

MUROC JOINT UNIFIED SCHOOL DISTRICT

KERN COUNTY  
NORTH EDWARDS, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND

JUNE 30, 2017

**JLG**  
Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

MUROC JOINT UNIFIED SCHOOL DISTRICT  
 2016 ELECTION GENERAL OBLIGATION BOND  
 BUILDING FUND  
TABLE OF CONTENTS  
 JUNE 30, 2017

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
TABLE OF CONTENTS	i
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1
Balance Sheet	STATEMENT 1   3
Statement of Revenues, Expenditures and Change in Fund Balance	STATEMENT 2   4
NOTES TO FINANCIAL STATEMENTS	5
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
SUPPLEMENTARY EXHIBITS	
Ballot Measure	EXHIBIT A   10
Ballot Measure (Full Text)	EXHIBIT B   11
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	14
AUDITOR'S REPORT ON STATE COMPLIANCE	16

## Financial Section



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Jeanette L. Garcia,  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Citizens' Oversight Committee  
Muroc Joint Unified School District  
North Edwards, California

**Report on the Financial Statements**

We have audited the accompanying balance sheet of the Muroc Joint Unified School District 2016 Election General Obligation Bond Building Fund, as of June 30, 2017, and the related statement of revenues, expenditures and change in fund balance for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

As discussed in Note 1, the financial statements present only the individual 2016 Election General Obligation Bond Building Fund of the Muroc Joint Unified School District and are not intended to present fairly the financial position of the Muroc Joint Unified School District in conformity with accounting principles generally accepted in the United States of America.

***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.

Member:

American  
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Accountants

California  
Society of  
Certified Public  
Accountants

***Opinions***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the transactions of the 2016 Election General Obligation Bond Building Fund of the Muroc Joint Unified School District, as of and for the year ended June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

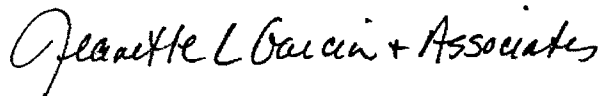
***Other Information***

Our audit was conducted for the purpose of forming opinions on the balance sheet of the Muroc Joint Unified School District 2016 Election General Obligation Bond Building Fund, the related statement of revenues, expenditures and changes in fund balance, and the related notes to the financial statements. The supplementary exhibits are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary exhibits have not been subjected to the auditing procedures applied in the audit of the balance sheet of the Muroc Joint Unified School District 2016 Election General Obligation Bond Building Fund, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the Muroc Joint Unified School District'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 Muroc Joint Unified School District's internal control over financial reporting and compliance.



Redlands, California  
December 11, 2017

MUROC JOINT UNIFIED SCHOOL DISTRICT  
 2016 ELECTION GENERAL OBLIGATION BOND  
 BUILDING FUND  
BALANCE SHEET  
 JUNE 30, 2017

ASSETS

Cash (Note 2)

Cash in County Treasury

\$ 5,537,133

TOTAL ASSETS

\$ 5,537,133

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable

\$ 241,442

Due to Other Funds

199,310

Total Liabilities

440,752

Fund Balance

Assigned

5,096,381

TOTAL LIABILITIES AND FUND BALANCE

\$ 5,537,133

The Notes to Financial Statements are an integral part of this statement.

MUROC JOINT UNIFIED SCHOOL DISTRICT  
 2016 ELECTION GENERAL OBLIGATION BOND  
 BUILDING FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

REVENUES

Other Local Revenues	\$ -
Total Revenue	-

EXPENDITURES

Facilities Acquisition and Construction	743,619
Other Outgo	160,000
Total Expenditures	903,619

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (903,619)

OTHER FINANCING SOURCES (USES)

Proceeds from Sale of Bonds	6,000,000
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EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES  
 AND OTHER FINANCING SOURCES (USES) 5,096,381

FUND BALANCE - JULY 1, 2016 -

FUND BALANCE - JUNE 30, 2017 \$ 5,096,381

The Notes to Financial Statements are an integral part of this statement.

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Muroc Joint Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. 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 and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Reporting Entity

On November 8, 2016, the District voters authorized up to \$21 million in General Obligation Bonds for the purpose of financing only specific school facilities projects listed in the Bond Project List. The measure was approved by more than 55% of the vote. In response, an advisory committee to the District's Board of Trustees and Superintendent, the Citizens' Bond Oversight Committee, was established. The Committee's oversight goals include: informing the public on the expenditures of Bond proceeds, reviewing expenditure reports to ensure that Bond proceeds are expended only for purposes set forth in the ballot measure, and ensuring compliance with conditions of the ballot measure.

On March 2, 2017, the District issued and sold \$6,000,000 aggregate principal amount of its Election of 2016 General Obligation Bonds Series A under and pursuant to the Authorization.

The proceeds and uses of the bonds are accounted for in the District's Building Fund. The statements presented are for the individual 2016 Election General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, 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 accompanying financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "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. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.



MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 government funds. By State law, the District's Board of Trustees 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 of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2017.

