



Certified Public Accountant

200 Gateway Drive, #370
Lincoln, CA 95648

☎ : (916) 434-1425

✉ : michelle@mhansoncpa.com

February 13, 2018

Via email to: Jennifer Fusano
jfusano@pusdk8.us

Jennifer Fusano
Placerville Union School District
1032 Thompson Way
Placerville, CA 95667

Dear Jennifer:

Following is your electronic version of the Measure B Bond Building Fund Financial and Performance Audit Report for the year ended June 30, 2017.

Included in the attachment is a letter to the Board and Citizen's Oversight Committee summarizing the results of the audit. Please present this letter to the Board and Citizen's Oversight Committee.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink that reads "Michelle Hanson". The signature is written in a cursive style with a large, stylized "M" and "H".

Michelle Hanson
Certified Public Accountant

MMH;jn

Attachments



Certified Public Accountant

200 Gateway Drive, #370
Lincoln, CA 95648

☎ : (916) 434-1425

✉ : michelle@mhansoncpa.com

February 9, 2018

To the Board of Education
and Measure B Citizens' Bond Oversight Committee
Placerville Union School District
1032 Thompson Way
Placerville, CA 95667

I have audited the financial statements of the Measure B Bond Building Fund of Placerville Union School District for the year ended June 30, 2017. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. Professional standards also require that I communicate to you the following information related to our audit.

My Responsibility in Relation to the Financial Statement Audit

As communicated in my engagement letter dated July 10, 2017, my responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. My audit of the financial statements does not relieve you or management of your respective responsibilities.

My responsibility, as prescribed by professional standards, is to plan and perform my audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of my audit, I considered the internal control of Placerville Union School District solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

I am also responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures for the purpose of identifying other matters to communicate to you.

My Responsibility in Relation to the Performance Audit

Also, as communicated in my letter dated July 10, 2017, my responsibility, as described by professional standards is to form and express an opinion about whether the District has expended the Measure B Proposition 39 bond proceeds on the specific projects listed in the bond language approved by the voters and that no bond proceeds were spent on administrative salaries or other expenditures that would otherwise be the obligation of the District's General Fund.

Planned Scope and Timing of the Audit

I conducted my audit consistent with the planned scope and timing I previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

I have complied with all relevant ethical requirements regarding independence. I completed the first draft of the Measure B Bond Building Fund financial statements from District books and records. The financial statement draft was reviewed with knowledgeable District management and when necessary corrections were made to the draft financial statements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Placerville Union School District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2016-2017. No matters have come to my attention that would require me, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statement is Note 3, Measure B General Obligation Bonds and Note 4, Commitments and Contingencies.

The disclosures in the financial statements are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

I encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that I believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require me to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

I have requested certain written representations from management, which are included in the attached letter dated February 9, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

In the normal course of my professional association with Placerville Union School District, I generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to my retention as Placerville Union School District's auditor.

The prior year audit report included two (2) exceptions in procedural requirements relating to the Citizen Bond Oversight Committee (CBOC). The District is now posting the minutes from meetings held by the CBOC, but the second requirement to have at least seven members on the CBOC has not been met and the comments have been repeated.

Placerville Union School District
Page Four
February 9, 2018

This report is intended solely for the use of the Board of Trustees and Measure B Citizens' Bond Oversight Committee and management of Placerville Union School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Michelle M. Hanson". The signature is written in a cursive style with a large, stylized initial "M".

Michelle M. Hanson
Certified Public Accountant

MMH:jn

Placerville Union School District
Schedule of Unrecorded Adjustments
As of and for the Fiscal Year Ended June 30, 2017

The following items represent potential adjustments that were not recorded as adjustments to the financial statements because they are considered immaterial both individually and in the aggregate.

None

I did not adjust the amount reported for Cash in County Treasury at June 30, 2017 to the current fair value amount. Had we recorded the adjustment, the District's total amount reported as Cash in County Treasury would decrease \$47.

