

# LOWELL JOINT SCHOOL DISTRICT


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## ANNUAL FINANCIAL REPORT June 30, 2015

Performed by:  
QUEZADA, WONG & ASSOCIATES, INC.  
Certified Public Accountants

# Annual Financial Audit Report for the 2014/15 Fiscal Year



**Presented to the Board of Trustees  
January 11, 2016**

# Why Is An Audit Important?



- ❖ “Independent” review of financial records
- ❖ Informs the Board if the financial statements are reliable
- ❖ Alerts Administration to possible internal control weaknesses

# Phase I Field Testing (Spring 2015)



- ❖ El Portal Elementary School
- ❖ Macy Elementary School
- ❖ Rancho-Starbuck Intermediate School
  - Attendance accounting and procedures
  - ASB accounting and procedures  
(Rancho-Starbuck only)

# Phase II Final Testing (Fall/Winter 2015)



## ❖ District Office

- Internal controls
- Compliance with State and Federal laws, regulations, and guidelines

# Auditor's Report on Federal and State Compliance

- ❖ Type of auditor's report issued
  - ✓ Complied
- ❖ Type of auditor's report issued on compliance for major Federal programs
  - ✓ Complied
- ❖ Type of auditor's report issued on compliance for major State programs
  - ✓ Complied

“In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information...”

# Schedule of Findings and Questioned Costs

- ❖ Internal control over major Federal programs
  - ✓ In compliance
- ❖ Internal control over major State Programs
  - ✓ In compliance
- ❖ There are no audit adjustments to the Financial Statements

# Governmental Accounting Standards Board (GASB) Pronouncement 68 Implementation

GASB 68 implemented June 30, 2015

- Requires recognition of pro-rata share of unfunded liability related to state pension systems
- Lowell Joint's share of both systems is \$22,545,386
- This additional liability results in a negative fund balance district-wide of \$11,000,937



# Governmental Accounting Standards Board (GASB) Pronouncement 68 Implementation

	Pro-rata Share	Actuarial Value 6/30/15	Diff. Actual vs. Expected	Total Liability 6/30/15
PERS	0.02662%	3,022,553	1,038,583	4,061,136
STRS	0.02500%	16,831,000	1,653,250	18,484,250
		19,853,553	2,691,833	22,545,386
District-wide Fund Balance <u>before</u> GASB 68:				11,544,449
District-wide Fund Balance <u>after</u> GASB 68:				(11,000,937)
See Statement of Net Position on page 12 of Audit Report				

# Governmental Accounting Standards Board (GASB) Pronouncement 68 Implementation

- This pronouncement is implemented state-wide
- Many districts will be similar to our district regarding a negative fund balance
- Several districts who have recently modernized or built new schools will be in a positive fund balance due to the increased asset value as a result of these facility improvements
- If we are able to someday modernize our facilities, we will improve our overall fund balance

# Current Year Findings and Recommendations

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There are no findings for the 2014/15 year.

Kudos to the fiscal staff!



# Prior Year Audit Findings – Status



There are no prior year findings to report.

# 2014/15 Audit Report



Questions?