

December 13, 2023

To the Board of Trustees
Nevada County Superintendent of Schools
380 Crown Point Circle
Grass Valley, CA 95945

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nevada County Superintendent of Schools for the year ended June 30, 2023. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated February 6, 2023. Professional standards also require I communicate to you the following information related to my audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Nevada County Superintendent of Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022-2023. I noted no transactions entered into by Nevada County Superintendent of Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of net pension liability is based on actuarially determined projections.

I evaluated the key factors and assumptions used to develop pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of net pension liability in Note 8 describes the liability reported for the County Office's share of unfunded STRS and PERS pension liabilities.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though in my judgment, such uncorrected misstatements are immaterial to the financial statements under audit. The following material misstatements detected as a result of audit procedures were corrected by management:

The County School Service Fund Federal revenue and contract services were adjusted to recognize Federal noncash assistance received in the form of discounted internet services (Erate). The adjustment did not affect the County School Service Fund ending balance because it increased revenue and expenditures by the same amount \$42,349.

Disagreements with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 13, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations.

Management Consultations with Other Independent Accountants

If a consultation involves application of an accounting principle to Nevada County Superintendent of Schools's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

I applied certain limited procedures to management's discussion and analysis, budgetary comparisons, and the accounting and disclosures by employer for pension benefits, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

I was engaged to report on introductory, financial, and statistical information, including the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the County Superintendent, Board of Trustees, and management of Nevada County Superintendent of Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Michelle M. Hanson
Certified Public Accountant

MMH;jn

Nevada County Superintendent of Schools
Schedule of Unrecorded Adjustments
As of and for the Year Ended June 30, 2023

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

I did not adjust the County School Service Fund to gross up other local revenue and services and other operating expenditures to recognize the administrative expenditures (\$49,179) for the Medical Administrative Activities funding rather than the revenues net of the expenditures. This adjustment would not have affected the County School Service Fund balance because it would increase revenues and expenditures by the same amount.

I did not adjust the County School Service Fund to record other state revenue for the Arts, Music, and Instructional materials block grant or learning recovery block grant for the award amounts rather than only the cash received. Had I recorded this adjustment the County School Service Fund balance would increase \$5,917.

I did not adjust the County School Service Fund to expense items remaining in the general ledger as prepaid expenditures as of June 30, 2023 in error. Had I recorded this adjustment the County School Service Fund balance would increase 11,462.

I did not adjust the County School Service Fund to record the salary and benefits for hours worked in May and June, 2023 by the director of the Nevada County School Food Services Agency. Had I recorded this adjustment the County School Service Fund balance would decrease \$6,845.

I did not adjust the County School Service Fund and Statement of Net Position to record two multiyear subscriptions that would be subject to GASB Statement 96, Subscription-Based Information Technology Agreements ("SBITA"). This adjustment would not have affected the County School Service Fund ending and Net Position ending balances but would have increased contract services and other financing sources in the County School Service Fund and subscription liability in the Statement of Net Position by \$132,128.

I did not adjust the Statement of Net Position to reclassify expenditures for a "group" of chromebooks (\$20,138) purchased during the year as capital assets because the amended guidance in Implementation Guide 2015-1, Question 7.9.8 indicates these provisions do not need to be applied to immaterial items.

I did not adjust the Statement of Net Position to reduce the liability reported for compensated absences to correct an error in the hours originally reported for one employee. Had I recorded this adjustment the ending Net Position would increase \$5,298.

I did not adjust the amount reported for Cash in County Treasury at June 30, 2023 to the current fair value amount. Had I recorded the adjustment, the County Office's total amount reported as Cash in County Treasury would decrease \$334,723.



SCOTT W. LAY, SUPERINTENDENT

380 Crown Point Circle
Grass Valley, CA 95945
530-478-6400 · fax 530-478-6410

December 13, 2023

Michelle M. Hanson, CPA
200 Gateway Drive, #370
Lincoln, CA 95648

This representation letter is provided in connection with your audit(s) of the financial statements of Nevada County Superintendent of Schools, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of December 13, 2023, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 6, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6. There are no known related-party relationships or transactions that need to be accounted for or disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Nevada County Superintendent of Schools is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Nevada County Superintendent of Schools from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Governing Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the Nevada County Superintendent of Schools and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Nevada County Superintendent of Schools's financial statements communicated by employees, former employees, regulators, or others.
16. Except as made known by you, we have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the names of the Nevada County Superintendent of Schools's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
24. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
25. The Nevada County Superintendent of Schools has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or equity.
26. We are responsible for compliance with the laws, regulations, and provision of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
27. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contract, and grant agreements that we believe have a material effect on the financial statements.
28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

29. As part of your audit, you assisted with preparation of the financial statements and related disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.
30. The Nevada County Superintendent of Schools has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
31. The Nevada County Superintendent of Schools has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
32. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
33. There are fiduciary activities reported in the financial statements as described in GASB Statement No. 84, as amended.
34. The financial statements properly classify all funds and activities in accordance with GAAP.
35. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
41. Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.

42. Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated, or amortized.
43. We have appropriately disclosed the Nevada County Superintendent of Schools's 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 is available and have determined that net position is properly recognized under the policy.
44. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
45. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
46. With respect to the supplementary information other than RSI, including the County Office Organization Structure, Schedule of Average Daily Attendance, Schedule of Instructional Time, Schedule of Charter Schools, Schedule of Financial Trends and Analysis, Reconciliation of Annual Financial and Budget Report with Audited Financial Statements and the Combining Non-Major Fund Statements (supplementary information):
 - a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
47. With respect to federal award programs:
 - a. We are responsible for understanding and complying with, and have complied with, the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

- b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost - reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement (including its Addendum, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. We have charged costs to federal awards in accordance with applicable cost principles.

- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w. We are responsible for and will accurately prepare the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations. [Omit this item if there are no service organizations.]

Signed: 
Associate Superintendent of Operational Services

Nevada County Superintendent of Schools
Schedule of Unrecorded Adjustments
As of and for the Year Ended June 30, 2023

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

I did not adjust the County School Service Fund to gross up other local revenue and services and other operating expenditures to recognize the administrative expenditures (\$49,179) for the Medi-Cal Administrative Activities funding rather than the revenues net of the expenditures. This adjustment would not have affected the County School Service Fund balance because it would increase revenues and expenditures by the same amount.

I did not adjust the County School Service Fund to record other state revenue for the Arts, Music, and Instructional materials block grant or learning recovery block grant for the award amounts rather than only the cash received. Had I recorded this adjustment the County School Service Fund balance would increase \$5,917.

I did not adjust the County School Service Fund to expense items remaining in the general ledger as prepaid expenditures as of June 30, 2023 in error. Had I recorded this adjustment the County School Service Fund balance would increase 11,462.

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I did not adjust the Statement of Net Position to reclassify expenditures for a “group” of chromebooks (\$20,138) purchased during the year as capital assets because the amended guidance in Implementation Guide 2015-1, Question 7.9.8 indicates these provisions do not need to be applied to immaterial items.

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