



VAVRINEK, TRINE, DAY & CO., LLP  
Certified Public Accountants



VALUE THE *difference*

December 7, 2018

Governing Board  
Bishop Unified School District  
Bishop, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bishop Unified School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated May 22, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bishop Unified School District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Bishop Unified School District changed accounting policies for the year ended June 30, 2018 related to: other postemployment benefits by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; addressed practice issues that have been identified during implementation and application of certain GASB statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 85, *Omnibus 2017*; and provided guidance for transactions related to in-substance defeasance of debt by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 86, *Certain Debt Extinguishment Issues*. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in the Statement of Activities and summarized in Note 16.

We noted no transactions entered into by Bishop Unified School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the government-wide financial statements were:

Management's estimate of the pension liability and associated accounts is based on actuarial evidence provided by the pension plan sponsors. We evaluated the key factors and assumptions used to develop the estimates for pension liability, pension cost, and both deferred inflow and deferred outflow of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, management's estimate of the net other postemployment benefit (OPEB) liability is also based on actuarial evidence provided by an actuary. We evaluated the key factors and assumptions used to develop the estimates for the OPEB liability, OPEB costs, and the deferred inflows/outflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements of the financial statements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 7, 2018.

#### *Management Consultations with Other Independent 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 Bishop Unified School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Bishop Unified School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedule, schedule of other post-employment benefits funding progress, schedule of the district's proportionate share of the net pension liability and the schedule of the district's contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, supplementary information required to be included in the financial statements of an audit subject to the *2017-2018 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, and the combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Governing Board and management of Bishop Unified School District and is not intended to be, and should not be, used by anyone other than these specified parties.

VAUGHN, TRINE, RAY & CO. LLP

Rancho Cucamonga, California  
December 7, 2018