

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
P U B L I C
A C C O U N T A N T S

JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA
SUZY H. BRIGHT, CPA
RICHARD J. GOODELL, CPA
MICHELLE M. HANSON, CPA

March 3, 2015

Joe Carnation
Geyserville Unified School District
1300 Moody Ln
Geyserville, CA 95441-9670

Dear Joe:

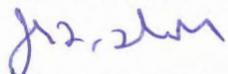
Enclosed are six (6) bound copies of the Measure A Bond Building Fund of Geyserville Unified School District for the year ended June 30, 2014. An electronic copy will be emailed to jcarnation@gusd.com.

Also enclosed is a letter to the Board summarizing the results of the audit. Please present this letter to the Board.

If you have any questions, please don't hesitate to call me at (916) 387-7000.

Very truly yours,

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP



John L. Goodell
Certified Public Accountant

JLG:la

Enclosures

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

CERTIFIED
PUBLIC
ACCOUNTANTS

JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA
SUZY H. BRIGHT, CPA
RICHARD J. GOODELL, CPA
MICHELLE M. HANSON, CPA

March 2, 2015

To The Board of Education and Measure A Citizen's Bond
Oversight Committee
Geyserville Unified School District
3150 Education Center Drive
Santa Rosa, CA 95407

We have audited the financial statements of the Measure A Bond Building Fund of Geyserville Unified School District for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated July 17, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Geyserville Unified School District
Page Two
March 2, 2015

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement is Note 4, Measure A General Obligation Bonds.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any adjustments to the District's Measure A Bond Building Fund.

Disagreements with Management

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

Management Representation

We have requested certain representations from management that are included in the attached management representation letter dated February 6, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Geyserville Unified School District
Page Three
March 2, 2015

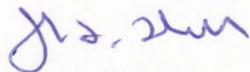
Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Education and Measure A Citizen's Bond Oversight Committee and management of Geyserville Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP



John L. Goodell
Certified Public Accountant

JLG:jn

Geyserville Unified School District
Schedule of Unrecorded Adjustments
As of and for the Year Ended June 30, 2014

The following items represent potential adjustments that were not recorded as adjustments to the financial statements because they are considered immaterial both individually and in the aggregate.

None

We did not adjust the amount reported for Cash in County Treasury at June 30, 2014 to the current fair value amount. Had we recorded the adjustment, the District's total amount reported as Cash in County Treasury would decrease \$3,583.



UNIFIED SCHOOL DISTRICT

Geyserville Elementary School
21485 Geyserville Ave., Geyserville, CA 95441
(707) 857-3410
Tonya Giusso, Principal

Geyserville Educational Park
1300 Moody Lane, Geyserville, CA 95441
(707) 857-3592
Katherine Hadden, Principal
Joseph Carnation, Superintendent

February 6, 2015

Goodell, Porter, Sanchez & Bright, LLP
7801 Folsom Blvd. #301
Sacramento, CA 95826

This representation letter is provided in connection with your audit of the financial statements of Measure A Bond Building Fund of Geyserville Unified School District, which comprise the financial position of the Measure A Bond Building Fund of Geyserville Unified School District information as of June 30, 2014, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 6, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 17, 2014, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the Measure A Bond Building Fund.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

District Office
1300 Moody Lane, Geyserville, CA 95441 (707) 857-3592
~The Valley of Distinguished Schools~

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Geyserville Unified School District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Governing Board and the Measure A Bond Building Fund Citizen's Bond Oversight Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any unreported or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objective and whether related recommendations have been implemented.
21. The Geyserville Unified School District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contract and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
28. The Geyserville Unified School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The Geyserville Unified School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

30. Investments, derivative transactions, and land and other real estate held by endowments are properly valued.
31. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
32. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

Signed:

J. Carvatin

Title:

3/2/2015

Geyserville Unified School District
Schedule of Unrecorded Adjustments
As of and for the Year Ended June 30, 2014

The following items represent potential adjustments that were not recorded as adjustments to the financial statements because they are considered immaterial both individually and in the aggregate.

None

We did not adjust the amount reported for Cash in County Treasury at June 30, 2014 to the current fair value amount. Had we recorded the adjustment, the District's total amount reported as Cash in County Treasury would decrease \$3,583.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT

COUNTY OF SONOMA
GEYSERVILLE, CALIFORNIA

AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2014

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2014

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MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
INTRODUCTION
JUNE 30, 2014

Geyserville Unified School District (the "District") currently operates one elementary school, one middle school, one high school and a continuation school.

