

**Mt. Pleasant Elementary School District
District Office Board Room
3434 Marten Avenue
San Jose, CA 95148**

CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

Monday, June 12, 2023

5:30 P.M.

AGENDA

PLEASE POST

- I. CALL TO ORDER/WELCOME
- II. ROLL CALL
- III. PUBLIC COMMENT
- IV. APPROVAL OF MINUTES
- V. ACTION ITEMS
- VI. BUSINESS
 - A.** Master Plan Update
 - B.** Measure JJ Reports
 - 1. 2021-2022 Financial Audit Report
 - 2. 2021-2022 Performance Audit Report
 - C.** Measure Q Reports
 - 1. 2021-2022 Financial Audit Report
 - 2. 2021-2022 Performance Audit Report
 - D.** Bond Financial Audit Update
 - E.** Letter Regarding Proposed Waiver of Bonding Capacity
- VII. 2023/2024 NEXT SCHEDULED MEETINGS
 - A.** Dates:
 - 1. Thursday, September 21, 2023.
 - 2. Thursday , January 18, 2024.
 - 3. Thursday, May 16, 2024
- VIII. OTHER COMMUNICATIONS/REQUESTS FOR FUTURE AGENDA ITEMS
- IX. ADJOURNMENT

AGENDA

Meeting of the Board of Trustees

June 12, 2023

Should you need a disability-related modification or accommodation to review this agenda or to participate in the public meeting, please call (408) 223-3710 at least 72 hours prior to the scheduled meeting.

Public Record Writings related to an agenda item for open session regular meetings of the Mt. Pleasant School District Citizen's Bond Oversight Committee distributed within 72 hours can be viewed at the Mt. Pleasant School District Office, 3434 Marten Avenue, San Jose, CA 95148.

DRAFT MINUTES
CITIZENS' BOND OVERSIGHT COMMITTEE
MT. PLEASANT SCHOOL DISTRICT
3434 Marten Avenue
San Jose, CA 95148

MINUTES OF THE REGULAR MEETING
OF THE
MT. PLEASANT SCHOOL DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE

Held September 29, 2022 via Teleconference

COMMITTEE MEMBERS PRESENT: Debbie Hermange, Wendy Nichols, Lissa Oros, Maribel Carrillo and Bud Lomonaco

ADMINISTRATIVE STAFF

MEMBERS PRESENT: Elida MacArthur (*Superintendent*), Tracy Huynh (*CBO*), Kevin Hutchings (*Chief, Maintenance & Operations*), Brenda Serrano (*Board of Trustees*)

ITEM 1. CALL TO ORDER

The September 29, 2022 committee meeting was called to order at 5:30 p.m.

ITEM 2. ROLL CALL

Roll call was taken: Sarah Agrella and Lynda Medeiros absent

ITEM 3. PUBLIC COMMENT

There were no public comments.

ITEM 4. APPROVAL OF MINUTES

Motion was made by Lissa Oros and seconded by Bud Lomonaco to approve the minutes of the May 19, 2022 meeting as corrected. The motion passed unanimously.

ITEM 5. BUSINESS

A. Resolution 2022-1 - Resolution of the Citizens' Bond Oversight Committee of the Mt. Pleasant Elementary School District Authorizing Electronic Meetings During a State of Emergency Pursuant to Government Code Section 54953(E)

Motion made by Bud Lomonaco and seconded by Wendy Nichols to adopt Resolution 2022-1 - Resolution of the Citizens' Bond Oversight Committee of the Mt. Pleasant Elementary School District Authorizing Electronic Meetings During a State of Emergency Pursuant to Government Code Section 54953(E) as corrected. The motion passed unanimously.

ITEM 6. ACTION ITEMS

A. Financials Update: Measure Q, Measure L, Measure JJ

Tracy Huynh presented the financial update for Bond Measures, Q, L and JJ.

B. Project Updates

Kevin Hutchings reviewed the current and ongoing projects throughout the district.

ITEM 7. NEXT SCHEDULED MEETING

A. Vacant position posting: Active in Senior Citizens' Organization Committee Member

It was decided the application to fill the current vacant position on the Committee will be posted on the District website and social media.

B. 2022-2023 Meeting Dates: Thursdays, January 19, 2023, May 18, 2023

The Committee reviewed the 2022-2023 meeting dates.

ITEM 8. OTHER COMMUNICATIONS/REQUESTS FOR FUTURE AGENDA ITEMS

Bud Lomonaco requested future presentations from consultants and vendors, as well as holding future in-person meetings.

Dr. MacArthur suggested placing the topic of sharing information about the various fund monies with the public on a future agenda.

ITEM 9. ADJOURNMENT

Motion was made by Debbie Hermange and seconded by Bud Lomonaco to adjourn the meeting at 7:14 p.m. The motion passed unanimously.

APPROVED:

Date

Committee Chair

NOVEMBER 9, 2022

Thinking forward
for schools and
communities.



DS&C

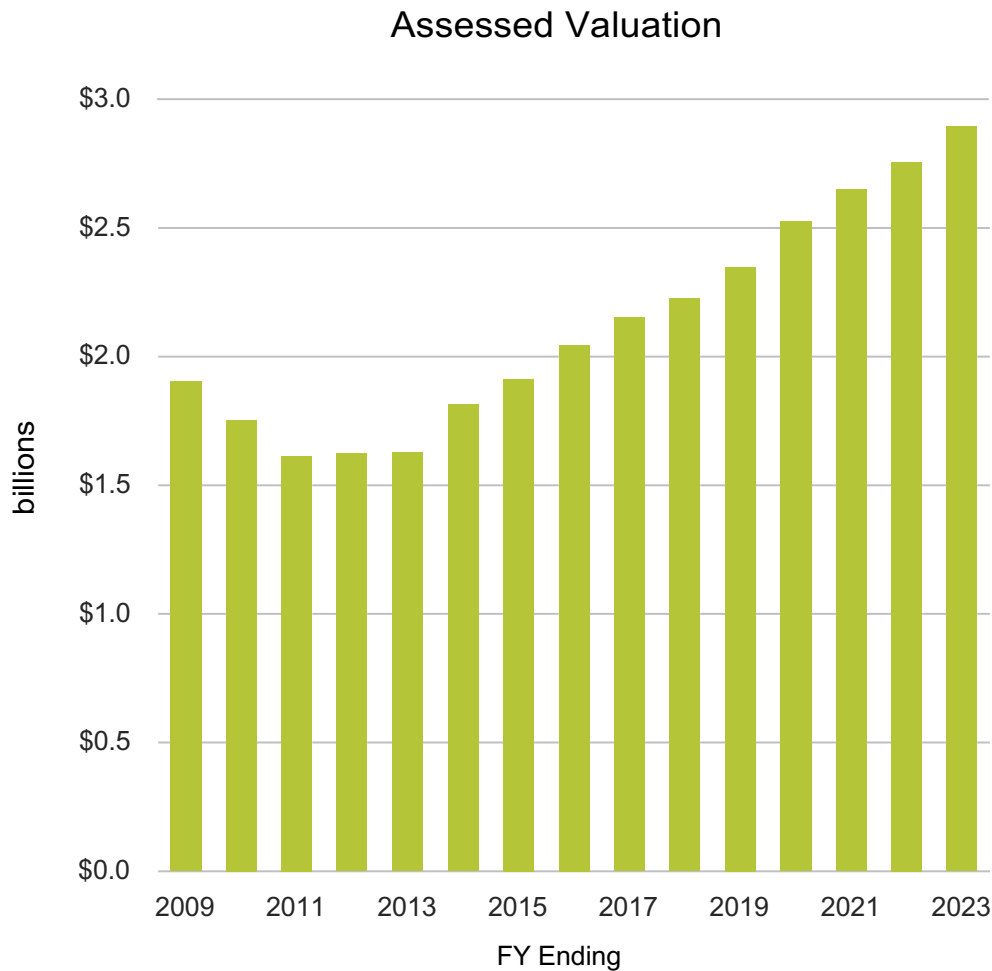
MT. PLEASANT ELEMENTARY SD
DEBT MANAGEMENT STRATEGY



548 Market Street, Suite 44410 | San Francisco, CA 94104 | 415.956.1030 | www.dalescott.com

Assessed Valuation

DISTRICT AV HAS GROWN BY 15% OVER THE PAST THREE YEARS



Assessed Valuation: 2009 to 2023		
FY Ending	(billions)	% change
2009	\$1.90	-
2010	\$1.75	-7.89%
2011	\$1.61	-7.96%
2012	\$1.62	0.67%
2013	\$1.63	0.21%
2014	\$1.81	11.33%
2015	\$1.91	5.53%
2016	\$2.05	6.97%
2017	\$2.15	5.17%
2018	\$2.23	3.48%
2019	\$2.35	5.49%
2020	\$2.52	7.45%
2021	\$2.65	4.96%
2022	\$2.76	4.04%
2023	\$2.89	5.03%
5 Year Average		5.39%
10 Year Average		5.92%

Source: California Municipal Statistics

Past Elections

PAST MOUNT PLEASANT ESD BOND MEASURES STRONGLY SUPPORTED

Mount Pleasant ESD GO Bond Elections					
Election Date	Measure Letter	% of Yes Votes Required	% of Yes Votes	Authorization	Amount Unissued
November 3, 2020	Q	55.00%	65.73%	\$12,000,000	\$6,200,000
November 6, 2018	JJ	55.00%	70.33%	\$27,500,000	\$17,500,000
November 6, 2012	L	55.00%	75.48%	\$25,000,000	\$7,542,809
April 14, 1998	I	66.67%	80.00%	\$12,000,000	\$0

