

**COLUSA UNIFIED SCHOOL DISTRICT**

**MEASURE A  
GENERAL OBLIGATION BONDS  
SERIES 2015  
BUILDING FUND**

**COUNTY OF COLUSA  
COLUSA, CALIFORNIA**

**FINANCIAL AND PERFORMANCE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

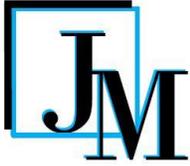
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**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**  
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**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee  
and Governing Board  
Colusa Unified School District  
Colusa, California

### **Report on the Financial Statements**

We have audited the accompanying Balance Sheet of Colusa Unified School District (the District), Measure A General Obligation Bonds Series 2015 Building Fund (the Fund), and the related statement of revenues, expenditures, and changes in fund balance as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements.

### **Managements Responsibility for the Financial Statements**

Management is responsible for the preparation and 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 an opinion 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, 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 of 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 opinion.

## **Opinion**

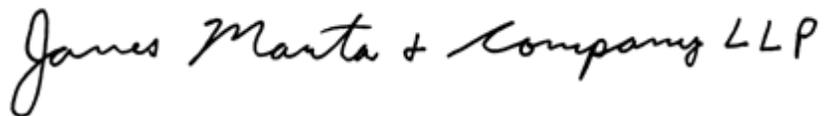
In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the Colusa Unified School District Measure A General Obligation Bonds Series 2015 Building Fund as of June 30, 2018 and the results of its operations the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

As discussed in Note 1, the financial statements referred to above present only the individual Measure A General Obligation Bonds Series 2015 Building Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted 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 December 10, 2018 on our consideration of the fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018

## **BASIC FINANCIAL STATEMENTS**

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**  
**BALANCE SHEET**  
**JUNE 30, 2018**

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**ASSETS**

Cash and cash equivalents	\$ 64,707
Due from other funds	<u>8,786.00</u>
Total Assets	<u><u>\$ 73,493</u></u>

**LIABILITIES AND  
FUND BALANCES**

Liabilities	
Accounts payable	<u>\$ 73,493</u>
Total Liabilities	<u>73,493</u>
Fund balances	
Restricted for Measure A Bond Projects	<u>-</u>
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 73,493</u></u>

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**REVENUES**

Other local revenues	<u>\$ 5,669</u>
Total revenues	<u>5,669</u>

**EXPENDITURES**

Books and supplies	1,787
Capital outlay	<u>589,132</u>
Total expenditures	<u>590,919</u>

Excess (deficiency) of revenues over expenditures	<u>(585,250)</u>
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Net change in fund balances	(576,464)
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Fund balances, July 1, 2017	<u>576,464</u>
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Fund balances, June 30, 2018	<u><u>\$ -</u></u>
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**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The accounting policies of the Measure A General Obligation Bonds Series 2015 Building Fund (the Fund) of Colusa Unified School 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. The fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Colusa Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Colusa County. The District serves students in grades kindergarten through twelfth.

On May 5, 2015, the District issued Measure A Series 2015 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$5,900,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith. The Series 2015 bonds represent the first and only series of bonds issued under the Authorization.

The Bonds were authorized at an election within the District held on November 4, 2014 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$5,900,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

The fund financial statements presented are for the Measure A General Obligation Bonds Series 2015 Building Fund. Since this is just one component of the District these financial statements are not intended to be a complete presentation of the District's financial position or results of operations. Accordingly, these fund statements do not include a government wide financial statement, management discussion and analysis or related organizational disclosures. The audited financial statements of Colusa Unified School District include the Measure A General Obligation Bond Building Fund activities, related debt and disclosures as well as the management discussion and analysis.

**COLUSA UNIFIED SCHOOL DISTRICT**

**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**

**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**B. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond Interest and Redemption Fund of the District.

**C. ACCOUNTING POLICIES**

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

**D. MEASUREMENT FOCUS AND 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 reported using the current financial resources measurement focus and 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 collected 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. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**COLUSA UNIFIED SCHOOL DISTRICT**

**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**

**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

**F. 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.

**G. DEPOSITS AND INVESTMENTS**

The District is authorized to maintain cash in banks and revolving funds that are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

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 County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**H. CAPITAL AND LONG-TERM DEBT**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Building Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

**COLUSA UNIFIED SCHOOL DISTRICT**

**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**

**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**H. CAPITAL AND LONG-TERM DEBT (CONTINUED)**

The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure A General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

**I. FUND BALANCE – GOVERNMENTAL FUNDS**

As of June 30, 2018, fund balances of the Measure A General Obligation Bond Building Fund are classified as restricted. Restricted funds can only be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**J. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2018 consist of \$64,707 cash in the county treasury.

**A. 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 instrument; 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 agreement; 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.