On February 5, 2008, the voters of the Geyserville Unified School District approved, by more than 55%, Measure A, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$3,250,000.

The total outstanding bond indebtedness as of June 30, 2014 is \$2,885,000.

Measure A bonds are Proposition 39 bonds, issued by the Geyserville Unified School District. 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 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.

Upon the passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond proposition pursuant to the 55% majority authorized in Proposition 39 including the formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
P U B L I C
A C C O U N T A N T S

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MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education and Measure A Citizen's Bond
Oversight Committee
Geyserville Unified School District
Geyserville, California

We have audited the accompanying financial statements of the Measure A Bond Building Fund of Geyserville Unified School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Measure A Bond Building Fund of Geyserville Unified School District'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 misstatements 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.

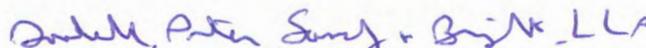
Opinions

As discussed in Note 1, the financial statements present the financial activity for Measure A reported in the District's Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure A Bond Building Fund of Geyserville Unified School District, as of June 30, 2014, and the 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 March 2, 2015, on our consideration of the Measure A Bond Building Fund of Geyserville Unified School District's internal control over financial reporting and 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 A Bond Building Fund of Geyserville Unified School District's internal control over financial reporting and compliance.



GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 2, 2015

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash in County Treasury (Note 2)	\$ 1,654,988
Total Assets	<u>\$ 1,654,988</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 17,685
Total Liabilities	<u>17,685</u>
Fund Balance	
Assigned for Capital Projects	<u>1,637,303</u>
Total Fund Balance	<u>\$ 1,654,988</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

<u>REVENUES</u>	
Interest Earnings	\$ 10,011
Total Revenues	<u>10,011</u>
<u>EXPENDITURES</u>	
Contract Services	54,431
Capital Outlay	<u>34,065</u>
Total Expenditures	<u>88,496</u>
Excess of Revenues Over (Under) Expenditures	<u>(78,485)</u>
Fund Balance, July 1, 2013	<u>1,715,788</u>
Fund Balance, June 30, 2014	<u>\$ 1,637,303</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

The Geyserville Unified School District is located in South Geyserville, California in Sonoma County. The District operates four schools which includes one elementary school (K-5), one middle school (6-8) and one high school (9-12) and one continuation school.

On February 5, 2008, the voters of the District authorized the issuance and sale of general obligation bonds (Measure A) not to exceed \$3,250,000.

As described in Note 4, bonds were issued in 2008-2009 to improve the quality of education through repairs, upgrades, replacements and acquisition of safety, communication, electrical and heating/air conditioning systems, restrooms, plumbing, roofing, dry rot and other school facilities, furniture and equipment needs.

An advisory committee to the District's Governing Board and Superintendent, called the Measure A Citizens' Bond Oversight Committee was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, reviewing project plans and budgets, and ensuring compliance with the conditions of Measure A.

The statements presented are for the individual Measure A Bond Building Fund and are not intended to be a complete presentation of the District's financial position on operations.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (Concluded)

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board 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 satisfied these requirements.

These budgets are revised by the District's Board of Trustees 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.

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. All encumbrances are liquidated at June 30.

E. Deposits and Investments

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the 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.

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.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E. Deposits and Investments (Concluded)

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

F. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - CASH AND INVESTMENTS

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash with the County Treasury as part of the common investment pool, (\$1,545,267,926 as of June 30, 2014). The fair market value of this pool as of that date, as provided by the pool sponsor, was \$1,541,922,723. The county is restricted 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.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organization (NRSRO's).

At June 30, 2014 the District credit risks are as follows:

<u>Credit Quality Distributions for Securities with Credit Exposure</u>		
<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>S & P's Rating</u>
Cash in County Treasury	Not Rated	Not Rated

At June 30, 2014 the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
Cash in County Treasury	\$ 1,651,405	\$ 496,742	\$ 1,056,239	\$ 98,424

NOTE 3 - CAPITAL PROJECTS

All expenditures for capital projects are capitalized in the Statement of Net Position in the Entity-Wide financial statements of the District. Expenditures are not capitalized in the individual funds of the District. Expenditures shown in these financial statements consist of:

Rental, Leases, Repairs and Non-capitalized Improvements	\$ 20,838
Consulting Services	33,593
Buildings and Improvements	34,065
Total Capital Projects	\$ 88,496

MEASURE A BOND BUILDING FUND OF
 GEYSERVILLE UNIFIED SCHOOL DISTRICT
 AUDIT REPORT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 4 - MEASURE A GENERAL OBLIGATION BONDS

On February 5, 2008, the voters of the Geyserville Unified School District approved, by more than 55%, Measure A, authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$3,250,000. During the 2008-2009 fiscal year, the District approved the sale of \$3,250,000 of general obligation bonds.