Source: DS&C Internal Data

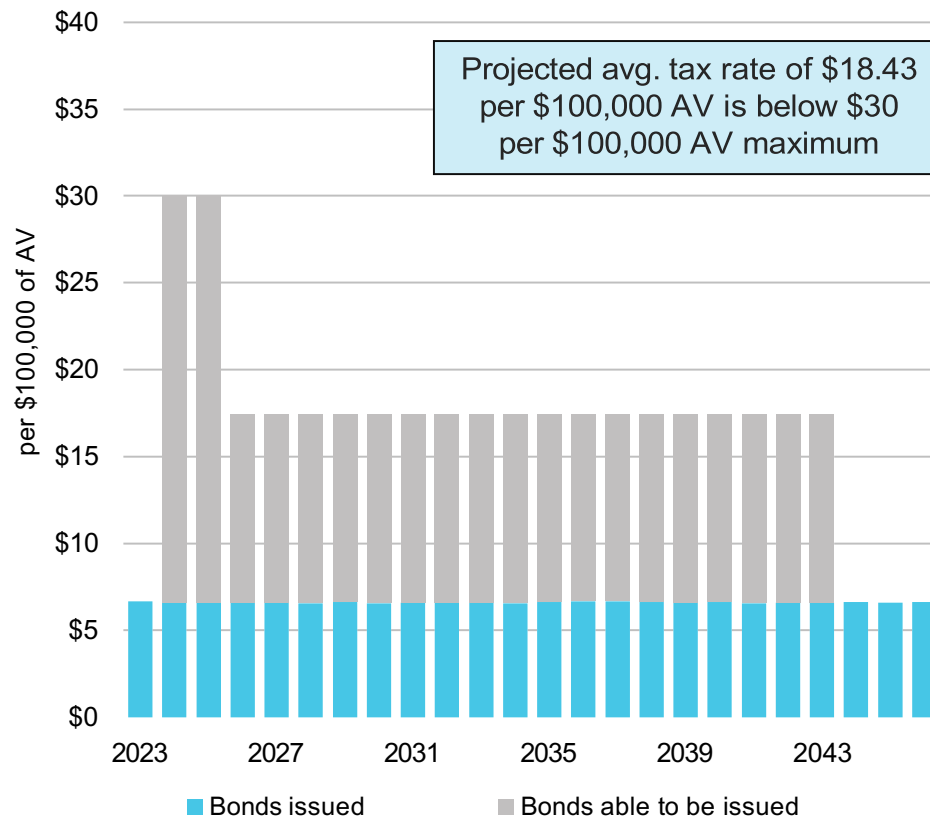
MT. PLEASANT ELEMENTARY SD

GENERAL OBLIGATION BONDS

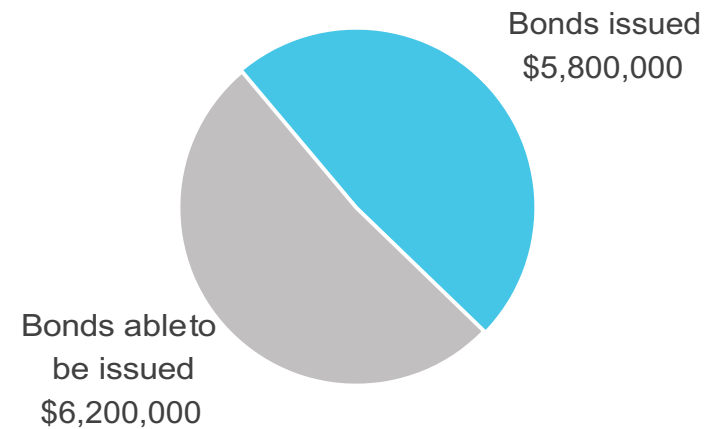
Measure Q (2020)

ENTIRE MEASURE Q AUTHORIZATION IS ABLE TO BE ISSUED

Projected Tax Rates*



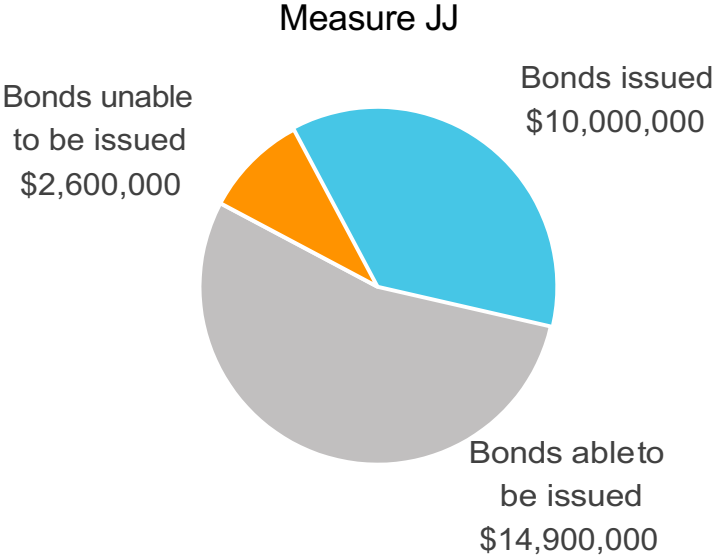
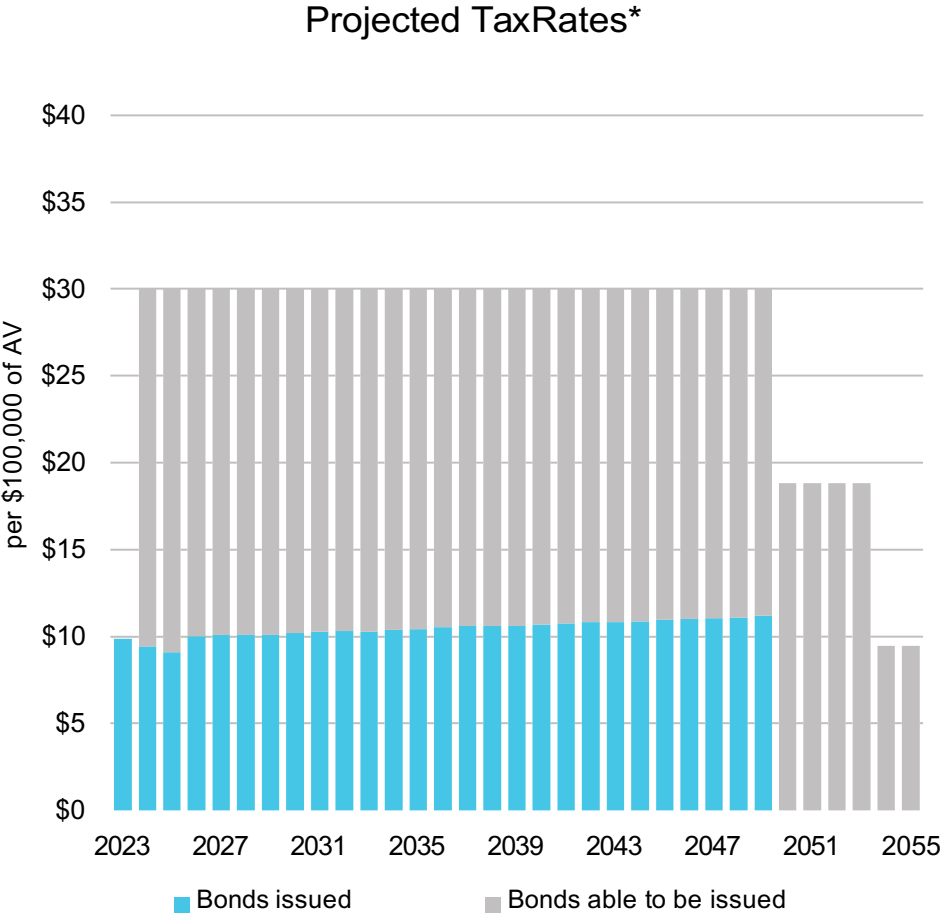
Measure Q



*Assumes 5.00% annual AV growth through 2024, 3.50% annual growth thereafter; interest rates of 5.00% (Series B)

Measure JJ (2018)

PROJECTED \$2.6 MILLION MEASURE JJ BONDS ARE UNABLE TO BE ISSUED

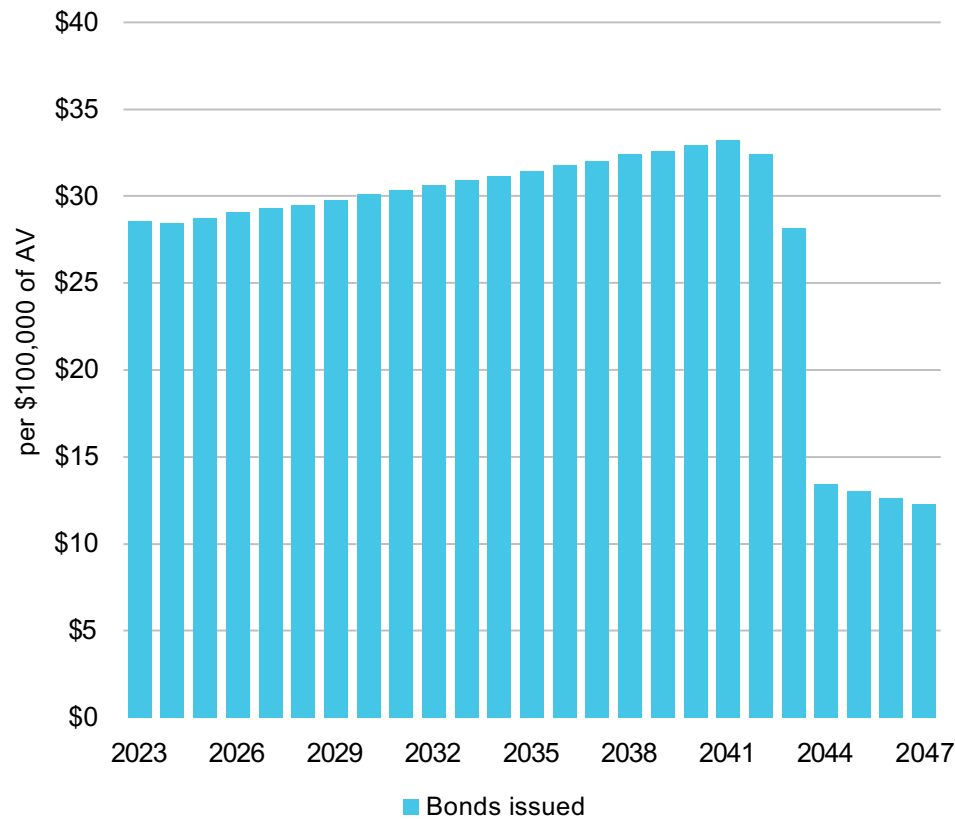


*Assumes 5.00% annual AV growth through 2024, 3.50% annual growth thereafter; interest rates of 5.00% (Series B & C)

