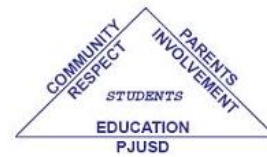


Pierce Joint Unified School District

P.O. Box 239 • Arbuckle CA 95912 • (530) 476-2892 • Fax (530) 476-2289

Carol Geyer, Superintendent



17-18:

DATE POSTED: December 7, 2018

PIERCE JOINT UNIFIED SCHOOL DISTRICT Citizens' Bond Oversight Committee for Measure B

Information Technology Building, Pierce High School 960 Wildwood Road, Arbuckle CA 95912
Monday, December 10, 2018
8:30 AM

1. **CALL TO ORDER** Time: _____

2. **ROLL CALL FOR**

Mike Doherty (Chair)
Barbara Scheimer
Chuck Wayman
Joh Lauwerijssen
Ellen Voorhees
Edella Maldonado
Valerie Ehrke

Present	Absent
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **PLEDGE OF ALLEGIANCE**

4. **APPROVAL OF AGENDA**

Motion by _____ Second _____ Vote _____ Abstentions _____

5. **COMMUNITY INPUT/PRESENTATIONS/PUBLIC HEARING**

This is the time for members of the public to address the Citizens' Oversight Committee on any matters of general interest within the Committee's jurisdiction that are not on the agenda. In accordance with the provisions of the Ralph M. Brown Act, the Committee may refer to the Administration on any matters that are brought before them at this time, and the matter may be placed on future agenda. Please note that the Committee Members may ask limited questions for clarification on a subject not on the agenda, but may not discuss the subject or take any action. All remarks must be kept to a maximum of five minutes per person on a given topic (Government Code 54954.2)

6. **ACTION ITEMS**

a. **Attachment A - Draft Meeting Minutes for September 10, 2018**

Motion by _____ Second _____ Vote _____ Abstentions _____

Board of Trustees: John Friel • Nadine High • George Green • Amy Charter • Abel Gomez
President Vice-President Clerk Member Member

7. **DISCUSSION ITEMS**

- a. **Quarterly Progress Report – Executive Summary – George Parker**
- b. **Attachment B – Program Budget Summary Report**
- c. **Attachment C - Program Update Matrix**
- d. **Attachment D – Independent Auditor’s Annual Report – Daena Meras**
- e. **Attachment E – Approved Architect/Engineering Firms**

8. **FUTURE BUSINESS**

- a. Next COC Meeting Date

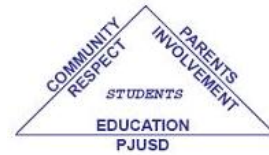
9. **ADJOURNMENT**

Motion by _____ Second _____ Vote _____ Abstentions _____

Pierce Joint Unified School District

P.O. Box 239 • Arbuckle CA 95912 • (530) 476-2892 • Fax (530) 476-2289

Carol Geyer, Superintendent



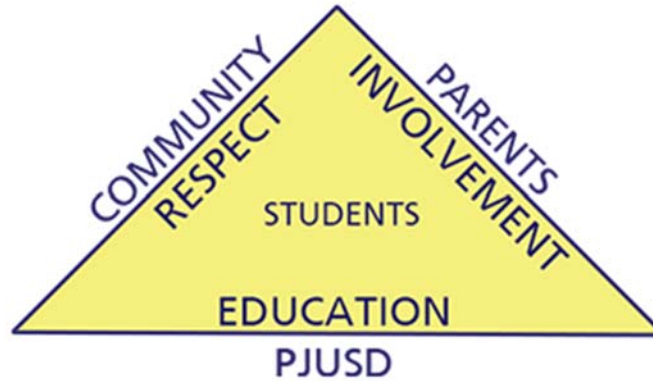
Pierce Joint Unified School District
Citizens' Bond Oversight Committee for Measure B
September 10, 2018
IT Building

1. Meeting was called to order at 8:30 a.m. by chair, Michael Doherty
2. Roll call of committee members – present: Michael Doherty, Barbara Scheimer, Chuck Wayman, Edella Maldonado; absent: Ellen Voorhees, Ariel Alonso; others present: George Parker, Daena Meras, Carol Geyer
3. Pledge of Allegiance was recited
4. A motion was made by Edella Maldonado and seconded by Barbara Scheimer to approve the agenda. Voting Aye: Barbara Scheimer, Edella Maldonado, Chuck Wayman and Michael Doherty. Voting No: none. Absent: Ellen Voorhees, Ariel Alonso
5. Community Input/Public Hearing: No one from the public spoke.
6. A motion was made by Edella Maldonado and seconded by Chuck Wayman to approve the minutes from the June 11, 2018 meeting. Voting Aye: Barbara Scheimer, Edella Maldonado, Chuck Wayman and Michael Doherty. Voting No: none. Absent: Ellen Voorhees, Ariel Alonso
7.
 - a. Quarterly Progress Report – George Parker went through the written Executive Summary he had prepared and distributed to the committee members. The summary included contracts and procurement for upcoming projects, planning/design/pre-construction list was included as well as program controls. George then discussed the completion of the multi-purpose building at Pierce High School and the portable relocation project at Arbuckle Elementary. At Arbuckle Elementary the district is currently working with two construction firms looking to do that project. Approval of one of the firms is expected by the end of September so that the project can get underway in early October. The weight room renovation project at the south end of the north gym should begin anytime this month. Contractors have been acquired to do the various components. The stadium bleacher and press box project will be utilizing the same design as the one that Winters Joint Unified just installed. This will expedite the approval process through the Division of State Architects. January 2019 is the expected start date of that project. A Response for Proposals went out in early August for proposals from architecture firms. Nine firms responded and were qualified. The board will approve these nine at this week's board meeting. By having a large pool of architects, the district will be able to choose which firm will perform on which projects to create the best matches for the district. Completing the drawings for the additional locker room on the main gym of the high school will be one of the first tasks for one of the new architecture firms.
 - b. 2017/18 CBOC Annual Report – The report that was publicized was included as Attachment B for the committee. One member asked if we had received any feedback from the publication. The response was that we had not.
 - c. Program Budget Summary Report – George and Daena reviewed the spreadsheet with the committee regarding obligated and committed funds. . George explained that when the state releases funds that are expected by the district there is a revenue surplus that could potentially go toward the project of replacing portable buildings at the high school with a permanent classroom building. These state funds could be a few years away but George anticipates the district having shelf ready plans to move forward with such projects.