PLACERVILLE UNION SCHOOL DISTRICT

1032 THOMPSON WAY
PLACERVILLE, CALIFORNIA 95667



ERIC BONNIKSEN
Superintendent

BOARD OF EDUCATION

Chris Belmer
Misty diVittorio
Sean Frame
Sarah Hermosillo
Katharine Stabler

February 9, 2018

Michelle M. Hanson, CPA
200 Gateway Drive, #370
Lincoln, CA 95648

This representation letter is provided in connection with your audit of the financial statements of Measure B Bond Building Fund of Placerville Union School District, which comprise the financial position of the Measure B Bond Building Fund of Placerville Union School District as of June 30, 2017, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 9, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 10, 2017, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the Measure B Bond Building Fund.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value are reasonable.
6. Related party relationships and transactions, have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

SUPERINTENDENT'S OFFICE
1032 THOMPSON WAY
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(530) 622-7216
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LOUISIANA SCHNELL SCHOOL
2871 SCHNELL SCHOOL ROAD
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SIERRA SCHOOL
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(530) 622-0814
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EDWIN MARKHAM SCHOOL
2800 MOULTON DRIVE
PLACERVILLE, CA 95667
(530) 622-0403
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8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Measure B Bond School District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Governing Board and the Measure B Bond Citizen's Bond Oversight Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any unreported or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objective and whether related recommendations have been implemented.
21. The Placerville Union School District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contract and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
29. The Placerville Union School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
30. The Placerville Union School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- 31. Investments, derivative transactions, and land and other real estate held by endowments are properly valued.
- 32. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 33. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

Signed: 
Title: Superintendent

Placerville Union School District
Schedule of Unrecorded Adjustments
As of and for the Fiscal Year Ended June 30, 2017

The following items represent potential adjustments that were not recorded as adjustments to the financial statements because they are considered immaterial both individually and in the aggregate.

None

I did not adjust the amount reported for Cash in County Treasury at June 30, 2017 to the current fair value amount. Had we recorded the adjustment, the District's total amount reported as Cash in County Treasury would decrease \$47.

MEASURE B
BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
COUNTY OF EL DORADO
PLACERVILLE, CALIFORNIA
AUDIT REPORT
FOR THE FISCAL YEAR ENDING
JUNE 30, 2017

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2017

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MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
INTRODUCTION
JUNE 30, 2017

Placerville Union School District (the “District”) consists of three schools, which includes two elementary schools and one middle school.

AUTHORITY FOR ISSUANCE

The general obligation bonds associated with Measure B were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of El Dorado County, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on June 10, 2015.

The District received authorization from an election held on November 3, 2015 to issue bonds of the District in an aggregate principle amount not to exceed \$3,200,000 to finance school technology projects as specified in the measure approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2015 Authorization). The Series 2016 bonds represent the first series of the authorized bonds to be issued under the 2015 Authorization.

The total outstanding bond indebtedness as of June 30, 2017 is \$1,600,000.

AUTHORITY FOR THE AUDIT

Measure B bonds are Proposition 39 bonds, issued by the Placerville Union School District. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on specific projects listed 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.

Upon the 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 proposition pursuant to the 55% majority authorized in Proposition 39 including the formation, composition and purpose of the Citizens’ Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

PURPOSE OF ISSUANCE

The general obligation bond funds of the District would be used to keep classroom computers, technology and software up-to-date, strengthen the computer network connecting classrooms to each other and the internet, and provide instructional technology to all Placerville elementary and middle school students that will benefit them in high school and beyond.



Certified Public Accountant

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Lincoln, CA 95648

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Measure B Citizens' Bond
Oversight Committee
Placerville Union School District
Placerville, California

Report on the Financial Statements

I have audited the accompanying financial statements of the Measure B Bond Building Fund of Placerville Union School District as of and for the year ended June 30, 2017, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure B Bond Building Fund of Placerville Union School District, as of June 30, 2017, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present the financial activity and balances for Measure B reported in the District's Bond Building Fund and are not intended to present fairly the financial position and changes in financial position of Placerville Union School District in accordance with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 9, 2018, on my consideration of the Measure B Bond Building Fund of Placerville Union School District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure B Bond Building Fund of Placerville Union School District's internal control over financial reporting and compliance.



MICHELLE M. HANSON
Certified Public Accountant
February 9, 2018

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash in County Treasury (Note 2) \$ 91,357

FUND BALANCE

Restricted for Bond Projects (Note 1E) \$ 91,357

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

REVENUES	
Interest Earnings	<u>\$ 1,162</u>
EXPENDITURES	
Supplies and Materials	196,584
Capital Outlay	<u>212,594</u>
Total Expenditures	<u>409,178</u>
Excess of Revenues Over (Under) Expenditures	<u>(408,016)</u>
Fund Balance, July 1, 2016	<u>499,373</u>
Fund Balance, June 30, 2017	<u><u>\$ 91,357</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. 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) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

Placerville Union School District (the "District") consists of three schools, which includes two elementary schools and one middle school.