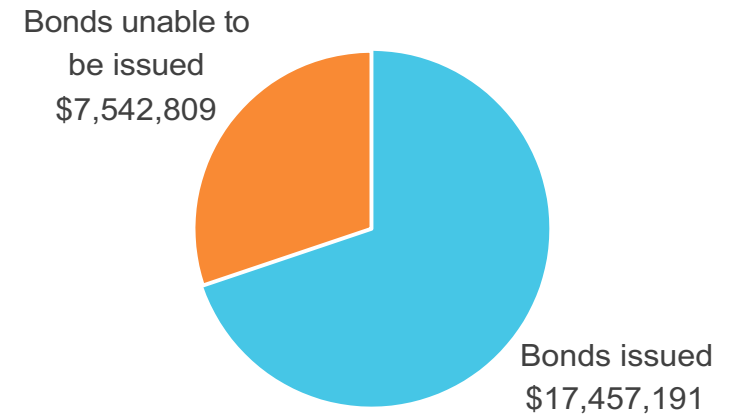
Measure L (2012)

\$7.5 MILLION MEASURE L BONDS ARE UNABLE TO BE ISSUED

Projected Tax Rates*



Measure L



*Assumes 5.00% annual AV growth through 2024. 3.50% annual growth thereafter

Bond Authorizations

PROJECTED \$21.1 MILLION BONDS ABLE TO BE ISSUED UNDER TAX RATE LIMIT

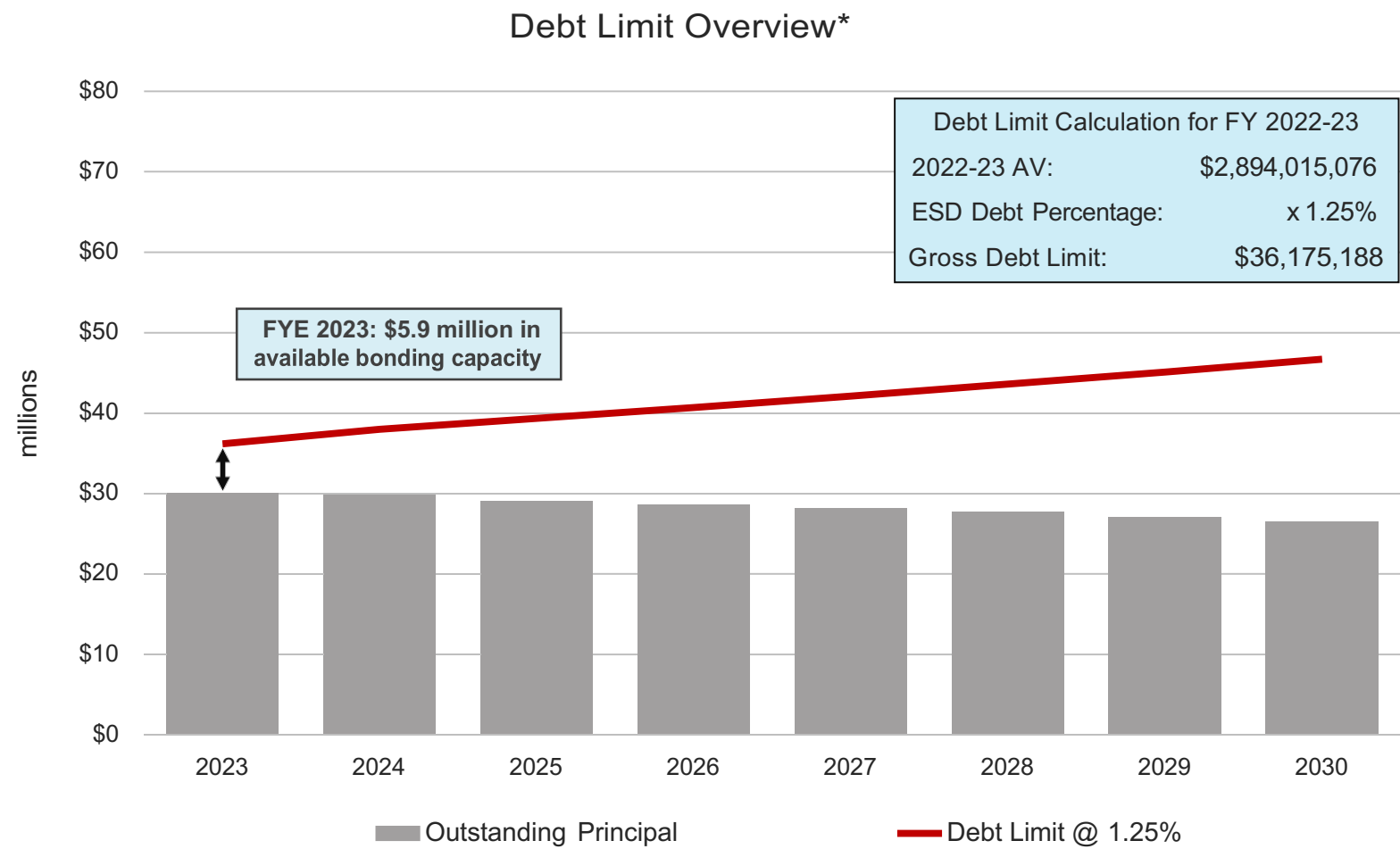
Mount Pleasant ESD GO Authorizations with Unissued Bonds				
Election Date	Measure Letter	Bonds Issued	Bonds Available	Bonds Unavailable
November 3, 2020	Q	\$5,800,000	\$6,200,000	\$0
November 6, 2018	JJ	\$10,000,000	\$14,900,000	\$2,600,000
November 6, 2012	L	\$17,457,191	\$0	\$7,542,809
Total		\$33,257,191	\$21,100,000	\$10,142,809