Board of Trustees: John Friel • Nadine High • George Green • Amy Charter • Abel Gomez
President Vice-President Clerk Member Member

- d. Program Update Matrix – George shared the document and noted that progress was being made on a few projects as indicated by the diamonds in the close-out column.
- 8.
 - a. Future Business – Carol Geyer relayed the message that Ariel Alonso was resigning her seat on the committee as a result of a new job she has now. It was reported that the district is currently advertising for a new member of the committee and that once applications are returned, the board will appoint a new member to serve.
 - b. Next CBOC Meeting Date – December 10, 2018 at 8:30 a.m. in the IT Building will be our next meeting
- 9. Adjournment at 9:17 a.m.

PIERCE JOINT UNIFIED SCHOOL DISTRICT



Measure B Bond Quarterly Program Progress Report

Reporting Period:

August 31, 2018 through September 10, 2018

December 10, 2018

Prepared by: G. Parker – Capital Projects Manager

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○ Pierce High School	
○ Lloyd Johnson Middle School	
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○ Grand Island Elementary School	
• Attachments:	
○ Previous Meeting Minutes	Attachment A
○ Program Budget Summary Report	Attachment B
○ Program/Project Updates, Listing Matrix	Attachment C
○ Independent Auditor's Report	Attachment D
○ Approved Listing of Architects/Engineers	Attachment E

The information contained herein is effective as of December 1, 2018, and only includes projects in "Active" status. All information is subject to change and/or revision by the Measure B Bond Program requirements.



EXECUTIVE SUMMARY

I. Executive Summary

Since the last progress update report to the Measure B Citizens' Oversight Committee held on September 10, 2018, the District Board of Trustees have authorized the award of numerous projects and/or designs.

On August 30, 2018 the District received a total of 10 Statements of Qualifications from architects & engineers from the Sacramento and Bay area regions. On September 13, 2018 the Governing Board approved all 10 firms to be included in the District's pool of potential vendors in respect to architectural & engineering design services. A listing of these approved firms are included in this report under **Attachment E**. As of this date, three new architect firms have been placed under contract to support various Measure B projects.

On November 8, 2018 at a special meeting of the Governing Board, an updated program budget summary report was made for the Measure B Bond Program. The report reflected revised budgets that captured escalation factor of 7% for market trend changes in construction costs through the summer of 2018. More on these cost changes will be described later on in this report in the un-awarded projects section.

In the months of September & October, many new Measure B project starts began after reaching project milestone events. First at Arbuckle Elementary School, the award of the new 8-classroom building was made for \$3.7M utilizing the Lease Leaseback Procurement Method (*PCC 17406*). Two general contractors, Landmark Construction and McCuen Construction submitted comprehensive proposals for the District's consideration. After a lengthy negotiation period between both these vendors, McCuen Construction was determined to be the most qualified and had the lowest price for this project. On October 4, 2018, the Division of State Architects (DSA) approved the new 8-classroom project plans & specifications enabling the start of work. The total construction period is expected to take 10 months with facilities ready for use by the Fall of 2019. Also at Arbuckle ES, work began on the modernization of the existing kitchen area with the hiring of ATI Architects to perform preliminary program analysis of the food service space and dining areas. This work will provide the district key information regarding code deficiencies and compliance issues and may include alternatives in dining/student access.

At Pierce High School, the Stadium Bleacher & Press Box Replacement Project was submitted to DSA on October 31, 2018 for review and approval. The plan review period is expected to take approx. 4 weeks with work planned to begin after the New Year if target budgets are realized.



EXECUTIVE SUMMARY

Also at Pierce High School, work on the Locker Room Project resumed with Rainforth & Grau Architects (RGA) selected to continue the design work. A presentation by RGA was made regarding the project at the special board meeting in September regarding project scope and budget. Information regarding this project will be discussed later on in the un-awarded projects section.

Other projects around the District include:

Pierce High School - the new Weight Room project continues to move forward and is expected to be complete sometime during winter break. Programing efforts are underway for the modernization of the existing home economics room for use for Business Keyboarding (relocated to accommodate Ornamental Horticulture – CTE alignment) which may include modifications to the old cafeteria to support the music program that has moved into this space. The Career Technical Program Grant Application for Pierce HS was submitted on October 19th with the expectations that the District will learn results in early Spring 2019.

II. Contracts and Procurement

During this period, the District continued the process of finalizing contracts and agreements for various professional services as approved by the Board of Trustees.

Agreements for Architect/Engineer Services:

- Architect's Agreement issued to Eagle Architects for project *PHS-11* Bleacher & Press box Replacement Project at PHS (\$38,320)
- Amendment No. 1 to Eagle Architects for additional design services for PG&E Main Service for PHS-11 Bleacher & Press Box Replacement Project beyond original scope (\$6,200)
- Architect's Agreement issued to ATI Architects for project AES-02, Kitchen Modernization at Arbuckle Elementary School – Base Programming (\$16,000)

Professional Services Agreement (PSA)

As required under CA Public Contract Code and District Policies, the District has or may subsequently, enter into more than one agreement with individual firms for separate and related services. This process has continued during this reporting period. The District has entered into professional services for those listed below during this reporting period and are provided for information of expected Measure B Bond expenditures.