**B. 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 statement 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.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**2. CASH AND INVESTMENTS (CONTINUED)**

**B. Cash in County Treasury (Continued)**

Cash in County Treasury consists of District cash held by the Colusa County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 1,029 days. The pool is rated AAA by Standard and Poor's.

**C. Investment Risks**

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, 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 that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**3. MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**

The authorized issuance amount of the bonds is \$5,900,000. On May 5, 2015, the District issued Measure A Series 2015 General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$5,900,000 for the purpose of financing the renovation, construction and improvement of school facilities and to pay certain costs of issuance associated therewith. See table below of how the proceeds of the bond were applied.

Series A

The proceeds of the Bonds were applied as follows:

*Sources of Funds*

Principal Amount of Bonds	\$ 5,900,000
Net Original Issue Premium	<u>416,775</u>
Total Sources	<u><u>\$ 6,316,775</u></u>

*Uses of Funds*

Deposited to Building Fund	\$ 5,800,000
Deposited to Debt Service Fund	334,635
Cost of Issuance	<u>182,140</u>
	<u><u>\$ 6,316,775</u></u>

The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of the Colusa County are obligated to levy and collect on all taxable property in the District for the payment of principal and interest on the Bonds when due. The bonds carry interest rates ranging from 3.0% to 4.0% and mature through May 1, 2040.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS SERIES 2015**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**4. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2018, the Building Fund had no unfinished capital projects.

**5. SUBSEQUENT EVENTS**

District management evaluated its June 30, 2018 financial statements for subsequent events through December 10, 2018, the date these financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

## COLUSA UNIFIED SCHOOL DISTRICT

### MEASURE A GENERAL OBLIGATION BONDS SERIES 2015

#### FULL TEXT OF BOND MEASURE

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Upon the passage of Measure A, the Colusa Unified School District (the “District”) shall be authorized to issue bonds in the aggregate amount of \$5,900,000, bearing interest at rates not exceeding the statutory limit, for the purpose of funding the school facilities projects listed below under the heading “School Facilities Projects to Be Funded with Proceeds of Bonds” (the “Bond Project List”).

#### **School Facilities Projects to Be Funded with Proceeds of Bonds**

- Install/update/replace/repair fire, intruder, and life safety systems as required by current codes. These systems could include, but are not limited to: Ansul (kitchen fire suppression) systems; panic door hardware; fire detection and suppression systems; upgrade existing spaces for fire safety.
- Install security/surveillance systems and fencing. Replace/repair systems necessary for enhanced student, staff, and/or public safety. Install updated entry systems to control access.
- Replace/repair public address, intercom, clock and bell systems.
- Abate and remove hazardous materials identified prior or during construction.
- Install/update/replace/repair American Disability Act systems as required by current codes. These systems could include, but are not limited to: installation or repair of accessibility ramps to portable classrooms, handrails, signage, curb ramps, accessible doors and door hardware, accessible restrooms - both student and staff, accessible drinking fountains, site asphalt and/or concrete for path of travel and parking.
- Other improvements required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act.
- Replace/repair/install heating, ventilation, and air conditioning systems with new energy efficient systems. Install energy management systems, to promote energy efficiency and cost reduction.
- Upgrade electrical systems to current standards.
- Replace/repair interior and exterior lighting systems and controls.
- Replace/repair water and sewer systems. Upgrade student and staff restrooms to current health and hygiene standards.
- Replace/repair roof and roof drainage systems at primary and high school. Replace areas damaged due to dry rot.
- Replace flooring in middle school gym.
- Replace old/worn carpet and tile in selected areas.
- Science classroom upgrades including new flooring, lab furniture and equipment, water and gas supply lines, safety and work stations.

## COLUSA UNIFIED SCHOOL DISTRICT

### MEASURE A GENERAL OBLIGATION BONDS SERIES 2015

#### FULL TEXT OF BOND MEASURE

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- Library and other classroom upgrades including new flooring, fixtures, technology upgrades, furniture and equipment.
- Install/repair/replace technology infrastructure components related to the district computer network and supporting wireless network access.
- Repair/replace vocational agriculture barn / sheds.
- Replace furniture fixtures and equipment necessary to improve math, science, reading and writing skills.
- Necessary site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of re-locatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping.
- All work necessary and incidental to specific projects described above, including demolition of existing structures.
- Address unforeseen conditions revealed by construction/modernization (such as plumbing or gas line breaks, dry rot, seismic, structural, etc.)
- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel.

The bond proceeds will be used only for the purposes specified in Article XIII A, section 1(b)(3) of the California Constitution, and not for any other purposes, including teacher and administrator salaries and other school operating expenses.