MT. PLEASANT ELEMENTARY SD

DEBT LIMIT

Statutory Debt Limit

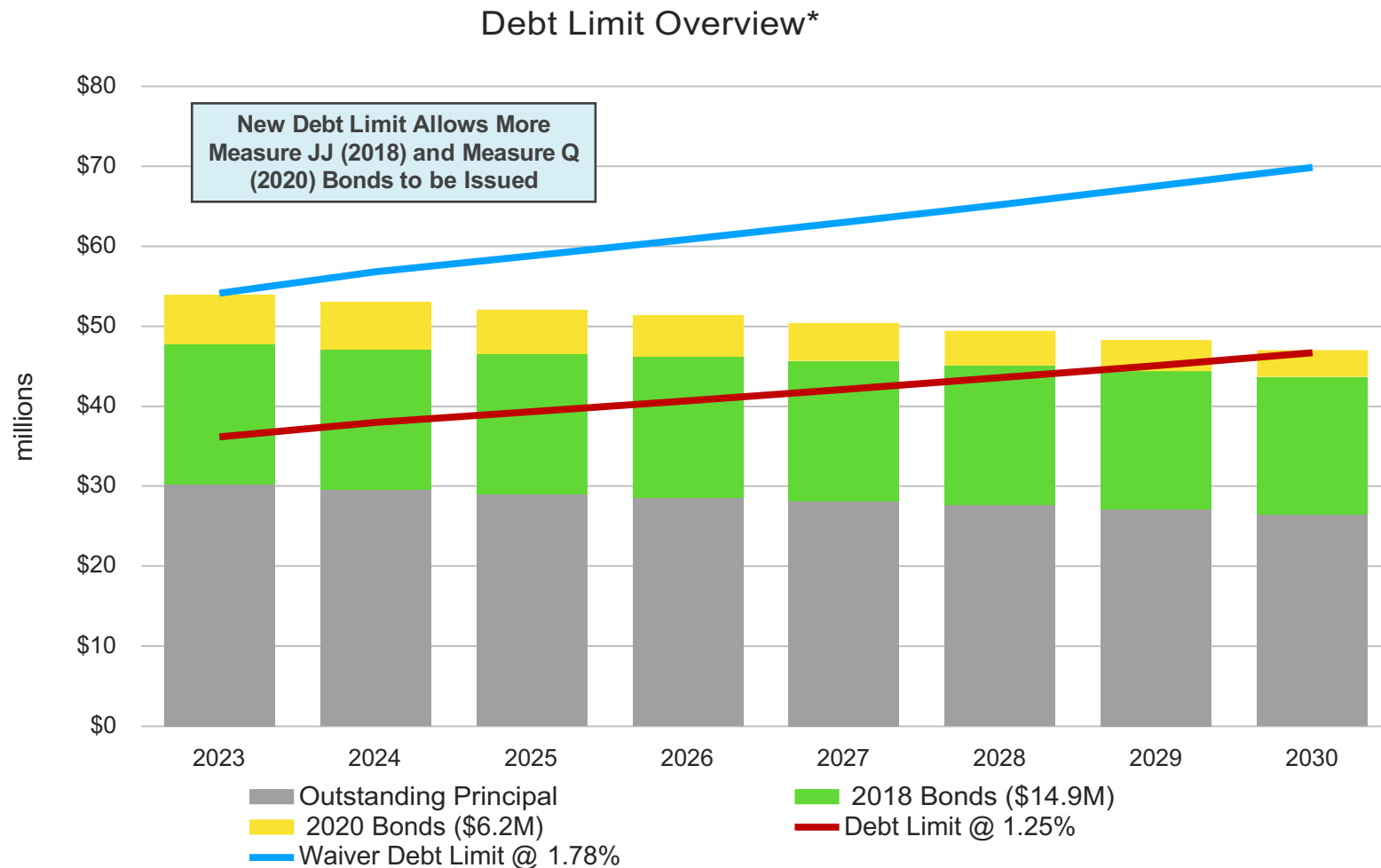
OUTSTANDING BONDS LIMITED TO 1.25% OF ASSESSED VALUATION



*Assumes 5.00% annual AV growth through 2024, 3.50% annual growth thereafter

Statutory Debt Limit

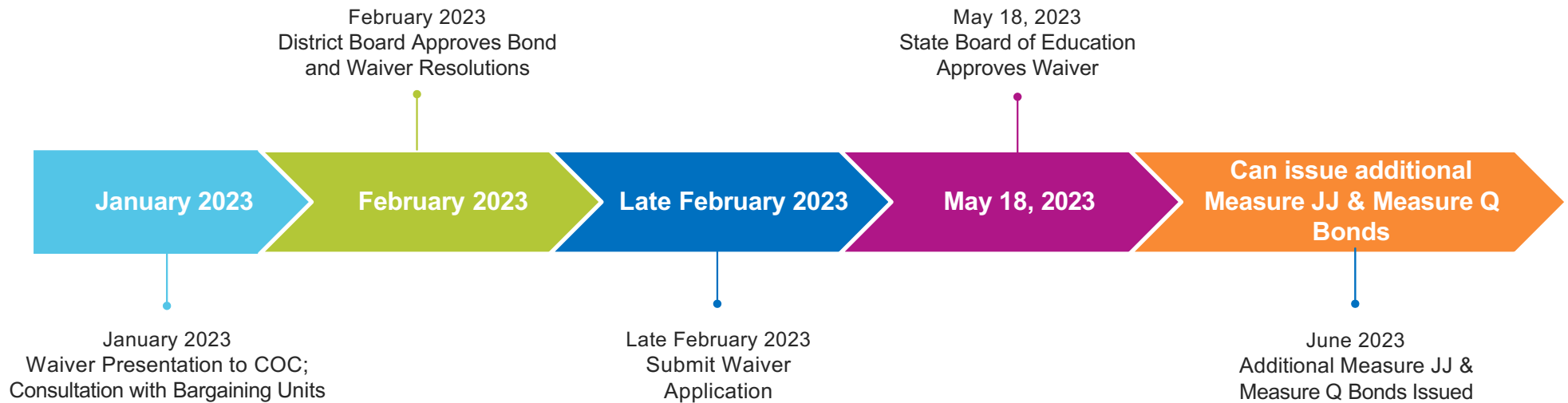
WAIVER CAN TEMPORARILY INCREASE DEBT LIMIT TO 1.78%



*Assumes 5.00% annual AV growth through 2024, 3.50% annual growth thereafter

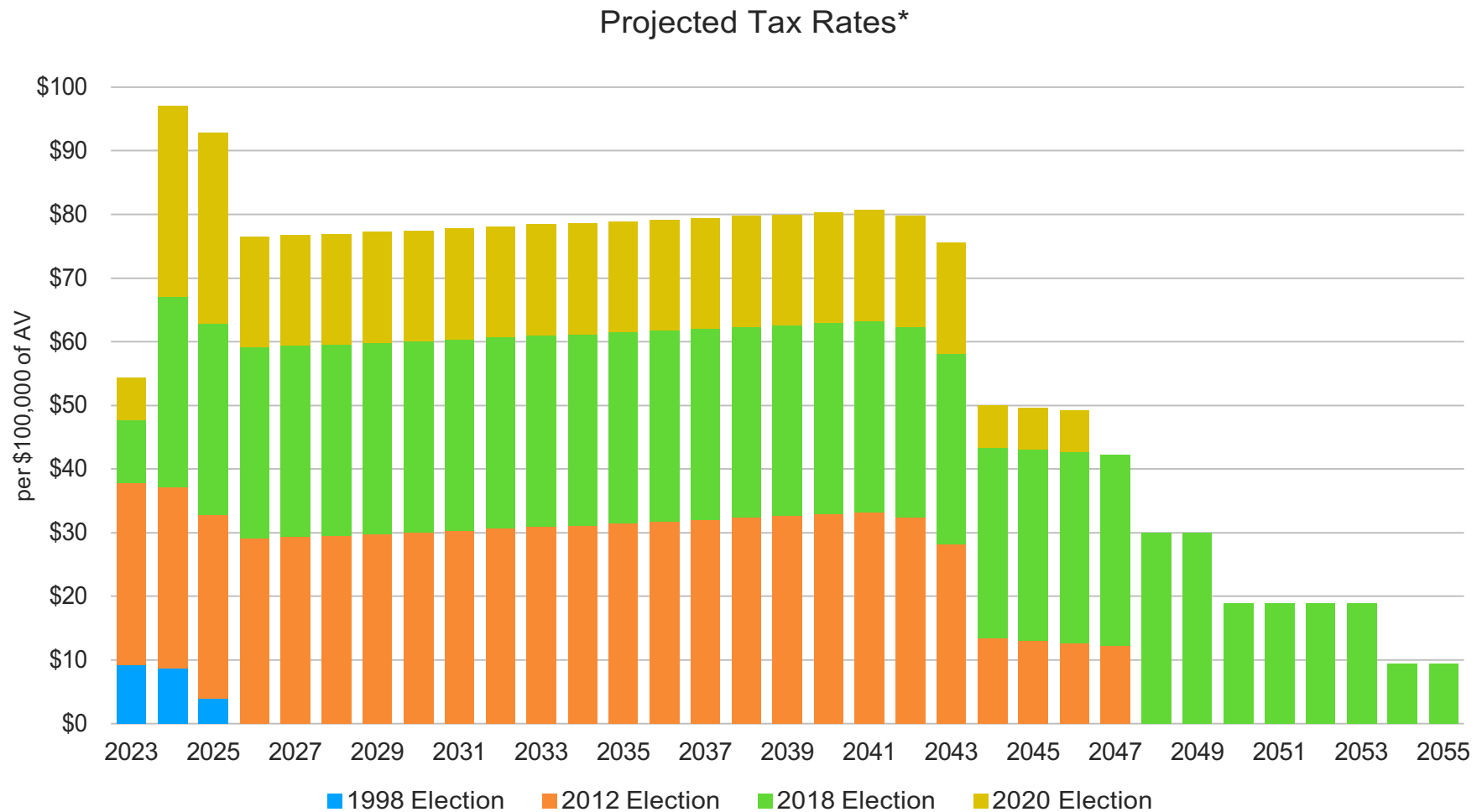
Bond and Waiver Timeline

PROJECTED TIMELINE FOR WAIVER AND MEASURES JJ & Q BONDS



GO Bond Tax Rates (Including Future Measures JJ & Q Bonds)

PROJECTED TAX RATES FOR GO BONDS



*Assumes 5.00% annual AV growth through 2024, 3.50% annual growth thereafter

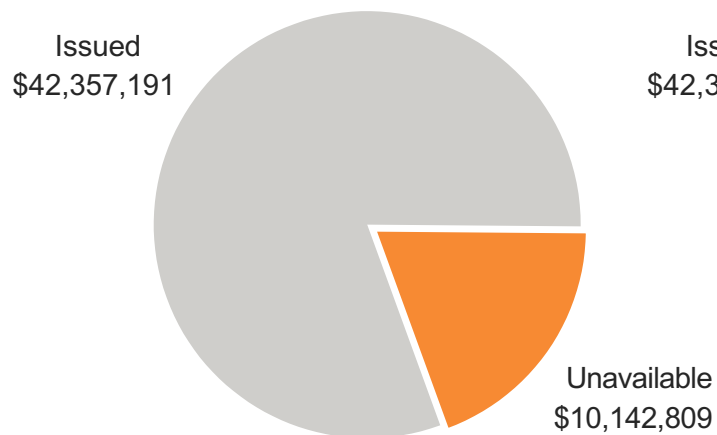
MT. PLEASANT ELEMENTARY SD

GO REAUTHORIZATION BONDS

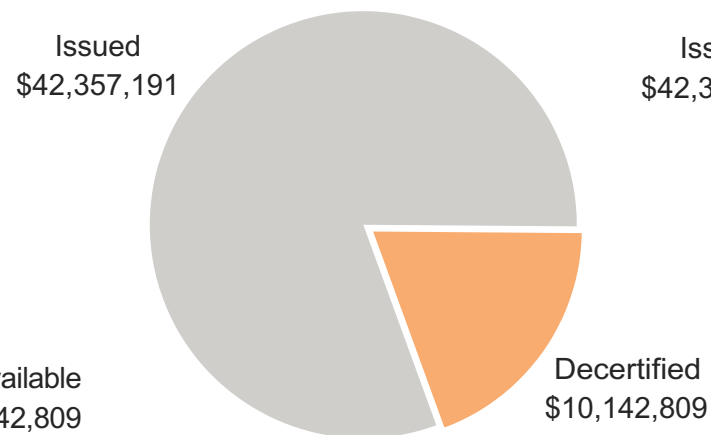
Reauthorization of Remaining Measure L & Measure JJ Bonds