EXECUTIVE SUMMARY

- *Terracon Consulting* – Special Testing and Inspection on Arbuckle Elementary School's Classroom Replacement Project (\$41,655).
- *MCF Construction Services* – Professional Services Agreement – DSA Inspection Services – AES -01 Building, Classroom Replacement Project at Arbuckle Elementary School (\$120,000)
- *McCuen Construction* – AES-01 Building, Lease-Leaseback Agreement (\$3.7M)
- *Charlie's Electric* – PHS -06 Weight Room Project, Demo existing electrical and install new electrical and lighting (\$16,090)
- *Sturdisteel Co.* – PHS -11 Bleacher & Press Box Replacement Project at PHS, Bleacher Design & Engineering (\$9,500)
- *Simile Construction* – PHS-01 New Multipurpose Bldg. Change Order No. 5 Misc. Changes (\$63,603.18) **Final Project Cost - \$4,093,232.63**

Solicitations:

- Lease-Leaseback Proposals for Pierce HS Stadium Bleacher & Press Box Replacement (*Final outcome expected mid Jan. 2019*)

III. Planning/Design/Pre-Construction:

District Stakeholder Group Committees – Meetings continue each month to maintain active stakeholder participation for each project. Below are the listings of the various user planning groups and the associated projects:

Pierce HS – PHS - 03, Girls Locker Room Addition & Gym Lobby/Restroom Modernization
PHS - 04, Modernization of Existing Kitchen and Cafeteria (CTE/Culinary Arts)
PHS – 06, Weight Room Modernization
PHS – 08/09, Farm Expansion (CTE) & Agricultural Education Center (CTE)
PHS – 11, Stadium Bleacher & Press Box Replacement Project

Arbuckle ES – AES - 01, Classroom Additions & Portable Building Relocations
AES – 02, Kitchen Modernization

District Wide - DM – 01, Deferred Maintenance at All Sites

DM – 02, Infrastructure Upgrades at AES & PHS
Standards Development (Paint Color, Instructional Technology, etc.)

IV. Program Controls:

Cost Report – Program Cost Summary Report (Attachment B) was prepared by using the District Cost Report dated November 30, 2018, and is reflective of all bond costs expended to date through November 30, 2018.



Scheduling – The attached schedule (Project Listing Master & Design Summary Schedule) will be updated periodically, per Measure B Bond Program requirements.

Project Listing – The attached Project Listing Matrix (Attachment C) provides an at-a-glance look at the status, by phase, for all projects.

Budgets - Total Project Budgets reflect the Board of Trustees approved Bond Program Budget Update on November 8, 2018, population of 7% escalation factor.

Audit Report – The attached Independent Auditor's Financial and Performance Audit Report is provided as part of mandates under Proposition 39 to ensure that General Obligation Bonds are spent in accordance with voter approved language and project descriptions.



PROJECT UPDATES

ARBUCKLE ELEMENTARY SCHOOL – Classroom Replacement Bldg.



Ground Breaking Celebration

Project Description:

The intent of this project is to relocate 8 existing portable classroom buildings and construct one single building with 8 classrooms in their location. This project will provide permanent instructional facilities for students and create a connected environment for these new spaces. The proposed 9,500 S.F new facility will be located along the East edge of campus and be self-contained with its own restroom facilities.

As of this report:

Completed This Period

- * Ground Breaking Celebrations
- * DSA Plan Approval (Inc. 2)
- * Lease-Leaseback Award to McCuen Const.
- * Foundation and Structural Steel Installed
- * Project Submittal Reviews

Activity Planned for Next Period

- * Rough Framing
- * Roof Construction
- * Exterior Lath



PROJECT UPDATES

ARBUCKLE ELEMENTARY SCHOOL – Classroom Replacement Project



PROJECT UPDATES

PIERCE HIGH SCHOOL – Weight Room Renovation Project



Project Description:

The intent of this project is to provide adequate space for weight training and other athletic conditioning stations. The Facilities Committee approved to renovate the old boys locker room located in the North (Girls) Gym at Pierce HS. This cost saving strategy would eventually support the use of the adjoining spaces for other P.E. or Athletic Sports Programs. The total areas planned for renovation equals 1,325 S.F. and will provide suitable access to all.

As of this report:

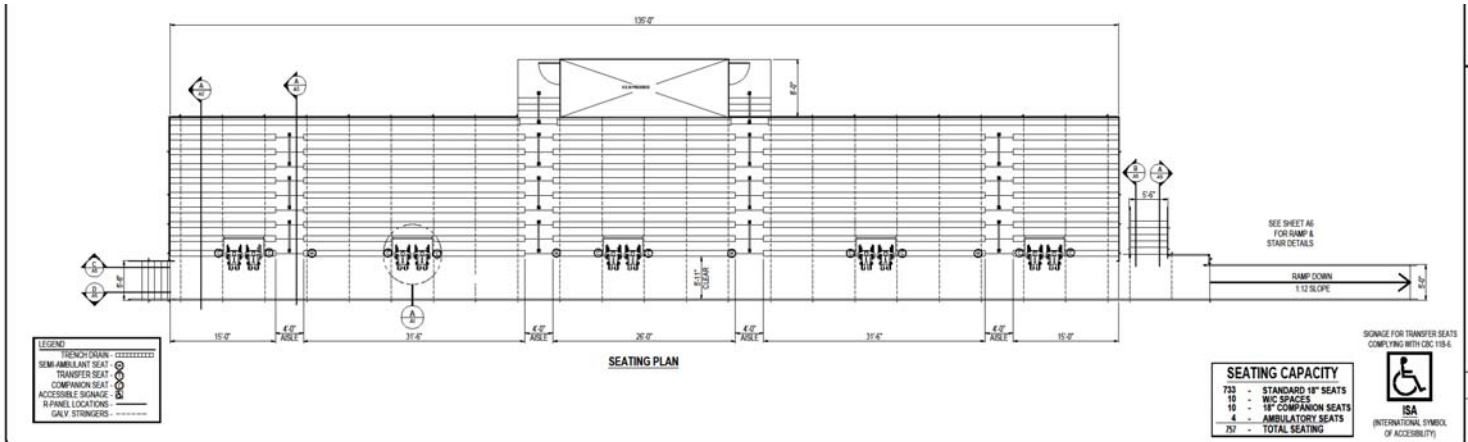
Completed This Period	Activity Planned for Next Period
<ul style="list-style-type: none">* Demolition of old finishes* Installation of new HVAC Ductwork* Installation of new Supporting Beams	<ul style="list-style-type: none">* Install Insulation and Drywall* Installation of Interior Finishes* Installation of Weight Room Equipment* HVAC Commissioning



PROJECT UPDATES

PIERCE HIGH SCHOOL – STADIUM BLEACHER & PRESS BOX PROJECT

Proposed Bleacher System



Project Description:

The intent of this project is to replace existing 700 seat stadium bleacher system and press box with new 850 seat ADA compliant system that will have an adequate press box. The project will also create compliant ADA path of travel to the parking lot with new sound system and scoreboard, exit lighting and better visitor side seating. The existing bleacher system will be refurbished and relocated to the opposite side of the field for visitor viewing. Currently the old system is out of service due to age and safety.

As of this report:

Completed This Period

- * Construction Documents Completed
- * Underground Utility Location Performed
- * Meeting with State Building Authority
- * Plans Submitted to DSA (9/30/18)
- * Final Site Plan Planning

Activity Planned for Next Period

- * Procurement of System (LLB)
- * Continue Future Planning for Accessory Elements (Flag Pole, Scoreboard)



OTHER PROJECT UPDATES

ARBUCKLE ELEMENTARY SCHOOL -

AES 02 - Kitchen Remodel/Modernization

Project Schematic Design Development Completed, Design Development Continuing

AES 03 - Joint Use w/County Library

Project Development on hold

GRAND ISLAND ELEMENTARY SCHOOL -

GIES 01 - ***Roof Replacement Project – Roof Repair Areas Identified***

Project Procurement not yet begun

PIERCE HIGH SCHOOL –

PHS 03 - Second Locker Room Addition (Bldg. B)

Design Development Completed

Selection of new Architect Completed

PHS 04 – ***Modernization of Existing Cafeteria (Bldg. A) – not yet begun***

Schematic Design Development Completed, Design Development

Selection of new Architect Completed

PHS 05 – Replacement of Existing Portable Classrooms

Project Development on hold

PHS 06 – Weight Room Modernization

Expected Completion by December 2018

PHS 07 – Career Center Addition at Small Gym - Project Cancelled

PHS 08 – Farm Expansion – Possible CTE Project Inclusion

Program Needs Assessment On-going

PHS 09 – Agricultural Education Center – CTE Project

Program Needs Assessment On-going

PHS 10 – Modernization of Historic Main Bldg. (Bldg. A)

Project scope being developed



ATTACHMENTS

- Attachments:

- Previous Meeting Minutes Attachment A
- Program Budget Summary Report Attachment B
- Project Listing Matrix Attachment C
- Independent Auditor's Report Attachment D
- Approved Listing of Architects/Engineers Attachment E

Notes:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

PROJECT NO.	PROJECT	Current Program Budget	District Share	State Share* (Unfunded)	Total Estimated Construction Costs	Obligations/ Commitments to Date	% Obligated	% Complete	Notes
	STARTING BOND VALUE (Series A - \$7,000,000/Series B - \$8,000,000)	\$ 15,000,000.00				\$ 876,321.75			Excess Funds Moved to Debt Service Account (Fund 51)
Issuance	Issuance - Series A, Underwriting and Insurance Costs	\$ 7,000,000.00				\$ 228,812.83	100%	100%	
	Issuance - Series B, Underwriting and Insurance Costs	\$ 8,000,000.00				\$ 201,000.00	100%	100%	
AES-01	Classroom Addition & Portable Bldg. Relocation	\$ 5,357,602.00	\$ 3,516,900.00	\$ 1,600,000.00	\$ 4,464,669.00	\$ 1,686,669.00	22.00%	30%	\$764,669 Final for Site Work, Awarded \$3.7M Inc. 2 Bldg.
AES-02	AES Kitchen Modernization	\$ 642,000.00	\$ 300,000.00	\$ 300,000.00	\$ 500,000.00				Modenization Program
AES-03	Joint Use Project w/County Library	\$ -							
LIMS-01	Classroom Reconfiguration (Removal of Tech Areas)	\$ -							
PHS-01	New Multi-Purpose Bldg.	\$ 4,800,000.00	\$ 3,094,366.00	\$ 1,705,634.00	\$ 4,100,000.00	\$ 4,390,000.00	95%	99%	Incl. Const. & Soft Costs
PHS-02	Modernize Snack Bar Bldg. Football Field	\$ -							
PHS-03	Construct Second Locker Room (Girls & Boys)	\$ 2,517,667.00	\$ 1,317,667.00	\$ 1,200,000.00	\$ 2,000,000.00	\$ 48,562.00			*(1,920 SF New Const)
PHS-04	Modernize Existing Cafeteria into (N) Ag Science Classroom/Lab	\$ 834,600.00	\$ 417,300.00	\$ 417,300.00	\$ 600,000.00				Possible State CTE Funding
PHS-05	Portable Classroom Replacement w/New CR Bldg.	\$ -							
PHS-06	Construct New Weight Room	\$ 388,000.00	\$ 388,000.00	\$ -	\$ 350,000.00	\$ 153,261.00	40%	60%	Old Boys Locker Rm
PHS-07	Constr. Career Center at Small Gym	\$ -							
PHS-08	Farm Expansion Upgrades to Existing Barn	\$ -							
PHS-09	Agricultural Education Center	\$ 1,070,000.00	\$ 535,000.00	\$ 535,000.00	\$ 800,000.00				Possible State CTE Funding of \$1M
PHS-10	Modernization of Historic Main Bldg.	\$ 535,000.00	\$ 267,500.00	\$ 267,500.00	\$ 350,000.00				Restrooms and Interiors - Mod.
PHS-11	Improvements to Atheltic Complex - FH Program	\$ 535,000.00	\$ 267,500.00	\$ 267,500.00	\$ 480,000.00	\$ 61,627.00	5%	15%	New Bleachers - FH Program
DM-01	Deferred Maintenance Project - All Sites	\$ 642,000.00	\$ 321,000.00	\$ 321,000.00	\$ 500,000.00	\$ 130,000.00			Windows N. Gym, Fire Alarm (AES & HS)
DM-02	Infrastructure Upgrades at AES & PHS	\$ -							
PC	Program Contingency		\$ 282,702.00						Value of escalation not funded
	Totals	\$ 17,321,869.00	\$ 10,707,935.00	\$ 6,613,934.00	\$ 14,144,669.00	\$ 6,899,931.83			
		\$ 12,521,869.00							