Before bond projects are initiated, the Citizens' Oversight Committee will confirm that the specific projects, budgets and expenditures are feasible and efficient. The costs of the entire Bond Project List exceeds the amount of bonds authorized by Measure A. Approval of the District's Measure A does not guarantee that the proposed school facilities projects in the District that are the subject of bonds under Measure A will be funded beyond the local revenues generated by Measure A. The District's proposal for the school facilities projects may assume receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure. The allocation of bond proceeds may also be affected by the final costs of each project. In the absence of state matching funds, which the District will pursue to reduce the District's share of the costs of the projects, the District may not be able to complete some of the projects identified in Measure A.

The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans are finalized, construction bids are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur. Necessary relocation assistance, site preparation/restoration and landscaping, may occur in connection with new construction, renovation or remodeling, or installation or

**COLUSA UNIFIED SCHOOL DISTRICT**

**MEASURE A GENERAL OBLIGATION BONDS  
SERIES 2015**

**FULL TEXT OF BOND MEASURE**

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removal of portable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, redirecting fire access, and acquiring any necessary easements, licenses, or rights of way to the property.

The District Board of Trustees will conduct an annual independent performance audit to ensure that the bond funds have been expended only on the specific projects authorized. The District Board of Trustees will also conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been expended for the above-stated school facilities projects. The District will deposit the proceeds of the bonds in a separate account. The District's chief business official shall issue an annual report to the Board of Trustees, which shall contain the amount of funds collected and expended as well as the status of the above-stated school facilities projects.

Additionally, the District Board of Trustees shall appoint a citizen's oversight committee. The membership requirements and procedures for such committee shall be established by the Board of Trustees in accordance with the requirements of law.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**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***

**INDEPENDENT AUDITOR'S REPORT**

Citizen's Oversight Committee  
and Governing Board  
Colusa Unified School District  
Colusa, 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 fund financial statements of the Measure A General Obligation Bonds Series 2015 Building Fund of Colusa Unified School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Measure A General Obligation Bonds Series 2015 Building Fund financial statements, and have issued our report thereon dated December 10, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure A General Obligation Bond Series 2015 Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure A General Obligation Bond Series 2015 Building Fund 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.

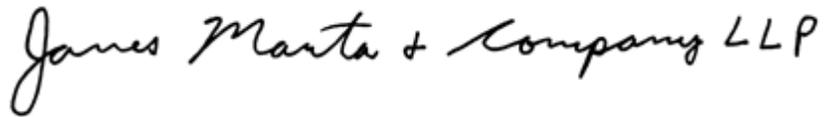
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Measure A General Obligation Bond Series 2015 Building Fund 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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018



**James Marta & Company**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT  
ON MEASURE A BOND PERFORMANCE**

Citizen's Oversight Committee  
and Governing Board Measure A  
General Obligation Bonds Building Fund  
Colusa Unified School District  
Colusa, California

We have audited the financial statements of the Measure A General Obligation Bonds Building Fund of the Colusa Unified School District (the "District") as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated December 10, 2018. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the District's Measure A general obligation bonds for the fiscal year ended June 30, 2018. We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion.

Accordingly, we do not express an opinion on the effectiveness of the District's Measure A Building Fund internal control.

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 A general obligation bonds were only used for the purposes set forth in the ballot language and not for any other purpose.

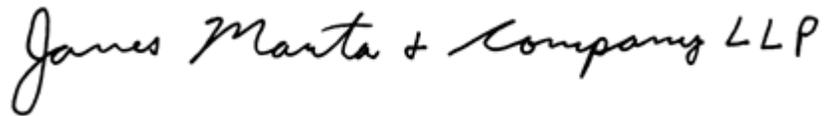
To meet our objectives, audit tests were performed and included, but were not limited to, the following:

1. We reviewed the bond sale transactions and determined all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.
2. We reviewed expenditures made from the bond proceeds and determined that the bond funds were spent only on projects identified in the ballot measure.
3. We reviewed expenditures made from the bond proceeds and determined that the bond funds were used only for the purpose of funding the school facilities projects listed in the full text of the measure under the heading "School Facilities Projects to Be Funded with Proceeds of Bonds" (the "Bond Project List").
4. We reviewed the accounting system and account codes used by the District, and determined that they provided an adequate system for tracking bond fund expenditures by project.

Our audit of compliance was made for the purposes set forth in the preceding paragraph and would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the requirements of the Measure A General Obligation Bonds Building Fund proceeds listed and tested above.

This report is intended solely for the information and use of the Governing Board, the Citizen's Oversight Committee, and management of the District, and is not intended to be and should not be used by anyone other than these specified users.

A handwritten signature in cursive script that reads "James Marta & Company LLP". The signature is written in black ink and is positioned above the printed name of the firm.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018