

**MEASURE P BOND BUILDING FUND OF
MARYSVILLE JOINT UNIFIED SCHOOL
DISTRICT**

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2016**

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
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For the Year Ended June 30, 2016**

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MEASURE P BOND BUILDING FUND MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT

Introduction

June 30, 2016

The Marysville Joint Unified School District (the “District”) began operations in 1966 under the laws of the State of California. This District operates under a locally elected five-member Board form of government and provides educational services to grades K – 12 as mandated by the state and federal agencies. The District currently operates 22 school sites, child care/preschool programs in nine locations, and one charter school site.

In November 2008, the voters of Yuba County approved by more than the required 55% favorable vote, Measure P, authorizing the issuance and sale of general obligation bonds, not to exceed \$47,000,000. Measure P is a Proposition 39 bond. 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 the 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.

Measure P bonds were issued by the District, through the County of Yuba. On August 5, 2009, the first series of the Measure P bond authorization was issued, which consisted of current interest and capital appreciation bonds with an initial par amount of \$34,433,777 with stated interest rates of 5.0% to 5.5% and maturing through August 1, 2036. The principal balance outstanding at June 30, 2016 related to these bonds was \$32,803,777, excluding accreted interest in the amount of \$2,253,050.

As of June 30, 2016, the Citizens’ Oversight Committee has disbanded due to completion of major construction projects.

INDEPENDENT AUDITORS' REPORT

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Michael Ash, CPA

Heather Rubio

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State Board of Accountancy

Governing Board Members and
Measure P Citizens' Bond Oversight Committee of
Marysville Joint Unified School District
Marysville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure P Bond Building Fund of Marysville Joint Unified School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure P Bond Building Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility (continued)

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

As discussed in Note 1A, the financial statements present only the individual Measure P Bond Building Fund, consisting of the net construction proceeds of the Measure P general obligation bonds as issued by the District, through the County of Yuba, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure P Bond Building Fund of Marysville Joint Unified School District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2016 on our consideration of the Measure P Bond Building Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 P Bond Building Fund's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated February 9, 2017 on our consideration of the Measure P Bond Building Fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Proposition 39 Bond Building Fund for the fiscal year ended June 30, 2016 and should be considered in assessing the results of our financial audit.

Christy White Associates

San Diego, California
February 9, 2017

FINANCIAL SECTION

MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Balance Sheet
June 30, 2016

ASSETS

Cash and investments	\$	95,111
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Total Assets	\$	95,111
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$	363
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Total Liabilities		363
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Fund Balance

Restricted for capital projects		94,748
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Total Liabilities and Fund Balance	\$	95,111
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The accompanying notes to financial statements are an integral part of this statement.

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016**

REVENUES

Investment income, net	\$ (1,994)
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Total Revenues	<u>(1,994)</u>
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EXPENDITURES

Facilities acquisition and construction	<u>204,520</u>
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Total Expenditures	<u>204,520</u>
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Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(206,514)</u>
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OTHER FINANCING SOURCES

Interfund transfers in	<u>41,557</u>
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Total Other Financing Sources	<u>41,557</u>
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Net Change in Fund Balance	(164,957)
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Fund Balance, July 1, 2015	<u>259,705</u>
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Fund Balance, June 30, 2016	<u>\$ 94,748</u>
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The accompanying notes to financial statements are an integral part of this statement.

MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Marysville Joint Unified School District (the “District”) began operations in 1966 under the laws of the State of California. This District operates under a locally elected five-member Board form of government and provides educational services to grades K – 12 as mandated by the State and Federal agencies. The District currently operates 22 school sites, child care/preschool programs in nine locations, and one charter school site.

On November 4, 2008 the District voters authorized \$47 million in General Obligation Bonds (Measure P) to continue improving the quality of education in local schools and protecting the safety of our children, by repairing, replacing or updating fire alarm systems, worn-out roofs, outdated classrooms and science labs, plumbing and heating/air conditioning systems; and make the District eligible for State matching funds.

An advisory committee to the District’s Governing Board and Superintendent, called the Measure P Citizens’ Bond Oversight Committee was established pursuant to the requirements of State law and the provisions of Measure P. The Committee’s oversight goals include: advising on bond construction priorities, reviewing bond construction plans, reviewing project plans and budgets, and ensuring compliance with the provisions of Measure P.

The statements presented are for the individual Measure P Bond Building Fund of the District, consisting of the net construction proceeds of Measure P Series 2009 general obligation bonds, as issued by the District, through the County of Yuba, and are not intended to be a complete presentation of the District’s financial position or results of operations.

B. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

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

The financial statements are presented on the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collectible within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "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.

D. Encumbrances

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

E. Deposits and Investments

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

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the 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.

H. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in Measure P is considered restricted.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as cash in county treasury for \$95,111.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

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

MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2016

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Yuba County Investment Pool with a fair value of approximately \$95,379 and an amortized book value of \$95,111. The weighted average maturity for this pool as of June 30, 2016 is 276 days.

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2016, the pooled investments in the County Treasury were rated at least A.

Concentration of Credit Risk

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

Fair Value

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

The District held \$95,379 in uncategorized investments related to the Measure P Bond Building Fund's investment in the Yuba County Treasury.

MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2016

NOTE 3 – INTERFUND TRANSFER

During the year ended June 30, 2016, the District's County School Service Fund transferred \$41,557 to the Measure P Bond Building Fund in order to move Community Redevelopment Funds to Measure P.

NOTE 4 – MEASURE P GENERAL OBLIGATION BONDS

As of June 30, 2016, the principal balance outstanding on the District's Measure P Series 2009 general obligation bonds was \$32,803,777 excluding accreted interest of \$2,253,050.

The annual requirements to amortize all Measure P general obligation bonds payable outstanding as of June 30, 2016, are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 500,000	\$ 1,508,406	\$ 2,008,406
2018	610,000	1,483,406	2,093,406
2019	730,000	1,452,906	2,182,906
2020	860,000	1,412,756	2,272,756
2021	1,000,000	1,365,456	2,365,456
2022 - 2026	3,596,122	6,203,031	9,799,153
2027 - 2031	9,982,891	5,382,544	15,365,435
2032 - 2036	14,838,930	1,893,738	16,732,668
2037	685,834	-	685,834
Total	<u>\$ 32,803,777</u>	<u>\$ 20,702,243</u>	<u>\$ 53,506,020</u>

NOTE 5 – CONSTRUCTION COMMITMENTS

The Measure P Bond Building Fund had no existing construction commitments as of June 30, 2016.

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**INDEPENDENT AUDITORS' 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**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board Members and
Measure P Citizens' Bond Oversight Committee of
Marysville Joint Unified School District
Marysville, 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 P Bond Building Fund, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure P Bond Building Fund's basic financial statements, and have issued our report thereon dated February 9, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure P Bond Building Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



San Diego, California
February 9, 2017

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

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Governing Board Members and
Measure P Citizens' Bond Oversight Committee of
Marysville Joint Unified School District
Marysville Joint, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure P Bond Building Fund, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure P Bond Building Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Objectives

In connection with our audit, we also performed an audit of compliance as required in the performance requirements for the Measure P General Obligation Bonds for the fiscal year ended June 30, 2016. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure P Bonds were only used for the purposes set forth in the Measure P ballot language and not for any other purpose, such as teacher and administrative salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Measure P projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Measure P funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that financial statement balances at June 30, 2016 for the Measure P Bond Building Fund are not materially misstated.

Results of Procedures Performed:

The result of our audit tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unmodified opinion was expressed on the financial statements.

Test of Expenditures

Procedures Performed:

The following performance tests of expenditures were performed:

We tested seven vendor payments, totaling \$194,265 (95%) of the Measure P expenditures for the year ended June 30, 2016, for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to contractors, consultants, issuance costs, and other vendors, as well as portions of salaries and benefits paid out of bond funds.

Results of Procedures Performed:

We found the expenditures and transfers tested to be in compliance with the terms of the Measure P ballot measure, Facilities Master Plan, and applicable state laws and regulations without exception.

Test of Contracts and Bid Procedures

For the year ended June 30, 2016, we inquired with the bond program staff and determined that there were no contracts that went to bid in the current fiscal year. We reviewed the project bid list maintained by the bond department and governing board meeting minutes in order to verify this information.

Opinion

In our opinion, based on the fieldwork described above as well as the other tests that we conducted, the District complied with the compliance requirements for the Measure P General Obligation Bonds as listed and tested above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on accountability requirements pursuant to the passage of Proposition 39 and the enactment of AB 1908 (Chapter 44, Statutes of 2000). Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
February 9, 2017

FINDINGS AND RESPONSES SECTION

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Schedule of Findings and Responses
For the Year Ended June 30, 2016**

There were no audit findings or recommendations related to the Measure P Bond Building Fund Financial and Performance Audits for the year ended June 30, 2016.

**MEASURE P BOND BUILDING FUND
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2016**

There were no audit findings or recommendations related to the Measure P Measure P Bond Building Fund Financial and Performance Audits for the year ended June 30, 2015.