Notes:
Bond Sale yielded excess revenue of \$876,321.75 and placed into Debt Service Account.
Series B Bond Sales posted on March 14, 2018 (\$8M)
Total expenditures through 11/30/2018 total \$6,434,283.44
Estimated State Matching Funds - Not assumed to be Released Soon
* Locker Rm Project Still Undergoing Review for Size & Budget
** Many project placed on hold until the State Matching Funds can be realized

\$ 15,000,000.00

\$ 6,613,934.00

\$ 21,613,934.00

\$ (17,321,869.00)

\$ 4,292,065.00

Total Expected Measure B Revenue
Potential State Match
Potential Revenue (State + District)
Current Bond Program
Potentail Revenue Surplus

Current Budget (less PHS MPR)	\$ 12,521,869.00
Escallation of 7% from 5.1.18	\$ 876,530.83
Revised Remaining Program Budget 5.1.18	\$ 13,398,399.83

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B BOND PROGRAM
PROJECT MATRIX

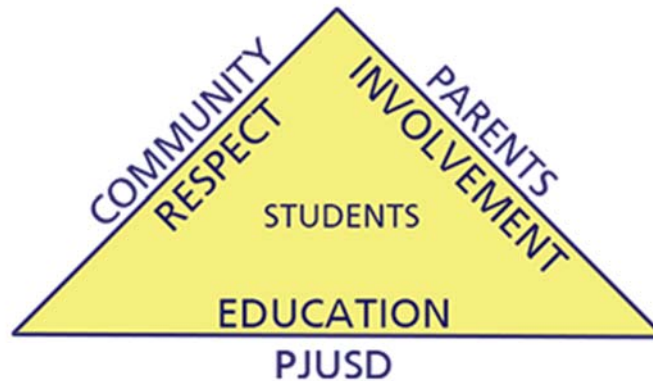
PROJECT		Initial Planning Pre-Design	A/E Selection	Programming	Schematic Design	Design Development	Construction Documents	DSA	Bid & Award	Construction	Close-out	REMARKS
AES-01	Classroom Addition & Portable Bldg. Relocation									◆		<i>Inc. 1 - Site Utilites, Relocate Portables - Competed Inc. 2 - New Bldg. Under Const.</i>
AES-02	Kitchen Modernization			◆								A&E Selection Completed, In Programming
AES-03	Joint Use Project w/County Library											Project on Hold due to Budget Constraints
LJMS-01	LJMS Classroom Reconfiguration (Removal of Tech Areas)										◆	<i>Non Measure B Bond Project - Completed</i>
PHS-01	New Multi-Purpose Bldg.										◆	<i>Project Completed - Completed</i>
PHS-02	Modernize Snack Bar Bldg. - Football Field										◆	<i>Non Measure B Bond Project</i>
PHS-03	Construct Second Locker Room (Girls)					◆						A&E Selection Completed, In Programming
PHS-04	Modernize Existing Cafeteria into (N) Culinary Classroom		◆									CTE Grant Application Prep.
PHS-05	Portable Classroom Replacement w/New CR Bldg.											Project on Hold due to Budget Constraints
PHS-06	Construct New Weight Room							N/A		◆		In Construction
PHS-07	Constr. Classroom at Small Gym (was Career Ctr)	◆										Project Scope Change - Creation of CR after Locker Rm Project is completed
PHS-08	Farm Expansion - Upgrades to Existing Barn	◆										Part of CTE Application Grant
PHS-09	Agricultural Education Center (Ag Sciences)	◆										CTE Grant Application Submittal Date 10/19.
PHS-10	Modernization of Historic Main Bldg.		◆									A&E Selection Completed, In Programming
PHS-11	Improvements to Atheltic Complex (Bleachers and Pressbox)							◆				Facilities Hardship - In Plan Review
DM-01	Deferred Maintenance Project - All Sites	◆										
DM-02	Infrastructure Upgrades at AES & PHS	◆										<i>Non Measure B Bond Project - Completed (Fiber Cable at PHS)</i>
PN17-04	Roof Replacement at (3) Sites										◆	<i>Non Measure B Bond Project - Completed</i>

Notes:

State Matching Funds still slow in getting processed State Wide.