REAUTHORIZATION PROCESS

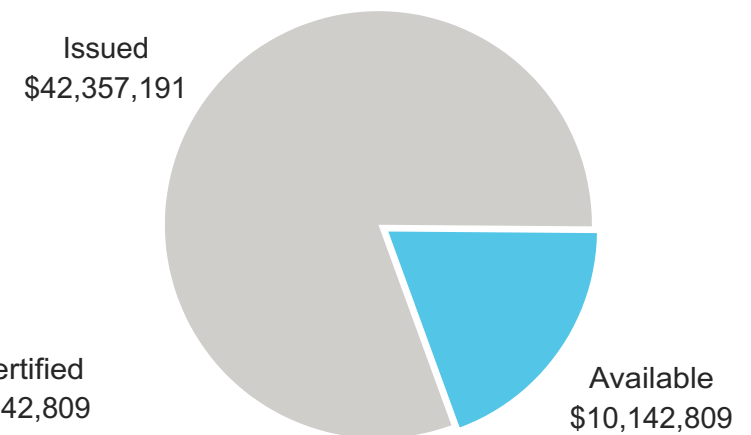
Step 1: Voters Reauthorize
Unavailable Bonds



Step 2: District Decertifies
Old Bonds

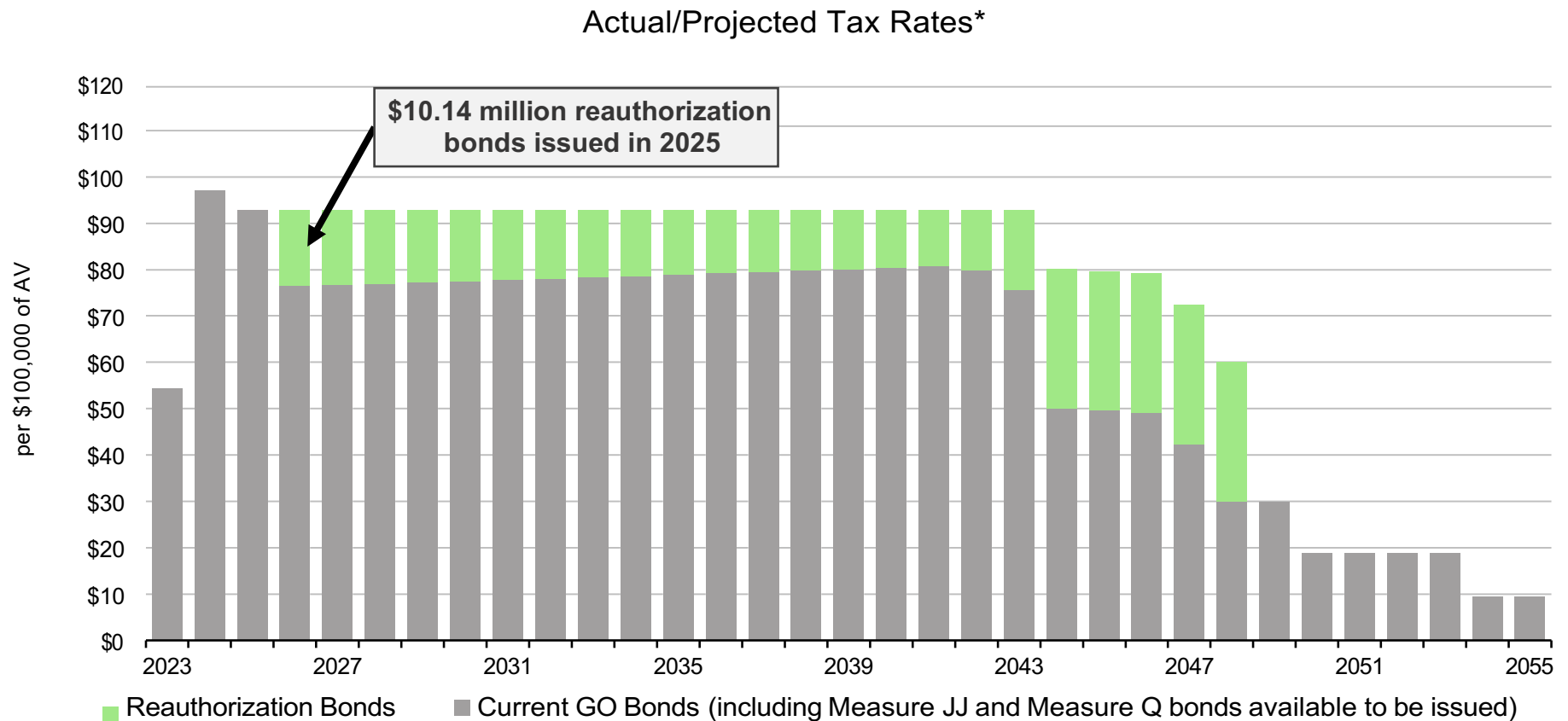


Step 3: District Issues
Reauthorized Bonds



Reauthorization of Unissued Measure L & Measure JJ Bonds

REAUTHORIZATION BONDS ISSUED WITH NO OVERALL TAX RATE INCREASE



*Assumes 5.00% annual AV growth through 2024, 3.50% annual growth thereafter; interest rates of 5.00% (Reauthorization Bonds)

Election Timeline

PREPARING FOR THE NOVEMBER 2024 ELECTION

November 2024 Election
(Presidential Election)



Next Steps

1

Complete and Submit Debt Limit Waiver Application

2

Issue Additional Bonds from Measures JJ and Q

3

Decide Whether or Not to Place Reauthorization on 2024 Ballot



Improving classrooms, schools and
communities, one ballot at a time.

DS&C

THINKING FORWARD

CALIFORNIA K-14 FINANCIAL ADVISOR

**MOUNT PLEASANT
ELEMENTARY SCHOOL DISTRICT**

**MEASURE JJ GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

June 30, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT

MEASURE JJ GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Measure JJ General Obligation Bonds (the "Bonds") activity of Mount Pleasant Elementary School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure JJ General Obligation Bonds activity, of Mount Pleasant Elementary School District, as of June 30, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mount Pleasant Elementary School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial activity and balances of the Measure JJ General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Mount Pleasant Elementary School District, as of June 30, 2022, and the changes in its financial position for the 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.

Responsibilities of Management for the Financial Statements

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

(Continued)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mount Pleasant Elementary School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 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 for the Bonds activity. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance for the Bonds activity. 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 for the Bonds activity.


Crowe LLP

Sacramento, California
December 9, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2022

ASSETS

Cash in County Treasury (Note 3)	\$ 1,567,667
Accounts Receivable	7,555
Due From Other Funds	<u>14,379</u>
 Total assets	 <u><u>\$ 1,589,601</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	<u>\$ 203,977</u>
 Fund balance – restricted (Note 4)	 <u>1,385,624</u>
 Total liabilities and fund balance	 <u><u>\$ 1,589,601</u></u>

See accompanying notes to financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
For the Year Ended June 30, 2022

Revenues:	
Interest income	\$ 39,131
Expenditures:	
Current:	
Classified salaries	44,483
Employee benefits	24,521
Books and supplies	5,296
Contract services	109,477
Capital outlay	<u>4,515,644</u>
Total expenditures	<u>4,699,421</u>
Change in fund balance	<u>(4,660,290)</u>
Fund balance, July 1, 2021	<u>6,045,914</u>
Fund balance, June 30, 2022	<u><u>\$ 1,385,624</u></u>

See accompanying notes to financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mount Pleasant Elementary School District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California School Districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure JJ General Obligation Bonds (the "Bonds") are recorded along with other activities in the District's Building Fund. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Bonds, only. The activities of the Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position or results of operations of Mount Pleasant Elementary School District as a whole.

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 collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

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 Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District's Board of Trustees and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the 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.

Receivables: Receivables are made up principally of amounts due from local and state agencies for shared project reimbursements and funding. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2022.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates: The presentation 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.

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. All encumbrances are liquidated as of June 30.

NOTE 2 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The Mount Pleasant Elementary School District, Santa Clara County, California Election of 2018 General Obligation Bonds, Measure JJ were authorized at an election of the registered voters of the Mount Pleasant Elementary School District held on November 6, 2018 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$27,500,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the addition and modernization of certain District facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes.

Purpose of Bonds: The summarized text of the ballot language was as follows:

“To repair leaking roofs, dry rot, termite and structural damage, upgrade wiring, fire alarms and fencing to improve student safety, repair deteriorating restrooms, and acquire, renovate, construct classrooms, equipment, sits and facilities, shall this Mt. Pleasant Elementary School District measure authorizing \$27,500,000 in bonds at legal rates, levying \$0.3 cents/\$100 assessed value, \$1,600,000 annually while bonds are outstanding, with independent citizen oversight, no money for administrators’ salaries/pensions/benefits, and all money benefiting local schools?”

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Bond Project List: The Bond Project List lists the specific projects the District proposes to finance with proceeds of the Measure JJ Bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at a particular school site. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering, and similar planning costs, construction management, and customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore, the Board of Trustees cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 – CASH AND INVESTMENTS

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Santa Clara County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the 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.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2022, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk.

NOTE 4 – FUND BALANCE

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Bonds is restricted, as described below.

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. The fund balance is restricted for the purposes as approved through the Measure JJ authorization.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District, and Santa Clara County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

On December 5, 2019 the District issued General Obligation Bonds (Series A) totaling of \$10,000,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 3.0% to 4.00% and mature during succeeding years through August 2049.

The financial activity related to the Measure JJ General Obligation Bonds is recorded in the District's Financial Activity Report for Fund 212. The Financial Activity Reports for District Funds 210, 211 and 212 are combined to comprise Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2022.

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

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, 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 JJ General Obligation Bonds (the "Bonds") activity of Mount Pleasant Elementary School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's Measure JJ General Obligation Bonds activity financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mount Pleasant Elementary School District's internal control over Measure JJ General Obligation Bonds activity financial reporting (internal control) as a basis for designing 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 Mount Pleasant Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Elementary 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 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Pleasant Elementary School District's Measure JJ General Obligation Bonds activity financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Crowe LLP
Crowe LLP

Sacramento, California
December 9, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

No matters were reported.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

No matters were reported.

**MOUNT PLEASANT
ELEMENTARY SCHOOL DISTRICT**

**MEASURE JJ GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT

MEASURE JJ GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

We have conducted a performance audit of the Mount Pleasant Elementary School District Measure JJ General Obligation Bond funds for the period ended June 30, 2022.

