

**MEASURE BH BOND BUILDING FUND  
OF  
BEVERLY HILLS UNIFIED SCHOOL DISTRICT**

FINANCIAL AUDIT REPORT

FOR THE FISCAL YEAR ENDED  
June 30, 2019

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT  
 MEASURE BH BOND BUILDING FUND  
 FINANCIAL AUDIT REPORT**  
 For the Fiscal Year Ended June 30, 2019

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**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
Introduction and Citizens' Oversight Committee Member Listing  
June 30, 2019

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The Beverly Hills Unified School District was unified in 1935 under the laws of the State of California and consists of an area comprising approximately 5.7 square miles. The District operates four K-8 elementary schools and one high school.

In June 2018, the District's voters approved by more than the required 55% favorable vote, Measure BH, authorizing the issuance and sale of general obligation bonds, not to exceed \$385,000,000. The passage of Proposition 39 on November 7, 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds are in compliance with the bond as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects to ensure funds have been expended only on the specific projects listed.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Measure BH, including formation, composition, and purpose of the Citizens' Oversight Committee, and authorization for injunctive relief against improper expenditure of bond proceeds.

The Proposition 39 bonds were issued by the District, through the County of Los Angeles. On June 27, 2019, Election of 2018, Series A of the Measure BH bond authorization was issued, which consisted of current interest bonds and capital appreciation bonds with an initial par amount of \$160,000,000 with stated interest rates of 3.00% to 5.00% and maturing through August 1, 2044. As of June 30, 2019, the principal balance outstanding on the Election of 2018, Series A bond was \$160,000,000.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
 Introduction and Citizens' Oversight Committee Member Listing  
 June 30, 2019

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The Citizens' Oversight Committee had the following members as of June 30, 2019, all of whom were appointed by the District's Board of Education with one to two year terms of office:

Name	Title	Representation	Education Code Section
Richard Baron	Chair	Parent of Child Enrolled in District/PTSA	15282(a)(4) & (5)
Les Bronte	Vice-chair	Senior Citizen Organization	15282(a)(2)
Jason Rund	Member	Parent of Child Enrolled in District/PTSA	15282(a)(4) & (5)
Richard Schreiber	Member	Finance Background/ Senior Citizen Organization	15282(a)(1) & (2)
Lee Egerman	Member	Parent of Child Enrolled in District/PTSA	15282(a)(4) & (5)
Arthel McDaniel III	Member	Community-at-Large	15282(a)
Yoav Tamir	Member	Community-at-Large	15282(a)
Ben Tiernan	Member	Community-at-Large	15282(a)
Mary Wells	Member	Construction Background	15282(a)(1)

COC does not fulfill the requirement of having a member of,  
 Beverly Hills Taxpayers Association



# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

## **PARTNERS**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Education  
The Citizens' Oversight Committee  
Beverly Hills Unified School District  
Beverly Hills, California

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

We have audited the accompanying financial statements of the Measure BH Bond Building Fund of the Beverly Hills Unified School District (District), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure BH Bond Building Fund of the Beverly Hills Unified School District, as of and for the fiscal year ended June 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure BH Bond Building Fund and do not present fairly the financial position of the Beverly Hills Unified School District, as of June 30, 2019, and the change in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the District's 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 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  
December 13, 2019

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**BALANCE SHEET**  
**June 30, 2019**

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**Assets**

Cash in County Treasury	\$	158,216,023
Accounts Receivable		<u>38,551</u>
Total current assets	\$	<u><u>158,254,574</u></u>

**Liabilities and Fund Balance**

Fund Balance:

Restricted for construction		<u>158,254,574</u>
Total fund balance		<u>158,254,574</u>
Total liabilities and fund balance	\$	<u><u>158,254,574</u></u>

The accompanying notes to the financial statements are an integral part of this statement

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2019**

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**Revenues:**

Interest	\$ 38,551
Proceeds from the Sale of Bonds	<u>159,566,000</u>
Total revenues	<u>159,604,551</u>

**Expenditures:**

Bond issuance expenditures	187,351
Facilities acquisition and construction	<u>1,162,626</u>
Total expenditures	<u>1,349,977</u>

Excess (deficiency) of revenues over expenditures 158,254,574

Net change in fund balance 158,254,574

Fund balance, end of fiscal year \$ 158,254,574

The accompanying notes to the financial statements are an integral part of this statement

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

A. Reporting Entity

The Beverly Hills Unified School District ("District") was established in 1935. The District serves approximately 4,679 students in four elementary schools (grades K-8), and one high school (grades 9-12).

On June 5, 2018, the District voters authorized \$385 million in general obligation bonds (Measure BH) to upgrade/replace school classrooms, facilities, sites and modernize technology/science equipment.

An oversight committee to the District's Governing Board and Superintendent, called the Citizens' Oversight Committee (COC), was established pursuant to the requirements of State law and the provisions of the Measure BH bond. The COC is required by state law (Education Code Section 15278(b)) to "actively review and report on the proper expenditure of taxpayers' money for school construction." The COC provides oversight and advises the public whether the District is spending the Measure BH Bond funds for school capital improvements within the scope of projects outlined in the Measure BH Bond project list. In fulfilling its duties, the COC reviews, among other things, the District's annual performance and financial audits of Measure BH activity.

The statements presented are for the individual Measure BH Bond Building Fund of the District, consisting of the net construction proceeds of Election of 2018, Series A general obligation bonds as issued by the District, through the County of Los Angeles, and are not intended to be a complete presentation of the District's financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

B. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. 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).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the Los Angeles County Treasury. The County pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. 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 during the reporting period. Actual results could differ from those estimates.