District has approved 10 new firms for Architects and Engineering Service Pool - Three New Architects already under contract

PIERCE JOINT UNIFIED SCHOOL DISTRICT



Measure B Bond Independent Auditor's Report

Reporting Period:

July 1, 2017 through June 30, 2018

Prepared by: James Marta & Company LLP

Architectural Engineering Services
Approved Firms

Organization	Contact
TBP ARCHITECTURE 1777 Oakland Blvd. Ste 320 Walnut Creek, CA 94596	Philip Newsom Architect T 925.246.6419
HIBSER YAMAUCHI ARCHITECTS 4602 2nd Stret, Ste 3 Davis, CA 95618	Marcus Hibser Principal Archiect T 530.758.1270
SVA ARCHITECTS 2335 Broadway, Suite 301 Oakland, CA 94612	Robert M. Simmons, AIA Partner & President T 949.233.6391
RGA RAINFORTH GRAU ARCHITECTS 2407 J Street , Suite 300 Sacramento, CA 95816	Timothy R. Dewitt T 916.968.7990
SYNTHESIS PARTNERS 1210 Stabler Lane Suite B Yuba City, CA 95993	Gary Underhill Partner T 916.384.0337
EAGLE ARCHITECTS 349 Silver Lake Drive Chico, CA 95973	Alan S. Chambers Architect/Owner T 530.898.0123
VERDE DESIGN 1843 Iron Point Road, Suite 140 Folsom, CA 95630	Derek McKee, PLA Principal and Co-Founder T 408.850.3410
PBK Architectural & Engineering 2520 Venture Oaks Way, Suite 400 Sacramento, CA 95833	Gary J. Gery Principal-in-Charge T 916.682.9494
SVA ARCHITECTS, INC. 2335 Broadway, Suite 301 Oakland, CA 94612	Robert M. Simmons Partner & President T 510.267.3180
ATI ARCHITECTS + ENGINEERS 3009 Douglas Blvd., Suite 290 Roseville, CA 95661	Michael Goldsworthy Managing Principal T. 916.772.1800



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Citizen's Oversight Committee
and Governing Board Measure B
General Obligation Bonds Series
2016 Building Fund
Pierce Joint Unified School District
Arbuckle, California

We have audited the financial statements of the Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 18, 2018, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by of Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the 2017-18 fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. There were no significant estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures that involve significant sensitive discretion.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We did not identify any uncorrected misstatements in the course of our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any corrected misstatements in the course of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 30, 2018 (Attachment I).

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we have:

Reviewed the Measure B text and related budget versus actual for the projects and considered whether such information and requirements, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

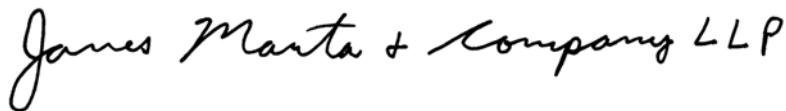
Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Other Services

We have assisted management in preparing the financial statements of the Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund in conformity with U.S. generally accepted accounting principles based on information provided by management.

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

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

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
November 30, 2018

Pierce Joint Unified School District

P.O. Box 239 • Arbuckle CA 95912 • (530) 476-2892 • Fax (530) 476-2289

Carol Geyer, Superintendent



MANAGEMENT REPRESENTATION LETTER

November 30, 2018

James Marta & Company, LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance of the Measure B General Obligation Bonds Series 2016 Building Fund (the "Fund") of Pierce Joint Unified School District (the "District") as of June 30, 2018 and for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the fund financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Fund in conformity with accounting principles generally accepted for governments 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 the 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 30, 2018:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 18, 2018 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Board of Trustees: John Friel • Nadine High • George Green • Amy Charter • Abel Gomez
President Vice-President Clerk Member Member

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 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.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

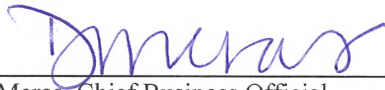
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America, GASB 34 fund statement reporting.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB 34 fund statement reporting.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

- e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 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.
- We have no knowledge of any fraud 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.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- 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.
- There have been *no* communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Measure B General Obligation Bonds Series 2016 Building Fund of the Pierce Joint Unified School District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Measure B General Obligation Bonds Series 2016 Building Fund of the Pierce Joint Unified School District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- The Measure B General Obligation Bonds Series 2016 Building Fund of the Pierce Joint Unified School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Daena Meras, Chief Business Official



PIERCE JOINT UNIFIED SCHOOL DISTRICT

**MEASURE B
GENERAL OBLIGATION BONDS
SERIES 2016
BUILDING FUND**

**COUNTY OF COLUSA
ARBUCKLE, CALIFORNIA**

FINANCIAL AND PERFORMANCE AUDIT

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

**JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**701 HOWE AVENUE, E3
SACRAMENTO, CA**

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WWW.JPMCPA.COM**

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Pierce Joint Unified School District
Arbuckle, California

Report on the Financial Statements

We have audited the accompanying Balance Sheet of Pierce Joint Unified School District (the District), Measure B General Obligation Bonds Series 2016 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

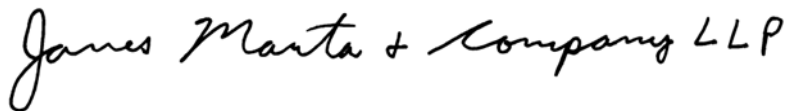
In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the Pierce Joint Unified School District Measure B General Obligation Bonds Series 2016 Building Fund as of June 30, 2018 and the results of its operations the year then 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 B General Obligation Bonds Series 2016 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 November 30, 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
November 30, 2018