We conducted our performance audit in accordance with *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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure JJ General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Mount Pleasant Elementary School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Mount Pleasant Elementary School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Mount Pleasant Elementary School District expended Measure JJ General Obligation Bond funds for the period ended June 30, 2022 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe LLP
Crowe LLP

Sacramento, California
December 9, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

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 real property for school facilities", upon approval by 55% of the electorate.

**MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT GENERAL OBLIGATION BONDS,
MEASURE JJ**

The Mount Pleasant Elementary School District, Santa Clara County, California Election of 2018 General Obligation Bonds, Measure JJ were authorized at an election of the registered voters of the Mount Pleasant Elementary School District held on November 6, 2018 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$27,500,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the addition and modernization of certain District facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The summarized text of the ballot language was as follows:

"To repair leaking roofs, dry rot, termite and structural damage, upgrade wiring, fire alarms and fencing to improve student safety, repair deteriorating restrooms, and acquire, renovate, construct classrooms, equipment, sits and facilities, shall this Mt. Pleasant Elementary School District measure authorizing \$27,500,000 in bonds at legal rates, levying \$0.3 cents/\$100 assessed value, \$1,600,000 annually while bonds are outstanding, with independent citizen oversight, no money for administrators' salaries/pensions/benefits, and all money benefiting local schools?"

The financial activity related to the Measure JJ General Obligation Bonds is recorded in the Fund 21 (Building Fund) in the District's audited financial statements.

On December 5, 2019 the District issued General Obligation Bonds (Series A) totaling of \$10,000,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 3.0% to 4.0% and mature during succeeding years through August 2049.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE JJ GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure JJ General Obligation Bond funds for the period ended June 30, 2022 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure JJ General Obligation Bond project expenditures for the period ended June 30, 2022 (the "List"). A total of \$4,699,421 in expenditures from July 1, 2021 through June 30, 2022 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure JJ General Obligation Bond project expenditures for the period ended June 30, 2022:

- Verified the mathematical accuracy of the List.
- Reconciled the List of Bond expenditures and transfers to total expenditures and transfers as reported by the District in the District's Measure JJ General Obligation Bonds audited financial statements for the period ended June 30, 2022.
- Selected a sample of 21 nonpayroll expenditures totaling \$3,596,890 and representing 77.7% of all nonpayroll expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for the approved projects developed by the District's Board of Trustees.
- Selected a sample of 10 payroll expenditure totaling \$22,848 and representing 33.1% of total payroll expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for the approved projects developed by the District's Board of Trustees.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Mount Pleasant Elementary School District expended Measure JJ General Obligation Bond funds for the year ended June 30, 2022 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

**MOUNT PLEASANT
ELEMENTARY SCHOOL DISTRICT**

**MEASURE Q GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

June 30, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Measure Q General Obligation Bonds (the "Bonds") activity of Mount Pleasant Elementary School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure Q General Obligation Bonds activity, of Mount Pleasant Elementary School District, as of June 30, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mount Pleasant Elementary School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial activity and balances of the Measure Q General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Mount Pleasant Elementary School District, as of June 30, 2022, and the changes in its financial position for the 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.

Responsibilities of Management for the Financial Statements

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

(Continued)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mount Pleasant Elementary School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 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 for the Bonds activity. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance for the Bonds activity. 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 for the Bonds activity.


Crowe LLP

Sacramento, California
December 9, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2022

ASSETS

Cash in County Treasury (Note 3)	\$ 4,735,088
Accounts receivable	<u>11,877</u>
Total assets	<u><u>\$ 4,746,965</u></u>

LIABILITIES AND FUND BALANCE

Fund balance – restricted (Note 5)	<u>4,746,965</u>
Total liabilities and fund balance	<u><u>\$ 4,746,965</u></u>

See accompanying notes to financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
For the Year Ended June 30, 2022

Revenues:	
Interest income	\$ 38,325
Expenditures:	
Current:	
Contract services and operating expenditures	490,821
Capital outlay	<u>901,360</u>
Total expenditures	<u>1,392,181</u>
Deficiency of revenues under expenditures	<u>(1,353,856)</u>
Other financing sources:	
Premium on the issuance of bonds	300,821
Proceeds from the sale of bonds	<u>5,800,000</u>
Total other financing sources	6,100,821
Excess of revenues under expenditures	<u>4,746,965</u>
Fund balance, July 1, 2021	<u>-</u>
Fund balance, June 30, 2022	<u><u>\$ 4,746,965</u></u>

See accompanying notes to financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mount Pleasant Elementary School District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California School Districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure Q General Obligation Bonds (the "Bonds") are recorded along with other activities in the District's Building Fund. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Bonds, only. The activities of the Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position or results of operations of Mount Pleasant Elementary School District as a whole.

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 collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

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 Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District's Board of Trustees and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the 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.

Receivables: Receivables are made up principally of amounts due from local and state agencies for shared project reimbursements and funding. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2022.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates: The presentation 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.

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. All encumbrances are liquidated as of June 30.

NOTE 2 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The Mount Pleasant Elementary School District, Santa Clara County, California Election of 2018 General Obligation Bonds, Measure Q were authorized at an election of the registered voters of the Mount Pleasant Elementary School District held on November 3, 2020 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$12,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the addition and modernization of certain District facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes.

Purpose of Bonds: The summarized text of the ballot language was as follows:

“To acquire equipment/instructional technology to improve distance learning and internet access; renovate heating/cooling systems, aging restrooms; upgrade school emergency preparedness, outdated electrical wiring, handicapped accessibility; acquire, renovate, construct classrooms, equipment, sites and facilities, shall Mt. Pleasant Elementary School District’s measure authorizing \$12,000,000 in bonds at legal rates, levying 3 cents/\$100 assessed value, \$975,000 annually while bonds are outstanding, with independent citizen oversight, no money for administrators’ salaries, pensions or benefits, and all money benefiting local schools?”

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Bond Project List: The Bond Project List lists the specific projects the District proposes to finance with proceeds of the Measure Q Bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at a particular school site. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering, and similar planning costs, construction management, and customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore, the Board of Trustees cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 – CASH AND INVESTMENTS

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Santa Clara County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the 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.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2022, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk.

NOTE 4 – FUND BALANCE

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Bonds is restricted, as described below.

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. The fund balance is restricted for the purposes as approved through the Measure Q authorization.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District, and Santa Clara County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

On July 7, 2021 the District issued General Obligation Bonds (Series A) totaling of \$5,800,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 2.125% to 2.250% and mature during succeeding years through August 2046.

The financial activity related to the Measure Q General Obligation Bonds is recorded in the District's Financial Activity Report for Fund 213, with \$190,000 of the initial proceeds being deposited to a debt service fund at the time of issuance. The Financial Activity Reports for District Funds 210, 211, 212 and 213 are combined to comprise Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2022.

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

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, 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 Q General Obligation Bonds (the "Bonds") activity of Mount Pleasant Elementary School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's Measure Q General Obligation Bonds activity financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mount Pleasant Elementary School District's internal control over Measure Q General Obligation Bonds activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mount Pleasant Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Elementary 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 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Pleasant Elementary School District's Measure Q General Obligation Bonds activity financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

No matters were reported.

**MOUNT PLEASANT
ELEMENTARY SCHOOL DISTRICT**

**MEASURE Q GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

We have conducted a performance audit of the Mount Pleasant Elementary School District Measure Q General Obligation Bond funds for the period ended June 30, 2022.

We conducted our performance audit in accordance with *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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure Q General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Mount Pleasant Elementary School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Mount Pleasant Elementary School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Mount Pleasant Elementary School District expended Measure Q General Obligation Bond funds for the period ended June 30, 2022 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe LLP
Crowe LLP

Sacramento, California
December 9, 2022

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

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 real property for school facilities", upon approval by 55% of the electorate.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, MEASURE Q

The Mount Pleasant Elementary School District, Santa Clara County, California Election of 2018 General Obligation Bonds, Measure Q were authorized at an election of the registered voters of the Mount Pleasant Elementary School District held on November 3, 2020 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$12,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the addition and modernization of certain District facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The summarized text of the ballot language was as follows:

"To acquire equipment/instructional technology to improve distance learning and internet access; renovate heating/cooling systems, aging restrooms; upgrade school emergency preparedness, outdated electrical wiring, handicapped accessibility; acquire, renovate, construct classrooms, equipment, sites and facilities, shall Mt. Pleasant Elementary School District's measure authorizing \$12,000,000 in bonds at legal rates, levying 3 cents/\$100 assessed value, \$975,000 annually while bonds are outstanding, with independent citizen oversight, no money for administrators' salaries, pensions or benefits, and all money benefiting local schools?"

The financial activity related to the Measure Q General Obligation Bonds is recorded in the Fund 21 (Building Fund) in the District's audited financial statements.

