



Agenda

Overview of 2019 Audit

Required Communications

Communication to Those Charged with Governance & Management

Financial Highlights













Overview of 2019 Audit

Reports for 2019 Audit

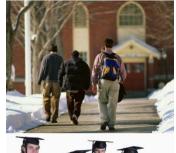
- Unmodified opinion for state report (PI-1506AC)
- Unmodified opinion on basic financial statements of the District
- Unmodified opinion on Early Retirement Supplemental and Benefit Improvement Plan
- Unmodified opinion on Supplement Early Retirement Plan for Teachers
- Communication to Those charged 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; fourteen significant deficiencies noted related to internal control over compliance; three compliance finding related to a Federal Program and eleven related to State Programs. Of the eleven for State Programs six of them related to licensing compliance.











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
 - None noted







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, 2017 (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

 \$2.3 of adjustments noted to the capital projects – construction fund accounts payable







Required Communications, Continued

5. Uncorrected Misstatements

The district chose not to remove \$266K of accounts payable in the construction fund related to fiscal year 2020.

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
- ✓ Material Weakness Restatement of Prior Year Financial Statements
- ✓ Significant Deficiency Food Service Invoicing and Three-Way Match
- ✓ Payroll Review
- √ Carry forward of Prior Year Comments











Financial Highlights

- A. The District's governmental funds ended the 2019 fiscal year with a decrease in total fund balances of \$22.9 million. This decrease reflects a combined increase in General Fund of \$1.6 million, a decrease in the Construction Fund of \$26.2 million and an increase in School Nutrition Services Fund of \$1.8 million.
- B. Total fund balance for the governmental funds was \$118.7 million at June 30, 2019. Of this amount, \$3.7 million was nonspendable for noncurrent receivables, inventories and prepaid expenditures, \$77.8 million was restricted for self-insurance, debt service, capital projects, school nutrition and the long term capital improvement fund, \$2.2 million was committed for construction, \$9.2 million is assigned for 2020 budget and \$25.8 million was unassigned.









Financial Highlights, Continued

- C. The District's total long-term obligations at year end were \$1.456 billion and had increased by \$155 million (net) during the 2019 fiscal year. The net increase relates primarily to the increase in the net pension liability of \$200.8 million (net). The long-term obligations include \$385 million of bonds and notes, \$322 million of net pension obligation and \$736 million of accrued OPEB obligation.
- During the year ended June 30, 2019, the District's final budget showed an anticipated reduction to the General Fund equity by \$37.3 million, however actual results reported an increase in the General Fund equity by approximately \$1.6 million.