BASIC FINANCIAL STATEMENTS

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
BALANCE SHEET
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 10,533,264
Accounts receivable	<u>50,291</u>
Total Assets	<u><u>\$ 10,583,555</u></u>

**LIABILITIES AND
FUND BALANCES**

Liabilities	
Accounts payable	\$ 623,869
Due to other funds	<u>6,370</u>
Total Liabilities	<u>630,239</u>
Fund balances	
Restricted for Measure B projects	<u>9,953,316</u>
Total Fund Balances	<u>9,953,316</u>
Total liabilities and fund balances	<u><u>\$ 10,583,555</u></u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REVENUES

Other local revenues	\$ 114,805
Total revenues	<u>114,805</u>

EXPENDITURES

Books and supplies	2,760
Services and other operating expenditures	203,484
Capital outlay	<u>4,677,480</u>
Total expenditures	<u>4,883,724</u>

Excess (deficiency) of revenues over expenditures	(4,768,919)
--	-------------

OTHER FINANCING SOURCES (USES)

Proceeds from Sale of Bonds	<u>8,000,000</u>
Total other financing sources (uses)	<u>8,000,000</u>

Net change in fund balances	3,231,081
-----------------------------	-----------

Fund balances, July 1, 2017	<u>6,722,235</u>
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Fund balances, June 30, 2018	<u><u>\$ 9,953,316</u></u>
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PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accounting policies of the Measure B General Obligation Bonds Series 2016 Building Fund (the Fund) of Pierce Joint 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.

Pierce Joint 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 4, 2017, the District issued Measure B Series A General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$7,000,000 for the purpose of financing the renovation, construction and improvement of school facilities and to pay certain costs of issuance associated therewith. The Series A bonds were the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

On March 14, 2018, the District issued Measure B Series B General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$8,000,000 for the purpose of financing the renovation, construction and improvement of school facilities and to pay certain costs of issuance associated therewith. The Series B bonds were the second and last of series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

The Bonds were authorized at an election within the District held on November 8, 2016 (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 \$15,000,000 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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

A. REPORTING ENTITY (CONTINUED)

The fund financial statements presented are for the Measure B General Obligation Bonds Series 2016 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 Pierce Joint Unified School District include the Measure B General Obligation Bond Building Fund activities, related debt and disclosures as well as the management discussion and analysis.

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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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.

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 Depositary 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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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.

The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure B 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 B 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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 consist of \$10,553,264 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.

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.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

3. MEASURE B GENERAL OBLIGATION BONDS SERIES 2016

Series A

The authorized issuance amount of the bonds is \$15,000,000. On May 4, 2017, the District issued Measure B Series A General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$7,000,000 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.

The proceeds of the Bonds were applied as follows:

Sources of Funds

Principal Amount of Bonds	\$ 7,000,000
Net Original Issue Premium	559,431
Total Sources	<u>\$ 7,559,431</u>

Uses of Funds

Deposited to Building Fund	\$ 6,850,000
Deposited to Debt Service Fund	480,618
Cost of Issuance	228,813
	<u>\$ 7,559,431</u>

Series B

On March 14, 2018, the District issued Measure B Series B General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$8,000,000. The Series B are the second and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. See table below of how the proceeds of the bond were applied.

The proceeds of the Bonds were applied as follows:

Sources of Funds

Principal Amount of Bonds	\$ 8,000,000
Net Original Issue Premium	372,891
Total Sources	<u>\$ 8,372,891</u>

Uses of Funds

Deposited to Building Fund	\$ 7,855,000
Deposited to Debt Service Fund	316,891
Cost of Issuance	201,000
	<u>\$ 8,372,891</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 Series A bonds consist of serial bonds bearing various fixed interest rates from 2% to 5% and mature in staggered amounts each year starting in August 1, 2017 up through August 1, 2046.

The Series B bonds consist of serial bonds bearing various fixed interest rates from 2% to 5% and mature in staggered amounts each year starting in August 1, 2017 up through August 1, 2047.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

4. COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, the Building Fund had the following commitments with respect to unfinished capital projects:

Project Name	Initial Committed Balance	Expenditures to Date	Committed Balance at June 30, 2018
Pierce High School-Multi-Purpose Room	\$ 4,400,000	\$ 3,739,795	\$ 660,205
Arbuckle Elementary Classroom Building	4,352,900	344,464	4,008,436
Arbuckle Elementary School - Site Work	764,000	429,507	334,493
Arbuckle Elementary School - Kitchen Mod	600,000	-	600,000
Pierce High School - Weight Room Modernization	388,000	49,197	338,803
Pierce High School - Bleachers FH	500,000	6,370	493,630
Pierce High School - N. Gym Windows DM	129,290	129,290	-
Pierce High School-Modernization Locker room	2,352,960	48,562	2,304,398
	<u>\$ 13,487,150</u>	<u>\$ 4,747,185</u>	<u>\$ 8,739,965</u>

5. SUBSEQUENT EVENTS

District management evaluated its June 30, 2018 financial statements for subsequent events through November 30, 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

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
FULL TEXT OF BOND MEASURE

Upon the passage of Measure B, the Pierce Joint Unified School District (the “District”) shall be authorized to issue bonds in the aggregate amount of \$15,000,000, bearing interest at rates not exceeding the statutory limit, for the purpose of funding the school facilities projects listed below under the heading “Bond Project List”.

Bond Project List

The Bond Project List below describes the specific projects the Pierce Joint Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Trustees cannot determine the amount of bond proceeds available to be not spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals or appropriation by State officials and boards, to local environmental review, and to input from the public. For these reasons, inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed.