The outstanding Measure A general obligation bonded debt at June 30, 2014 is:

Date of Issue	Interest Rate	Maturity Date	Amount of		Redeemed	
			Original Issue	Outstanding July 01, 2013	Current Year	Outstanding June 30, 2014
8/12/08	4.875-5.00	8/1/33	\$ 3,250,000	\$ 2,970,000	\$ 85,000	\$ 2,885,000
Totals			\$ 3,250,000	\$ 2,970,000	\$ 85,000	\$ 2,885,000

Repayment of the bonds will be funded by a separate property tax override levied on property residing within the District boundaries. Property tax revenues will be recorded in a separate Bond Interest and Redemption Fund. The required debt service payments on the bonds will be disbursed from the Bond Interest and Redemption Fund as well. This Bond and Redemption Fund maintained by the Sonoma County Controller's Office and recorded in the District's Debt Service funds is not included in these financial statements. General school district revenues will not be required to fund the debt service on the bonds.

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2014, are as follows:

Year Ended June 30	Principal	Interest	Total
2015	\$ 90,000	\$ 143,025	\$ 233,025
2016	95,000	138,525	233,525
2017	100,000	133,775	233,775
2018	105,000	128,775	233,775
2019	110,000	123,525	233,525
2020-2024	625,000	530,125	1,155,125
2025-2029	780,000	359,625	1,139,625
2030-2034	980,000	147,713	1,127,713
Totals	\$ 2,885,000	\$ 1,705,088	\$ 4,590,088

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - CONSTRUCTION COMMITMENTS

As of June 30, 2014, the Measure A Bond Building Fund had \$132,800 in contracts for construction that remain encumbered and not yet paid.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 2, 2015, the date on which the financial statements were available to be issued.

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
P U B L I C
A C C O U N T A N T S

JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA
SUZY H. BRIGHT, CPA
RICHARD L. GOODELL, CPA
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S 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

Board of Education and Measure A Citizen's Bond
Oversight Committee
Geyserville Unified School District
Geyserville, California

We have audited, 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, the financial statements of the Measure A Bond Building Fund of Geyserville Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Geyserville Unified School District's Measure A basic financial statements and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Measure A Bond Building Fund of Geyserville 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 Measure A Bond Building Fund of Geyserville Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure A Bond Building Fund of Geyserville 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 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.

Board of Education and Measure A Citizen's Bond
Oversight Committee
Geyserville Unified School District
Page Two

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure A Bond Building Fund of Geyserville Unified School District'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.

Goodell, Porter, Sanchez & Bright, LLP
GOODELL, PORTER, SANCHEZ & BRIGIT, LLP
Certified Public Accountants

March 2, 2015

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

C E R T I F I E D
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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Board of Education and Measure A Citizen's Bond
Oversight Committee
Geyserville Unified School District
Geyserville, California

We were engaged to conduct a performance audit of the Geyserville Unified School District Measure A Bond Building Fund for the year ended June 30, 2014.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed with the report which includes the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the Measure A Bond Building Fund of Geyserville Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure A General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

Goodell, Porter, Sanchez & Bright, LLP
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 2, 2015

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2014

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure A Bond Fund have been made in accordance with the bond project list approved by the voters.
2. Determine whether salary transactions, charged to the Measure A Bond Fund were in support of Measure A and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2013 to June 30, 2014. The population of expenditures tested included all object and project codes associated with bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2014 were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014 for the Measure A Bond Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2013 and ending June 30, 2014, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$37,294. This represents 42 percent of the total expenditures of \$88,496.
3. We verified that funds from the Measure A Bond Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Measure A Bond Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2014

CONCLUSION

The results of our tests indicated that, in all significant respects, the Geyserville Unified School District has properly accounted for the expenditures in the Measure A Bond Fund and that such expenditures were made for authorized Bond projects.

MEASURE A BOND BUILDING FUND OF
GEYSERVILLE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
SUMMARY OF FINDINGS AND DISTRICT RESPONSES
JUNE 30, 2014

As stated in our 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, our tests resulted in no findings and recommendations related to the financial audits of the Measure A Bond Building Fund for the year ended June 30, 2014.