
The Palmdale Aerospace Academy Repairs	\$ 12,438	01/01/17
District Office Transportation Building Parking Lot	10,000	01/01/17
Los Amigos School Concrete Path	7,316	01/01/17
Cactus Intermediate School Gym	299	01/01/17
David G. Millen Structural Concrete	1,583,031	09/26/16
Manzanita Elementary & Oak Tree Repairs	344,123	11/15/16
Site 12 Repairs	338,373	10/14/16
Tumbleweed ES & Quail Valley ES Repairs	368,231	10/14/16
Shadow Hills Intermediate & Quail Valley ES Phone System	44,972	10/14/16
District Office Facilities Building Remodeling	177,507	07/22/16
	<u>\$ 2,886,290</u>	

INDEPENDENT AUDITOR'S REPORT



**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**

Governing Board and
Citizens Oversight Committee
Palmdale School District
Palmdale, 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 accompanying financial statements of the Palmdale School District (the District) Building Fund (Measures W and DD), as of and for the year ended June 30, 2016, and the related notes of the financial statements, and have issued our report thereon dated December 12, 2016.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measures W and DD, and are not intended to present fairly the financial position and changes in financial position of Palmdale School District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Palmdale School 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 Palmdale School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Palmdale School 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 District'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 Palmdale School District's Building Fund (Measures W and DD) 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

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.

Vavrinik, Irine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

None reported.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

There were no audit findings reported in the prior year's schedule of financial statement findings.

PALMDALE SCHOOL DISTRICT

**BUILDING FUND (MEASURE W AND MEASURE DD)
PERFORMANCE AUDIT**

JUNE 30, 2016

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**PERFORMANCE AUDIT
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JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and
Citizens' Oversight Committee
Palmdale School District
Palmdale, California

We were engaged to conduct a performance audit of the Palmdale School District (the District) Building Fund (Measures W and DD) for the year ended June 30, 2016.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Building Fund (Measures W and DD) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2016

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

JUNE 30, 2016

AUTHORITY FOR ISSUANCE

Measure W

The Measure W Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the *California Education Code*, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District.

The District received authorization at an election held on November 6, 2001, to issue bonds of the District in an aggregate principal amount not to exceed \$25,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2001 Authorization). The Bonds represent all series of the authorized bonds to be issued under the 2001 Authorization.

Measure DD

The Measure DD Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the *California Education Code*, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District.

The District received authorization at an election held on November 6, 2012, to issue bonds of the District in an aggregate principal amount not to exceed \$220,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2012 Authorization). The Bonds represent the first series of the authorized bonds to be issued under the 2012 Authorization.

PURPOSE OF ISSUANCE

Measure W

The general obligation bond funds of Measure W of Palmdale School District would be used to reduce student overcrowding throughout the Palmdale School District, improve student safety, continue class size reduction, and obtain State funding. Projects may include, but are not limited to some of the following: construction, furnishing, and equipping of two K-8 schools (one east and one west of 25th Street East) and the renovation and construction of additional K-8 classrooms throughout the District.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

JUNE 30, 2016

Measure DD

The general obligation bond funds of Measure DD of Palmdale School District would be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Projects may include, but are not limited to some of the following: Upgrading of aging and deteriorating school sites, classrooms, science labs, computer labs, and libraries, improvement of energy efficiency to provide annual savings that will support classroom instruction, modernization of current classroom technology to support 21st century education, modernization of fire, alarm, emergency, and security systems, repairing and updating of aging student restrooms and rusting plumbing, planning and construction of additional classrooms and learning space for students, and renovation of aging and worn out classrooms and school facilities to ensure student safety.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens' oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

JUNE 30, 2016

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measures W and DD.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measures W and DD and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of 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, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016 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, 2016 for the Building Fund (Measures W and DD). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measures W and DD as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. For Measure W our sample included transactions totaling \$2,181,606. This represents 69 percent of the total expenditures of \$3,141,914. As for Measure DD, our sample included transactions totaling \$1,926,122. This represents 38 percent of the total expenditures of \$5,136,351.
3. Based on our testing, we verified that funds from the Building Fund (Measures W and DD) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Palmdale School District has properly accounted for the expenditures held in the Building Fund (Measures W and DD) and that such expenditures were made for authorized Bond projects.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

None reported.

**PALMDALE SCHOOL DISTRICT
BUILDING FUND (MEASURES W AND DD)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

There were no audit findings reported in the prior year's schedule of financial statement findings.