On July 7, 2021 the District issued General Obligation Bonds (Series A) totaling of \$5,800,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 2.125% to 2.250% and mature during succeeding years through August 2046.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure Q General Obligation Bond funds for the period ended June 30, 2022 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure Q General Obligation Bond project expenditures for the period ended June 30, 2022 (the "List"). A total of \$1,392,181 in expenditures from July 1, 2021 through June 30, 2022 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure Q General Obligation Bond project expenditures for the period ended June 30, 2022:

- Verified the mathematical accuracy of the List.
- Reconciled the List of Bond expenditures and transfers to total expenditures and transfers as reported by the District in the District's Measure Q General Obligation Bonds audited financial statements for the period ended June 30, 2022.
- Selected a sample of 1 expenditure totaling \$761,064 and representing 54.7% of the expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for the approved projects developed by the District's Board of Trustees.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Mount Pleasant Elementary School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2022 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

MOUNT PLEASANT SCHOOL DISTRICT							
BOND FINANCIAL UPDATE AS OF 12/31/2022					1/12/2023		
Project Name	Site	Fund 211 Measure L	Fund 212 Measure JJ	Fund 213 Measure Q	Total Project Cost as of 12/31/2022	Total Cost By Site	
Building Improvements	AB	\$0.00	\$9,962.42	\$0.00	\$9,962.42		
Field Renovations	AB	\$0.00	\$5,408.55	\$0.00	\$5,408.55		
Marquee	AB	\$0.00	\$2,125.00	\$0.00	\$2,125.00		
Roofing	AB	\$0.00	\$35,783.75	\$0.00	\$35,783.75		
Track and Field	AB	\$0.00	\$114,547.03	\$0.00	\$114,547.03		
Adminstration Remodel	AB	\$0.00	\$9,375.00	\$0.00	\$9,375.00	\$177,201.75	AB
Land Improvements Ashpalt	DO	\$0.00	\$17,422.50	\$0.00	\$17,422.50	\$17,422.50	DO
Architectural Evaluation	DW	\$0.00	\$36,000.00	\$0.00	\$36,000.00		
Security Cameras	DW	\$0.00	\$309,105.56	\$0.00	\$309,105.56		
Security Fencing	DW	\$0.00	\$4,472,378.50	\$0.00	\$4,472,378.50		
Preschool/Pre-Kindergarden	DW	\$0.00	\$18,352.50	\$0.00	\$18,352.50		
Restroom Renovations	DW	\$61,006.80	\$1,155,283.76	\$0.00	\$1,216,290.56		
DSA Fees	DW	\$0.00	\$6,261.04	\$0.00	\$6,261.04		
Security Exterior Lighting	DW	\$0.00	\$87,189.29	\$0.00	\$87,189.29		
Landscaping	DW	\$0.00	\$98,195.00	\$0.00	\$98,195.00		
Internet Access	DW	\$0.00	\$24,263.28	\$0.00	\$24,263.28		
Sanitary Sewer Repair	DW	\$0.00	\$81,620.46	\$0.00	\$81,620.46		
HVAC Upgrades	DW	\$0.00	\$1,097,200.57	\$0.00	\$1,097,200.57		
Exterior Painting	DW	\$0.00	\$182,832.50	\$0.00	\$182,832.50		
Technological Upgrades	DW	\$80,708.35	\$178,229.12	\$0.00	\$258,937.47		
Gutter Replacements	DW	\$0.00	\$16,892.00	\$0.00	\$16,892.00		
Dry Rot Sliding	DW	\$0.00	\$2,617.63	\$0.00	\$2,617.63		
Shade Structure	DW	\$0.00	\$14,250.00	\$0.00	\$14,250.00		
Carpet	DW	\$0.00	\$9,663.00	\$0.00	\$9,663.00	\$7,932,049.36	DW
Electrical Upgrades for Security Cameras	IJA	\$0.00	\$14,441.30	\$0.00	\$14,441.30		
Field Renovations	IJA	\$0.00	\$4,250.00	\$0.00	\$4,250.00		
Teaching Walls (Classroom Renovations)	IJA	\$0.00	\$38,812.50	\$0.00	\$38,812.50		
Concrete/Asphalt Repairs/ReStripping	IJA	\$0.00	\$28,900.00	\$0.00	\$28,900.00	\$86,403.80	IJA
Building Improvements	MP	\$0.00	\$52,282.73	\$0.00	\$52,282.73		
Fire Supression System	MP	\$0.00	\$2,627.97	\$0.00	\$2,627.97		
Land Improvements Ashpalt	MP	\$0.00	\$47,836.70	\$0.00	\$47,836.70		
Adminstration Remodel	MP	\$0.00	\$174,936.56	\$0.00	\$174,936.56		
Marquee	MP	\$0.00	\$2,125.00	\$0.00	\$2,125.00		

MOUNT PLEASANT SCHOOL DISTRICT							
BOND FINANCIAL UPDATE AS OF 12/31/2022					1/12/2023		
Project Name	Site	Fund 211 Measure L	Fund 212 Measure JJ	Fund 213 Measure Q	Total Project Cost as of 12/31/2022	Total Cost By Site	
Playground Renovations	MP	\$0.00	\$4,430.00	\$0.00	\$4,430.00		
Parking Lot Renovations	MP	\$0.00	\$9,200.00	\$0.00	\$9,200.00	\$293,438.96	MP
Teaching Walls (Classroom Renovations)	RS	\$0.00	\$19,406.25	\$0.00	\$19,406.25		
Land Improvements Ashpalt	RS	\$0.00	\$34,000.00	\$0.00	\$34,000.00		
Irrigation and Plumbing	RS	\$0.00	\$9,765.70	\$0.00	\$9,765.70		
Roofing	RS	\$0.00	\$55,192.80	\$0.00	\$55,192.80		
Classroom Renovations	RS	\$0.00	\$8,868.62	\$0.00	\$8,868.62	\$127,233.37	RS
Fire Supression System	VV	\$0.00	\$3,801.57	\$0.00	\$3,801.57		
Roofing	VV	\$0.00	\$987,229.48	\$901,359.53	\$1,888,589.01		
Concrete/Asphalt Repairs/Paint Striping	VV	\$0.00	\$23,750.00	\$0.00	\$23,750.00		
Irrigation and Plumbing	VV	\$0.00	\$2,316.16	\$0.00	\$2,316.16	\$1,918,456.74	VV
Grand Total		\$ 141,715.15	\$ 9,509,131.80	\$ 901,359.53	\$ 10,552,206.48	\$ 10,552,206.48	
Fund Balance as of 12/31/2022		\$ 549.37	\$ 93,582.93	\$ 4,764,538.89	\$ 4,858,671.19		
Funding Needed							
Total Encumbrances					\$ 760,528.57		
Site Legend							
Name	Abbreviation						
August Boeger	AB						
Robert Sanders	RS						
Valle Vista	VV						
Mount Plesant	MP						
District Office	DO						
District Wide	DW						



Est. 1865

Mt. Pleasant School District Board of Trustees

Derek Grasty
Melissa Got-Lopez
Antonio Perez, Jr.
Robert Ramirez
Brenda M. Serrano

Dr. Elida MacArthur, Superintendent

January 12, 2023

Message from Superintendent Elida MacArthur

Dear Citizens' Bond Oversight Committee,

As you may know, the District intends to continue issuing bonds approved by District voters under both Measure Q (2020) and Measure JJ (2018) to fund voter approved projects. We have been advised that a waiver by the State Board of Education of the District's statutory debt limit is necessary for these general obligation bonds to be issued. We are seeking your review, input, and support in our effort to obtain this waiver.

By way of background, registered voters in the District passed general obligation bond measures in 1998, 2012, 2018 and 2020 to fund capital improvements. Measure I of 1998 authorized \$12,000,000 in bonds, Measure L of 2012 authorized \$25,000,000 in bonds, Measure JJ of 2018 authorized \$27,500,000 in bonds, and Measure Q of 2020 authorized \$12,000,000 in bonds. Of these Measures, only Measure Q and Measure JJ have unissued bonds and room under the tax rate limit.

In order to issue additional bonds under Measure Q and Measure JJ, the District must apply to the State Board of Education for a waiver that will allow the District to exceed its statutory debt limit of 1.25% of assessed value. Assessed value is the value of all taxable property in the District.

While the District's debt limit is expected to increase over time as assessed valuations grow and outstanding bonds mature, it will likely take many years for the District to be able to issue the balance of the Measure Q and Measure JJ authorizations under the 1.25% debt limit. Absent a waiver, the District will not be able to obtain additional general obligation bond financing in accordance with the District's needs for important voter approved facilities projects. By issuing the remaining Measure Q and Measure JJ bonds, the debt as a percentage of assessed value will initially increase to approximately 1.87%, but will decrease below 1.25% in fiscal year ending 2031.

Waivers of bonding capacity are not uncommon and typically appear on the State Board of Education's agenda. The State Board of Education normally approves debt limit waivers as long as the tax rate limit of \$30 per \$100,000 of assessed valuation is not exceeded. The District's waiver does not exceed the \$30 tax rate limitation that voters approved.

The State Board of Education requires our waiver request to be considered by our bargaining units, and solicits information regarding your position on the waiver (Ed.Code, section 33050(d).). Because the waiver will help the District complete important facilities projects, we hope that your leadership will see the value in us pursuing a waiver, and we are therefore requesting your feedback and support.

I have attached a sample letter of support and a technical analysis of the District's Statutory Bonding Capacity for your consideration. The technical analysis of the District's bonding capacity shows that the District will be under its statutory debt limit within 8 years.

On February 9, 2022, the Board of Trustees approved the submission of the waiver to the State Board of Education after holding a public hearing. The District intends to submit its application for a waiver to the State Board of Education no later than February 21, 2023 and we ask that you provide your response before that date. We anticipate that the State Board of Education will consider and grant the waiver in May 2023. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elida MacArthur', with a large, sweeping flourish at the end.

Elida MacArthur, Superintendent

Attachments:

1. Sample Letter
2. Statutory Bonding Capacity

[SAMPLE LETTER]

Elida MacArthur, Superintendent
Mt. Pleasant Elementary School District
3434 Marten Avenue
San Jose, CA 95148

Re: Proposed Waiver of Bonding Capacity

Dear Ms. MacArthur,

We are in receipt of the information you sent us regarding the District's interest in and need to pursue a waiver from the State Board of Education of the statutory limits on the District's bonding capacity.

We have reviewed the information you provided and discussed your request with our membership. We understand the need to issue additional general obligation bonds under the Measure Q and Measure JJ Authorizations. Assuming voter expectations for tax rates can still be observed during the time period that the 1.25% limit is exceeded, we are in full agreement with this plan.

We appreciate the opportunity to be part of the District's capital facility planning process.