Unless otherwise noted, the projects in the Bond Project List are authorized to be completed at each or any of the District's sites, as shall be approved by the Board of Trustees:

- Replace outdated heating, ventilation and air-conditioning systems
- Make health, safety and handicapped accessibility improvements
- Modernize, construct, and or renovate classrooms, restrooms, and school facilities
- Repair or replace leaky roofs
- Replace deteriorating plumbing and sewer systems
- Upgrade inadequate electrical systems
- Improve student access to computers and modern technology
- Construct a new Agriculture and Education Center
- Upgrade playgrounds, play structures and P.E./athletic fields and facilities for school and community use
- Make energy efficiency improvements to reduce utility costs, including windows and lighting
- Replace existing wiring systems to meet current electrical and accessibility codes and increased capacity
- Replace temporary portables with permanent classrooms
- Upgrade, construct and or equip labs, multipurpose rooms, food service facilities, cafeterias and other school facilities

PIERCE JOINT UNIFIED SCHOOL DISTRICT

MEASURE B GENERAL OBLIGATION BONDS SERIES 2016

BUILDING FUND

FULL TEXT OF BOND MEASURE

- Federal and State-mandated Occupational Safety & Health Administration (OSHA) Safety upgrades including playground equipment replacement
- All Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.
- Upgrade school site parking, roadways, utilities and grounds
- Improve student safety at drop-off and pick-up areas
- Abate and remove hazardous materials identified prior or during construction
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards

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 list also includes the acquisition of a variety of instructional, maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the 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: renovation of student and staff restrooms; repair and replacement of heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replacement of worn- out and leaky roofs, windows, walls, doors and drinking fountains; installation wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrades or construction of support facilities, including administrative, physical education/athletic facilities and performing arts buildings and maintenance yards; repair and replacement of fire alarms, emergency communications and security systems; resurfacing or replacing of hard courts, pools, turf and irrigation systems and campus landscaping and play fields; expand parking; install interior and exterior painting and floor covering; demolition; and construction of various forms of storage and support spaces, upgrade classrooms, bleachers, kitchens, repair, upgrade and install interior and exterior lighting systems; replace outdated security fences and security systems. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, wireless technology systems and other miscellaneous equipment and software. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will 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

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
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FULL TEXT OF BOND MEASURE

plans and construction documents are finalized, construction bids are received, construction contracts 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, 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 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. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects and the costs of issuing the bonds. 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.

Accountability Safeguards

The provisions in this section are specifically included in this proposition in order that the District's voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitation on Use of Bond Proceeds. The State of California does not have the power to take locally approved school district bond funds for any State purposes. The Constitution allows proceeds from the sale of bonds authorized by this proposition to be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in this proposition, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff only when performing work on or necessary and incidental to the bond projects.

Independent Citizens' Oversight Committee. The Board of Trustees shall establish an independent Citizens' Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date on which the Board of Trustees enters the election results on its minutes.

Annual Performance Audits. The Board of Trustees shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MEASURE B GENERAL OBLIGATION BONDS SERIES 2016
BUILDING FUND
FULL TEXT OF BOND MEASURE

Annual Financial Audits. The Board of Trustees shall conduct an annual, independent financial audit of the bond proceeds (which shall be separate from the District's regular annual financial audit) until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Trustees shall take actions necessary pursuant to Government Code Section 53410 and following to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent or the Chief Business Official of the District (or such other employee as may perform substantially similar duties) shall cause a report to be filed with the Board no later than December 31 of each year, commencing December 31 of the year in which bonds are first issued, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as such officer shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

Further Specifications

Specific Purposes. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with the County of Colusa, County of Yolo, or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Trustees shall determine.

Rate of Interest. The bonds shall bear interest at a rate per annum not exceeding the statutory maximum, payable at the time or times permitted by law.

Term of Bonds. The number of years the whole or any part of the bonds are to run shall not exceed the legal limit, though this shall not preclude bonds from being sold which mature prior to the legal limit.

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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
Pierce Joint Unified School District
Arbuckle, 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 B General Obligation Bonds Series 2016 Building Fund of Pierce Joint 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 B General Obligation Bonds Series 2016 Building Fund financial statements, and have issued our report thereon dated November 30, 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 B General Obligation Bond Series 2016 Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure B General Obligation Bond Series 2016 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.

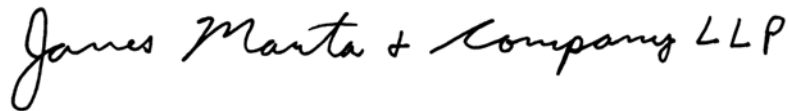
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 B General Obligation Bond Series 2016 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
November 30, 2018



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Citizen's Oversight Committee
and Governing Board Measure B
General Obligation Bonds Building Fund
Pierce Joint Unified School District
Arbuckle, California

We have audited the financial statements of the Measure B General Obligation Bonds Building Fund of the Pierce Joint Unified School District (the "District") as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated November 30, 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 B 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 B 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 B general obligation bonds were only used for the purposes set forth in the ballot language and not for any other purpose.

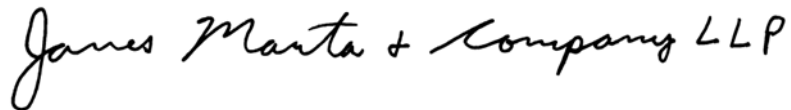
To meet our objectives, audit tests were performed and included, but were not limited to, the following:

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 B 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 black ink that reads "James Marta & Company LLP". The script is cursive and fluid, with the letters "J", "M", and "C" being particularly large and stylized.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 30, 2018