



Agenda

Overview of 2017 Audit

Required Communications

Communication to Those Charged with Governance & Management

Financial Highlights













Overview of 2017 Audit

Reports for 2017 Audit

- Unmodified opinion for state report (PI-1506AC)
- Unmodified opinion on basic financial statements of the District
- Unmodified opinion on Early Retirement Supplemental and Benefit Improvement Plan
- Unmodified opinion on Supplement Early Retirement Plan for Teachers
- Communication to Those charged with Governance and Management

 A) Material Weakness, B) Significant Deficiency, C) other current
 year issues and D) status of prior year issues
- Single Audit Unmodified opinion on internal control over compliance; two significant deficiencies noted related to internal control over compliance; one compliance finding related to a Federal Program and two related to State Programs.











Required Communications

- 1. Auditor's Responsibilities Under Generally Accepted Auditing Standards
 - To express an opinion on the financial statements
 - To conduct an audit in accordance with auditing standards generally accepted in the United States of America
 - To plan and perform the audit in order to obtain reasonable (rather than absolute) assurance that the financial statements are free of material misstatement
 - To express an opinion on compliance with regulations for federal and state award programs
- 2. Changes in Significant Accounting Policies
 - GASB 74 for Postemployment Benefit Plans other than Pensions
 - GASB 86 for Certain Debt Extinguishment Issues









Required Communications, Continued

3. Management Judgments and Accounting Estimates

- No significant changes in estimates
- Accrued claims for self-insurance, accrued compensated absences, unfunded status of OPEB obligation as of July 1, 2015 (date of most recent study), unfunded status of the Pension Plans - Early Retirement Supplement and Benefit Improvement Plan and Supplemental Early Retirement Plan for Teachers
- WRS/ERS pension assets and liabilities



4. Significant Audit Adjustments Identified and Recorded During Audit

 \$4.5 million of adjustments noted to the capital projects – construction fund accounts payable







Required Communications, Continued

- Uncorrected Misstatements None.
- 6. Other Information in Documents Containing Audited Financial Statements
 We are not aware of any other documents.





- 7. Disagreements with Management None.
- 8. Management's Consultation with Other Accountants
 We are not aware of any such consultations.









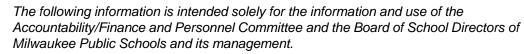
Required Communications, Continued

9. Issues Discussed Prior to Retention

We discussed a variety of matters including accounting principles which occurred in the normal course of our professional relationship and were not a condition to our selection or retention as auditors.

10. Difficulties Encountered in Performing the AuditWe received full cooperation from the District staff.









Communication to Those Charged with Governance & Management

Current Year Comments:

- ✓ Material Weakness Material Audit Adjustment
- √ Significant Deficiency Food Service Invoicing and Three-Way Match
- √Other Comment Pension Plan Benefit Payments
- √Other Comment Cash Reconciliations

Progress made on Prior Years Comments:

√ 1 of the 2 Cash Reconciliation Comments has been addressed.











Financial Highlights

- A. The District's governmental funds ended the 2017 fiscal year with an increase in total fund balances of \$9.7 million. This increase reflects a combined decrease in General Fund of \$38 million, an increase in the Construction Fund of \$41.1 million and an increase in School Nutrition Services Fund of \$6.6 million.
- B. Total fund balance for the governmental funds was \$139.1 million at June 30, 2017. Of this amount, \$6.8 million was nonspendable for noncurrent receivables, inventories and prepaid expenditures, \$97.4 million was restricted for self-insurance, debt service, capital projects, school nutrition and flex spending, \$3.7 million was committed for construction, \$2.8 million is assigned for 2018 budget and \$28.4 million was unassigned.









Financial Highlights, Continued

- C. The District's total long-term obligations at year end were \$1.1 billion and increased by \$16.4 million (net) during the 2017 fiscal year. The net increase relates primarily to the increase in the Accrued OPEB obligation of \$28.9 million (net). The long-term obligations include \$383 million of bonds and notes, \$161 million of net pension obligation and \$545 million of accrued OPEB obligation.
- During the year ended June 30, 2017, the District's final budget showed an anticipated reduction to the General Fund equity by \$51.7 million, however actual results reported a decrease in the General Fund equity by approximately \$38 million.