Very Truly Yours,

[STATUTORY BONDING CAPACITY]

Mount Pleasant Elementary School District• Bond Indebtedness Analysis							
Fiscal Year Ending	Actual/Projected Assessed Valuation	Actual/Projected AV Growth	Principal Outstanding	Estimated 2018 Election, Series 8 Principal Outstanding	Estimated 2020 Election, Series 8 Principal Outstanding	Total Bonded Indebtedness	Bond Indebtedness Percentage
Aug-1-2022	2,894,015,076	5.03%	30,222,092.05	17,500,000.00	6,200,000.00	53,922,092.05	1.87%
Aug-1-2022	3,038,715,830	5.00%	29,610,097.70	17,500,000.00	6,200,000.00	53,310,097.70	1.75%
Aug-1-2022	3,145,070,884	3.50%	29,020,456.30	17,480,000.00	5,565,000.00	52,065,456.30	1.66%
Aug-1-2022	3,255,148,365	3.50%	28,642,316.40	17,480,000.00	4,985,000.00	51,107,316.40	1.57%
Aug-1-2027	3,369,078,558	3.50%	28,182,129.30	17,480,000.00	4,895,000.00	50,557,129.30	1.50%
Aug-1-2028	3,486,996,307	3.50%	27,666,266.95	17,480,000.00	4,790,000.00	49,936,266.95	1.43%
Aug-1-2028	3,609,041,178	3.50%	27,098,229.35	17,455,000.00	4,670,000.00	49,223,229.35	1.36%
Aug-1-2033	3,735,357,619	3.50%	26,468,926.95	17,405,000.00	4,535,000.00	48,408,926.95	1.30%
Aug-1-2031	3,866,095,136	3.50%	25,779,034.95	17,335,000.00	4,375,000.00	47,489,034.95	1.23%
Aug-1-2032	4,001,408,465	3.50%	25,023,965.35	17,240,000.00	4,200,000.00	46,463,965.35	1.16%
Aug-1-2033	4,141,457,762	3.50%	24,201,190.15	17,115,000.00	4,000,000.00	45,316,190.15	1.09%
Aug-1-2034	4,286,408,783	3.50%	23,313,961.25	16,955,000.00	3,780,000.00	44,048,961.25	1.03%
Aug-1-2035	4,436,433,091	3.50%	22,357,427.35	16,765,000.00	3,535,000.00	42,657,427.35	0.96%
Aug-1-2036	4,591,708,249	3.50%	21,320,274.15	16,535,000.00	3,265,000.00	41,120,274.15	0.90%
Aug-1-2037	4,752,418,038	3.50%	20,197,304.85	16,270,000.00	2,965,000.00	39,432,304.85	0.83%
Aug-1-2038	4,918,752,669	3.50%	18,990,521.78	15,965,000.00	2,640,000.00	37,595,521.78	0.76%
Aug-1-2039	5,090,909,012	3.50%	17,698,467.85	15,620,000.00	2,285,000.00	35,603,467.85	0.70%
Aug-1-2040	5,269,090,828	3.50%	16,271,912.15	15,225,000.00	1,895,000.00	33,391,912.15	0.63%
Aug-1-2041	5,453,509,007	3.50%	14,338,617.50	14,785,000.00	1,475,000.00	30,598,617.50	0.56%
Aug-1-2042	5,644,381,822	3.50%	12,238,143.50	14,300,000.00	1,020,000.00	27,558,143.50	0.49%
Aug-1-2043	5,841,935,186	3.50%	10,295,000.00	13,765,000.00	530,000.00	24,590,000.00	0.42%
Aug-1-2044	6,046,402,917	3.50%	8,015,000.00	13,170,000.00		21,185,000.00	0.35%
Aug-1-2045	6,258,027,019	3.50%	6,440,000.00	12,515,000.00		18,955,000.00	0.30%
Aug-1-2046	6,477,057,965	3.50%	4,755,000.00	11,805,000.00		16,560,000.00	0.26%
Aug-1-2047	6,703,754,994	3.50%	2,965,000.00	11,035,000.00		14,000,000.00	0.21%
Aug-1-2048	6,938,386,419	3.50%	1,505,000.00	10,195,000.00		11,700,000.00	0.17%
Aug-1-2049	7,181,229,943	3.50%	780,000.00	9,285,000.00		10,065,000.00	0.14%
Aug-1-2050	7,432,572,991	3.50%		8,310,000.00		8,310,000.00	0.11%
Aug-1-2051	7,692,713,046	3.50%		6,450,000.00		6,450,000.00	0.08%
Aug-1-2052	7,961,958,003	3.50%		4,450,000.00		4,450,000.00	0.06%
Aug-1-2053	8,240,626,533	3.50%		2,305,000.00		2,305,000.00	0.03%
Aug-1-2054	8,529,048,461	3.50%					0.00%
Aug-1-2055	8,827,565,158	3.50%					0.00%

RESOLUTION NO. 21/22-18

RESOLUTION OF THE BOARD OF TRUSTEES OF MT. PLEASANT SCHOOL DISTRICT AUTHORIZING REQUEST FOR A WAIVER FROM THE STATE BOARD OF EDUCATION RELATIVE TO STATUTORY GENERAL OBLIGATION BOND DEBT LIMITATIONS AS PROVIDED BY EDUCATION CODE SECTIONS 15102 AND 15268

WHEREAS, the issuance of up to \$12,000,000 of principal amount of general obligation bonds of the Mt. Pleasant School District (the "District"), State of California, was authorized at an election held within District on November 3, 2020, the proceeds of which are to be used to acquire, construct, repair and equip school facilities as described in the measure submitted to and approved by the voters of the District (the "2020 Authorization"); and

WHEREAS, the issuance of up to \$27,500,000 of principal amount of general obligation bonds of the District was authorized at an election held within District on November 6, 2018, the proceeds of which are to be used to acquire, construct, repair and equip school facilities as described in the measure submitted to and approved by the voters of the District (the "2018 Authorization," and together with the 2020 Authorization, the "Authorizations"); and

WHEREAS, Education Code Sections 15102 and 15268 provide that a California school district, such as the District, with authorized general obligation bonds may only issue such bonds in an amount not-to-exceed 1.25% of the then-current assessed value of property within the District; and

WHEREAS, based on the current amount of outstanding bonded indebtedness of the District, the District has a need to issue and sell authorized general obligation bonds in an amount in excess of the limitation set forth in Education Code Sections 15102 and 15268, in order to finance needed school facilities within the District; and

WHEREAS, Education Code Section 33050 allows the State Board of Education ("SBE") to waive any provisions of the Education Code, following public hearing on the matter, except for those provisions therein specified as not being subject to such a general waiver (the "Waiver"), which are not applicable hereto; and

WHEREAS, the provisions of Education Code Sections 15102 and 15268 may be subject to a Waiver by the SBE; and

WHEREAS, pursuant to SBE requirements for a Waiver, the District must consult with the exclusive representatives of employees, including the Mt. Pleasant Teachers Association, and the California School Employees Association (together, the "Exclusive Representatives of Employees"), and invite participation in the development of the Waiver prior to a public hearing on the matter; and

WHEREAS, prior to a public hearing on the Waiver, the District consulted with the Exclusive Representatives of Employees of the District and determined that their position on the matter was supportive; and

WHEREAS, the District provided prior notice of a public hearing to be held on February 9, 2022, and invited public comment on the Waiver, and a public hearing was held on such date.

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE MT. PLEASANT SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and are hereby incorporated by this reference.

Section 2. That the District provided notice of a public hearing to be held on February 9, 2022, stating the time, place and date of such public hearing, and the notice specifically invited public comment on the Waiver.

Section 3. A public hearing was held on February 9, 2022, at which time all persons desiring to be heard on all matters pertaining to the Waiver were heard and all information was duly considered.

Section 4. That the District contacted the Exclusive Representatives of Employees of the District and determined that their position on the Waiver is supportive.


Section 5. That the District has satisfied all applicable procedural requirements necessary to submit a Waiver to the SBE.

Section 7. That the Superintendent and Assistant Superintendent, Business Services of the District, or a designee, are directed to cause a Waiver to be submitted to the California Department of Education Waiver Office for consideration in regard to authorizing the District to exceed the statutory general obligation bond debt limitation set forth in Education Code Sections 15102 and 15268 such that bonds of the Authorizations may be issued so long as the current bonded indebtedness of the District does not exceed 2.02% of the assessed value of property within the District, or such other amount as may be requested by the District and approved by the SBE.

Section 8. All actions heretofore taken by officers and consultants of the District with respect to the within-referenced Waiver are hereby approved, confirmed and ratified, and the Superintendent, Assistant Superintendent, Business Services, or designee(s) are hereby authorized and directed to execute all documents and to take all actions necessary to cause or facilitate the within-referenced Waiver, including adjusting the not-to-exceed waiver amount if necessary to finance the needed school facilities within the District.

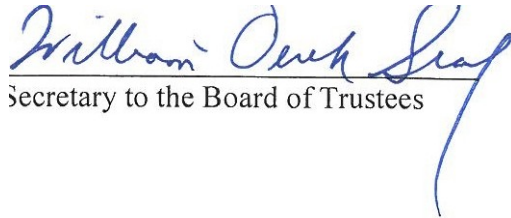
ADOPTED, SIGNED AND APPROVED this 9th day of February, 2022 by the Board of Trustees of the Mt. Pleasant School District.

BOARD OF TRUSTEES OF THE MT. PLEASANT
SCHOOL DISTRICT



President

Attest:



Secretary to the Board of Trustees

STATE OF CALIFORNIA)
)ss
SANTA CLARA COUNTY)

I, Dr. Elida MacArthur, do hereby certify that the foregoing is a true and correct copy of Resolution No. 21/22-18, which was duly adopted by the Board of Trustees of the Mt. Pleasant School District at meeting thereof held on the 9th day of February, 2022, and that it was so adopted by the following vote:

AYES: 5

NOES: 0

ABSEN T: 0

ABSTENTIONS: 0

By William Clark Gray
Secretary to the Board of Trustees
of the Mt. Pleasant School District