

PRESENTATION to the MEASURES C AND EE CITIZEN BOND OVERSIGHT COMMITTEES



FEBRUARY 1, 2018



SIMPSON & SIMPSON
CERTIFIED
PUBLIC ACCOUNTANTS



Agenda

Financial Audits

- Auditor's Required Communication (SAS 114)
- Audit's Results and Highlights of the Financial Audits

Performance Audits

- Objectives, Scope and Procedures Performed
- Conclusion of Performance Audits





Auditor's Required Communication SAS 114

1. Our Responsibility under Generally Accepted Auditing Standards (GAAS)

- Consider internal control to the extent necessary to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control
- Design and implement audit procedures based on our understanding of MBUSD to gain reasonable, not absolute, assurance as to the absence of material misstatements in the financial statements
- Perform tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts





Auditor's Required Communication SAS 114

1. Our Responsibility under Generally Accepted Auditing Standards (GAAS) (continued)

- Opinion on financial statements based on our audit

2. Significant Accounting Policies

- MBUSD's significant accounting policies are described in Note 1 to the financial statements and are in accordance with generally accepted accounting principles and consistent with industry practices and standards





Auditor's Required Communication SAS 114

2. Significant Accounting Policies (continued)

- The application of existing policies was not changed during the year
- All significant transactions have been recognized in the financial statements in the proper period





Auditor's Required Communication SAS 114

3. *Management Judgements and Accounting Estimates*

- Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. 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 from management's current judgments.
- There were no sensitive estimates affecting the financial statements.





Auditor's Required Communication SAS 114

4. *Corrected Misstatements*

- None

5. *Uncorrected Misstatements*

- None





Auditor's Required Communication SAS 114

6. No Disagreements or Difficulties with Management

- There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on MBUSD's Measure EE and Measure C financial statements, nor were there significant difficulties in dealing with management in performing our audit





Auditor's Required Communication SAS 114

7. No Consultants with Other Accountants

- To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of AU 625, Reports on the Application of Accounting Principles.

8. Management Representations

- We have requested certain representations from management that are included in management representation letter dated January 29, 2018.





Audit Results and Highlights of the Financial Audit

1. Unmodified Opinion

- Unmodified opinion with respect to the Measure EE and Measure C Building Funds.





Audit Results and Highlights of the Financial Audit

2. Financial Highlights (Measure EE)

Balance Sheet June 30, 2017		Statement of Revenues, Expenditures, and Changes in Fund Balance Year Ended June 30, 2017	
Assets		Revenues	
Cash in County Treasury	\$ 271,199	Other local	\$ -
Total assets	<u>271,199</u>	Total revenues	<u>-</u>
Liabilities and fund balance		Expenditures	
Liabilities		Current:	
Accounts payable	216,677	Contracted services and other operating expenditures	17,622
Due to other funds	<u>390,000</u>	Capital Outlay	<u>317,856</u>
Total liabilities	<u>606,677</u>	Total expenditures	<u>335,478</u>
Fund Balance		Net change in fund balance	(335,478)
Unassigned	<u>(335,478)</u>	Fund balance, July 1, 2016	<u>-</u>
Total fund balance (deficit)	<u>(335,478)</u>	Fund balance (deficit), June 30, 2017	<u>\$ (335,478)</u>
Total liabilities and fund balance	<u>\$ 271,199</u>		





Audit Results and Highlights of the Financial Audit

2. Financial Highlights (Measure C)

Assets	
Cash in County Treasury	\$ 8,149
Total assets	<u>8,149</u>
Liabilities and fund balance	
Liabilities	
Accounts payable	-
Due to other funds	10,000
Total liabilities	<u>10,000</u>
Fund Balance	
Unassigned	(1,851)
Total fund balance (deficit)	<u>(1,851)</u>
Total liabilities and fund balance	<u>\$ 8,149</u>

Revenues	
Other local	\$ -
Total revenues	<u>-</u>
Expenditures	
Current:	
Contracted services and other operating expenditures	1,851
Total expenditures	<u>1,851</u>
Net change in fund balance	(1,851)
Fund balance, July 1, 2016	<u>-</u>
Fund balance (deficit), June 30, 2017	<u>\$ (1,851)</u>





Audit Results and Highlights of the Financial Audit

3. Government Auditing Standards Opinion

- Internal Control Over Financial Reporting
 - There were no material weakness or significant deficiency noted

- Compliance with Other Matters
 - No instances of noncompliance or other matters noted





Objectives, Scope and Procedures Performed of Performance Audit

1. Objectives of the Performance Audits

California Constitution, Article 13, Section 1(b)

- Bonded indebtedness incurred by a school district for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities
- Only for the purpose approved by the voters and only on the specific project developed by the District's Board of Trustees
- Not for any other purpose, including teacher and administrative salaries and other school operating expenses





Objectives, Scope and Procedures Performed of Performance Audit

2. Scope of the Performance Audits

- Expenditures incurred during the period of July 1, 2016 through June 30, 2017
- Measure EE Expenditures Tested: \$335.5K (100% of population)
- Measure C Expenditures Tested: \$1.8K (100% of population)
- **Note** – *There were no costs associated with salaries of district employees.*





Objectives, Scope and Procedures Performed of Performance Audit

3. Procedures Performed

- Confirming total expenditures reported agrees to the respective Measure's Audited Financial Statements
- Verifying all funds expended on specific projects listed on the ballot text
- Verifying funds expended for construction, renovation, furnishing and equipping of District facilities consisting authorized bond project





Objectives, Scope and Procedures Performed of Performance Audit

4. Conclusion of Performance Audits

- All funds were expended only for the purposes approved by the voters and only on the specific project developed by the District's Governing Board, for each of the respective Measures, in accordance with the requirements of Proposition 38 and Article 13, Section 1(b)(C) of the California Constitution.





Thank You!

Questions?



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