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.

Accounting Estimates

The presentation 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.

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 outstanding encumbrances were liquidated at June 30.

Fund Balance Reserves and Designations

In the Governmental Funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. CASH

Cash at June 30, 2017, with regards to the 2016 Election consisted of the following:

Pooled Funds:

Cash in County Treasury	<u>\$ 5,537,133</u>
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In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the investment pool (\$3,344,379,800 as of June 30, 2017). 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. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2017, as provided by the pool sponsor, was \$3,328,336,899. The County is required 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.

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 and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Kern County Investment Pool with a fair value of approximately \$5,510,572 and an amortized book value of \$5,537,133. The average weighted maturity for this pool is 572 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2017, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2017, the District had no concentration of credit risk.

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

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.

3. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2017, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2016	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2017
2016 Series A	3/2/2017	2047	2.0-5.0%	\$ 6,000,000	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000

The annual requirement to amortize the Election of 2016, Series A general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ -	\$ 209,024	\$ 209,024
2019	445,000	238,288	683,288
2020	415,000	227,612	642,612
2021	-	221,388	221,388
2022	-	221,387	221,387
2023-27	-	1,106,938	1,106,938
2028-32	440,000	1,079,059	1,519,059
2033-37	895,000	964,197	1,859,197
2038-42	1,470,000	741,043	2,211,043
2043-47	2,335,000	312,875	2,647,875
Total	\$ 6,000,000	\$ 5,321,811	\$ 11,321,811

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

4. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District embarked on the complete modernization of Boron High School and partial modernization of West Boron High School in April 2017. The project was 10% completed as June 2017. Boron High School Phase 2 is current estimated to be completed in August of 2019 with an estimated cost. The total cost of all projects is estimated cost of \$21,600,000.

## Supplementary Information

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
BALLOT MEASURE

EXHIBIT A

“To repair and upgrade facilities at Boron Schools, improve the quality of education with funding that cannot be taken by the State, replace leaky roofs, modernize/construct/renovate outdated classrooms, restrooms, and other school facilities, replace heating/air conditioning systems, make health and safety improvements, and improve student access to modern technology, shall the Muroc Joint Unified School District issue \$21,000,000 of bonds at legal rates, with annual audits, independent citizens’ oversight committee and NO money for administrative salaries?”

Bonds: Yes

Bonds: No

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
BALLOT MEASURE

EXHIBIT B

**FULL TEXT BALLOT PROPOSITION  
OF THE MUROC JOINT UNIFIED SCHOOL DISTRICT  
BOND MEASURE ELECTION NOVEMBER 8, 2016**

The following is the full proposition presented to the voters by the Muroc Joint Unified School District.

“To repair and upgrade facilities at Boron Schools, improve the quality of education with funding that cannot be taken by the State, replace leaky roofs, modernize/construct/renovate outdated classrooms, restrooms, and other school facilities, replace heating/air conditioning systems, make health and safety improvements, and improve student access to modern technology, shall the Muroc Joint Unified School District issue \$21,000,000 of bonds at legal rates, with annual audits, independent citizens’ oversight committee and NO money for administrative salaries?”

**PROJECT LIST**

The Board of Trustees of the Muroc Joint Unified School District is committed to improving the quality of education and providing a modern learning environment in local schools with safe, secure and upgraded classrooms which keep pace with 21<sup>st</sup> Century technologies and learning standards. To that end, in developing the scope of projects to be funded, the Board evaluated the District’s urgent and critical facility needs, including safety issues, class size and computer and information technology. The District evaluated current facilities and received public input in developing this Project List. Teachers, staff, community members and the Board have prioritized key health and safety projects so that the most critical facility needs are addressed.

The Project List includes the following types of upgrades and improvements at the following District schools:

West Boron Elementary School

Boron Junior-Senior High School

**Basic School Repair and Upgrade Projects**

- Repair or replace leaky roofs.
- Make health and safety improvements, including fire alarms and lighting.
- Modernize and renovate outdated classrooms, restrooms, laboratories, libraries and other school facilities.
- Repair or replace aging plumbing, electrical, communications, heating and air conditioning systems.
- Improve student access to computers and modern technology, including network infrastructure.
- Improve student drop-off and pick-up areas, including parking lots.
- Repair or replace outdated heating, ventilation and air-conditioning systems.
- Improve campus security and safety features, including fencing, gates, lighting, and all associated monitoring and communications systems.
- Renovate and modernize counseling, student services and maintenance facilities and spaces.
- Renovate and improve athletic and recreational facilities, including gymnasium, locker rooms, tracks, football stadium, baseball fields, tennis courts, playgrounds and associated bleachers, other seating, press box and lighting for such facilities.
- Repair and renovate food service facilities, cafeterias, kitchens and related facilities.
- Improve accessibility for students with disabilities.
- Ensure safe drinking water for students.

MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
BALLOT MEASURE

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the Project List also includes the acquisition of a variety of instructional, maintenance and operational equipment, the reduction of retirement of outstanding lease obligations and interim or bridge funding incurred to advance fund projects from the Project List; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: repair and replace heating/boiler, plumbing, gas, water/sewer, drainage and ventilation system; renovate student and staff restrooms; acquire land and facilities for educational and administrative purposes; improve outdoor learning spaces and shade structures; repair and replace worn-out roofs, windows, walls, doors, doorframes and drinking fountains; improve school facilities for disability access; install or upgrade wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrade or construct classroom and support facilities, including administrative, physical education, warehousing, wood shop, cafeteria, multipurpose rooms, classrooms, auditorium, science building, media centers and maintenance yards; replace portable classrooms; repair and replace fire alarms, emergency communications, intercoms, and security systems; resurface or replace hard courts, asphalt, turf and drainage/irrigation systems and campus landscaping; improve or expand parking and traffic circulation flow; enhance fire and maintenance access roads; interior and exterior painting and floor covering; or replace; construct various forms of storage and support spaces; upgrade classrooms; repair, upgrade or install interior and exterior lighting systems; improve or construct gymnasium, locker rooms, wrestling rooms, athletic fields/stadiums/pools/courts, restrooms lockers, tracks, bleachers and concession areas; construct tennis courts; improve handicapped accessibility; replace outdated security fences and security systems. The upgrading of technology infrastructure includes, but is not limited to, servers, switches, routers, network security/firewall, wireless technology systems and other miscellaneous equipment. The allocation of bond proceeds will be affected by the final costs of each project. The District may not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. Some projects throughout the District, such as gyms, fields and performing arts facilities, may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. The allocation of bond proceeds may be affected by the District's receipt of State matching funds and the final costs of each project. 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, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration or geological stabilization may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property.

Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code §53410.



MUROC JOINT UNIFIED SCHOOL DISTRICT  
2016 ELECTION GENERAL OBLIGATION BOND  
BUILDING FUND  
BALLOT MEASURE

**FISCAL ACCOUNTABILITY: IN ACCORDANCE WITH EDUCATION CODE SECTION 15272, THE BOARD OF TRUSTEES WILL APPOINT A CITIZENS' OVERSIGHT COMMITTEE AND CONDUCT ANNUAL INDEPENDENT AUDITS TO ASSURE THAT FUNDS ARE SPENT ONLY ON DISTRICT PROJECTS AND FOR NO OTHER PURPOSE. THE EXPENDITURE OF BOND MONEY ON THESE PROJECTS IS SUBJECT TO STRINGENT FINANCIAL ACCOUNTABILITY REQUIREMENTS. BY LAW, PERFORMANCE AND FINANCIAL AUDITS WILL BE PERFORMED ANNUALLY, AND ALL BOND EXPENDITURES WILL BE MONITORED BY AN INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE TO ENSURE THAT FUNDS ARE SPENT AS PROMISED AND SPECIFIED. 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.**

**NO ADMINISTRATOR SALARIES: PROCEEDS FROM THE SALE OF THE BONDS AUTHORIZED BY THIS PROPOSITION SHALL BE USED ONLY FOR THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, REHABILITATION, OR REPLACEMENT OF SCHOOL FACILITIES, INCLUDING THE FURNISHING AND EQUIPPING OF SCHOOL FACILITIES, AND NOT FOR ANY OTHER PURPOSE, INCLUDING TEACHER AND SCHOOL ADMINISTRATOR SALARIES AND OTHER OPERATING EXPENSES.**



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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 Auditors Report

To the Board of Trustees and Citizens' Oversight Committee  
Muroc Joint Unified School District  
North Edwards, 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 Muroc Joint Unified School District (the District) 2016 Election General Obligation Bond Building Fund, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Muroc Joint Unified 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Muroc Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Muroc Joint Unified 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 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.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Muroc Joint Unified School District's financial statements are free from 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.

*Jeanette L. Garcia + Associates*

Redlands, California  
December 11, 2017



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AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees and Citizens' Oversight Committee  
Muroc Joint Unified School District  
North Edwards, California

We have audited the accompanying financial statements of the Muroc Joint Unified School District (the District) 2016 Election General Obligation Bond Building Fund, as of and for the year ended June 30, 2017. Our audit was made in accordance with auditing standards generally accepted in the United States of America; and the standards for financial and compliance 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following requirements:

Proceeds from the sale of the bonds are used only to repair and upgrade facilities at Boron Schools, improve the quality of education with funding that cannot be taken by the State, replace leaky roofs, modernize/construct/renovate outdated classrooms, restrooms, and other school facilities, replace heating/air conditioning systems, make health and safety improvements, and improve student access to modern technology.

Proper bidding procedures have been observed/met.

The District is in compliance with budget constraints per the Citizens' Oversight Committee.

Bond monies are used only on projects which were voter approved.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2017.

This report is intended solely for the information and use of the Citizens' Oversight Committee, Board of Trustees, management, and taxpayers of the Muroc Joint Unified School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

Redlands, California  
December 11, 2017