On November 3, 2015, the voters of the District approved, by more than 55%, Measure B, authorizing the issuance and sale of general obligation bonds in an aggregate principle amount not to exceed \$3,200,000.

An advisory committee to the District's Governing Board and Superintendent, called the Measure B Citizens' Bond Oversight Committee was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, reviewing project plans and budgets, and ensuring compliance with the conditions of Measure B.

As described in Note 3, the District approved the sale of \$1,600,000 of general obligation bonds (Series 2016) during 2015-2016 to keep classroom computers, technology and software up-to-date, strengthen the computer network connection classrooms to each other and the internet, and provide instructional technology to all Placerville elementary and middle school students that will benefit them in high school and beyond.

The statements presented are for the individual Measure B Bond Building Fund only and are not intended to be a complete presentation of the District's financial position and results of operations.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (Concluded)

The Measure B Bond Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. On the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, and expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board 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 governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees 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.

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. All encumbrances are liquidated at June 30.

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity

1. Deposits

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the 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.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement 72, *Fair Value Measurement and Application*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

MEASURE B BOND BUILDING FUND OF
 PLACERVILLE UNION SCHOOL DISTRICT
 AUDIT REPORT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E. Assets, Liabilities and Equity (Concluded)

2. Use of Restricted/Unrestricted Fund Balance

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Fund Equity

The Measure B Bond Building Fund balance is classified as restricted to signify amounts subject to externally imposed and legally enforceable constraints.

F. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - CASH

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash with the County Treasury as part of the common investment pool, \$498,953,785 as of June 30, 2017. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$498,697,565. The county is restricted by Government code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. As of June 30, 2017 the carrying amount of the District's account was \$91,357.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organization (NRSRO's).

At June 30, 2017 the District credit risks are as follows:

<u>Credit Quality Distributions for Securities with Credit Exposure</u>		
<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>S & P's Rating</u>
Cash in County Treasury	Not Rated	Not Rated

MEASURE B BOND BUILDING FUND OF
 PLACERVILLE UNION SCHOOL DISTRICT
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NOTE 2 - CASH (CONCLUDED)

Cash in County Treasury (Concluded)

At June 30, 2017 the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
Cash in County Treasury	<u>\$ 91,310</u>	<u>\$ 79,887</u>	<u>\$ 10,300</u>	<u>\$ 1,123</u>

NOTE 3 - MEASURE B GENERAL OBLIGATION BONDS

On November 3, 2015, the voters of the Placerville Union School District approved, by more than 55%, Measure B, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$3,200,000. During the 2015-2016 fiscal year, the District approved the sale of \$1,600,000 of general obligation bonds, known as Series 2016. The total outstanding bond indebtedness as of June 30, 2017 is \$1,600,000.

Repayment of the bonds will be funded by a separate property tax override levied on property residing within the District boundaries. Property tax revenues will be recorded in a separate Bond Interest and Redemption Fund. The required debt service payments on the bonds will be disbursed from the Bond Interest and Redemption Fund as well.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

1. Construction Commitments

As of June 30, 2017, the Measure B Bond Building Fund had \$0 in commitments with respect to unfinished capital projects.

2. Litigation

The District, including Measure B Bond Building Fund, may be involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017. None of the litigation pending would have a significant impact on the Measure B Bond Building Fund operations.

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
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NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2018, the date on which the financial statements were available to be issued.



Certified Public Accountant

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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

Board of Trustees and Measure B Citizens' Bond
Oversight Committee
Placerville Union School District
Placerville, California

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure B Bond Building Fund of Placerville Union School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued my report thereon dated February 9, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Measure B Bond Building Fund of Placerville Union School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Measure B Bond Building Fund of Placerville Union School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Measure B Bond Building Fund of Placerville Union 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 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.

Board of Trustees and Measure B Citizen's Bond
Oversight Committee
Placerville Union School District

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure B Bond Building Fund of Placerville Union School District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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.



MICHELLE M. HANSON
Certified Public Accountant
February 9, 2018



Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and
Measure B Citizens' Bond Oversight Committee
Placerville Union School District
Placerville, California

I was engaged to conduct a performance audit of the Placerville Union School District (the District) Measure B Bond Building Fund for the year ended June 30, 2017.