G. 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 government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the fiscal year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the fiscal year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

H. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance of the Measure BH Bond is considered restricted. The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS**

Summary of Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as cash in county treasury in the amount of \$158,216,023.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, supranationals, notes, or warrants within the State, U.S. Treasury Instruments, 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 agreements, 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. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

*Cash 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 its County Treasurer (Education Code Section 41001). The fair value of the District’s investment in the pool is reported in the accounting financial statements 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

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the County Treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

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	40%	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	\$65 Million
Joint Powers Authority Pools	N/A	None	None
Supranationals	5 years	30%	20%

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below.

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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$158,064,294 and an amortized book value of \$158,216,023. The weighted average maturity for this pool as of June 30, 2019 was 574 days.

Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 reasonable 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.

Credit risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments within the Los Angeles County Investment Pool were not rated.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable amounts to \$38,551 as of June 30, 2019.

**NOTE 4 – CONSTRUCTION COMMITMENTS**

There were no construction commitments for the fiscal year ended June 30, 2019.

**NOTE 5 – MEASURE BH GENERAL OBLIGATION BONDS**

As of June 30, 2019, the principal balance outstanding on the District’s Measure BH general obligation bonds is indicated as follows:

	Date of Issue	Interest Rate	Maturity Year	Amount of Original Issue	Outstanding July 1, 2018	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2019
2018 Series A	6/27/2019	3.00-5.00%	8/1/1944	\$ 160,000,000	\$ -	\$ 160,000,000	\$ -	\$ 160,000,000

Election of 2018, Series A

On June 27, 2019, Series A bonds of the Measure BH bond authorization were issued, which consisted of \$160,000,000 of current interest bonds at stated interest rates of 3.0% to 5.0%, and maturing through August 1, 2044.

The annual requirements to amortize Measure BH general obligation bonds payable outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 3,391,335	\$ 3,391,335
2021	13,455,000	5,368,675	18,823,675
2022	10,140,000	4,778,800	14,918,800
2023	-	4,525,300	4,525,300
2024	-	4,525,300	4,525,300
2025-2029	3,220,000	22,546,000	25,766,000
2030-2034	23,475,000	19,681,800	43,156,800
2035-2039	38,535,000	13,904,925	52,439,925
2040-2044	57,090,000	6,645,300	63,735,300
2045	14,085,000	211,275	14,296,275
	-	-	
	<u>\$ 160,000,000</u>	<u>\$ 85,578,710</u>	<u>\$ 245,578,710</u>

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 6 – MEASURE BH EXPENDITURES BY MAJOR OBJECT**

The following table presents the expenditure amounts by major object for the fiscal year ended June 30, 2019:

Expenditures by Object	Amount	Percent
Classified salaries	\$ -	0.00%
Employee benefits	-	0.00%
Books and supplies	-	0.00%
Services and other operating expenditures	1,349,978	100.00%
Capital outlay	-	0.00%
	<u>\$ 1,349,978</u>	<u>100.00%</u>

For the current fiscal year, of the \$1,349,978 reported under services and other operating expenditures, no funds were expended for MTA litigation cost.

**NOTE 7 – MEASURE BH EXPENDITURES BY PROJECT**

The following table presents the expenditure amounts by project for the fiscal year ended June 30, 2019:

School Site	Amount	Percent
Beverly Vista Elementary School	\$ -	0.00%
El Rodeo Elementary School	-	0.00%
Hawthorne Elementary School	-	0.00%
Horace Mann Elementary School	-	0.00%
Beverly Hills High School	-	0.00%
Technology	-	0.00%
Facilities and planning	1,349,978	100.00%
	<u>\$ 1,349,978</u>	<u>100.00%</u>



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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Education  
The Citizens' Oversight Committee  
Beverly Hills Unified School District  
Beverly Hills, 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 Measure BH Bond Building Fund of the Beverly Hills Unified School District (District) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 13, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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. We identified a deficiency in internal control, described in the accompanying schedule of audit findings as item 2019-01.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (Finding 2019-2).

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 13, 2019

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**SCHEDULE OF AUDIT FINDINGS AND MANAGEMENT'S RESPONSES**  
**For the Fiscal Year Ended June 30, 2019**

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2019-01 Finding – Invoices were not paid timely:

During the test of disbursements, it was noted that 4 out of 18 disbursements were not paid timely.

Effect:

The District is not in compliance with its procedures for invoice processing per the California Prompt Payment Act (Public Contract Code §20104.50) and the District's Construction & Facilities Department Policies & Procedures Manual.

Recommendation:

We recommend that the District follow procedures to ensure that invoices are date-stamped on receipt and paid in accordance with State law, the District's policies, and contracts regarding payment time frames.

Management Response:

It should be considered that these expenditures were incurred prior to the funding of Measure BH and were transferred in from the General Fund under District legal advisement by journal entry. The expenses were compliant with the bond language.

2019-02 Finding – Citizens' Oversight Committee did not have one required representative on the Committee:

During our review, we noted that the COC did not have one member from the Beverly Hills Taxpayers Association.

Effect:

The District is not in compliance with California Education Code Section 15282(a).

Recommendation:

We recommend that the District actively seek a member of a bona fide taxpayers association for the Citizens' Oversight Committee.

Management Response:

Agreed. The CBOC continually seeks new members including a representative of a taxpayer's association.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
**MEASURE BH BOND BUILDING FUND**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2019

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This is the first year of audit.