Management's Responsibility for Performance Compliance

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

Auditor's Responsibility

I conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for my conclusions based on my audit objectives. I believe the evidence obtained provides a reasonable basis for my conclusions based on my audit objectives.

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

Opinion on Performance

The results of my tests indicated the District expended Measure B General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

A handwritten signature in black ink that reads 'Michelle M. Hanson'.

MICHELLE M. HANSON
Certified Public Accountant
February 9, 2018

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2017

OBJECTIVES OF THE AUDIT

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

SCOPE OF THE AUDIT

The scope of my performance audit covered the period of July 1, 2016 to June 30, 2017. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2017 were not reviewed or included within the scope of my audit or in this report.

PROCEDURES PERFORMED

I obtained the general ledger and project expenditure reports prepared by the District for the period July 1, 2016 through June 30, 2017 for the Measure B Bond Building Fund. Within the fiscal year audited, I obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure B as to the approved bond projects list. I performed the following procedures:

1. I selected a sample of expenditures for the period starting July 1, 2016 and ending June 30, 2017, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. My sample included six transactions totaling \$277,710. This represents 68 percent of the total expenditures of \$409,178.

I verified that funds from the Measure B Bond Building Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, I verified that funds held in the Measure B Bond Building Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General. There were no salaries charged to the Measure B Bond Building Fund during the fiscal year ended June 30, 2017.

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2017

CONCLUSION

The results of my tests indicated that, in all significant respects, the Placerville Union School District has properly accounted for the expenditures in the Measure B Bond Building Fund and that such expenditures were made for authorized Bond projects.

I did, however, note a matter which should be considered related to the procedural requirement described as Finding 2017-001 in the accompanying schedule of findings and responses. My audit does not provide a legal determination on the Placerville Union School District's compliance with this requirement.

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RESPONSES
JUNE 30, 2017

As stated in my *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*, my tests resulted in no findings and recommendations related to the financial audit of the Measure B Bond Building Fund for the year ended June 30, 2017.

As stated in my *Independent Auditor's Report on Performance*, my tests resulted in no findings and recommendations related to the performance audits of the Measure B Bond Building Fund for the year ended June 30, 2017.

I am bringing to managements' attention the following exception and procedural requirement relating to the Citizens' Bond Oversight Committee.

2017-001 - CITIZENS' BOND OVERSIGHT COMMITTEE MEMBERS

Criteria: *California Education Code* Section 15282, authorized by Proposition 39 Bond Law, AB 1908 (Chapter 44, Statutes of 2000) requires the Citizens' Bond Oversight Committee to consist of at least seven members, comprised of:

- One member active in a business organization representing the business community located within the school district boundaries.
- One member active in a senior citizens' organization.
- One member active in a bona fide taxpayers' organization
- One member who is the parent or guardian of a child enrolled in the school district.
- One member who is both a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization.
- Two additional members from the community-at-large who may not be employees or officials of the school district.

Statement of Condition: During my review of the Citizens' Bond Oversight Committee member listing, I noted the committee continues to have six members and not the required seven members.

Cause: The District has been unable to identify an individual willing to participate on the committee from the community-at-large.

Effect: By not having the required number of members on the Citizens' Bond Oversight Committee, the District is technically not in compliance with *California Education Code* Section 15282.

Recommendation: The District's Governing Board should appoint an additional member to the Citizens' Bond Oversight Committee to meet the minimum committee size as required by law.

View of Responsible District Official: While the District has appropriately established the independent citizens' oversight committee, we continue to seek additional individuals who are willing to be appointed to serve on the committee. Efforts will be expanded to include mention in district-wide email blasts and school newsletters in addition to on the District website and during District Governing Board meetings.

MEASURE B BOND BUILDING FUND OF
PLACERVILLE UNION SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2017

2016-001 Minutes of Citizens' Oversight Committee proceedings shall be a matter of public record and be made available on an internet web site maintained by the governing board of the District.

Current Status:

Accepted
Implemented

2016-002 *California Education Code* Section 15282, authorized by Proposition 39 Bond Law, AB 1908 (Chapter 44, Statutes of 2000) requires the Citizens' Bond Oversight Committee to consist of at least seven members.

Current Status:

Accepted
Not Implemented, see repeat finding 2017-001