Presentation of 2014 Audit Results to the Board of Trustees
**Scope of Services**

**Components:**

- District’s Basic Financial Statements – The *Financial Statement Audit*
- Audit of Major Federal Grant Programs in accordance with OMB Circular A-133 – *The Single Audit*
- State Compliance Audit

![Diagram](image)
Auditor’s Responsibilities

- To express our opinions on the financial statements
  - Based on our risk assessments, understanding of controls, tests of transactions and balances and review of the financial statements
  - To include the design of audit procedures to detect material misstatements of the financial statements caused by fraud
- To conduct the audit in accordance with professional standards
- To conduct the state compliance audit in accordance with the Standards and Procedures for Audits of California K-12 LEA 2013-2014
- To express our opinions on the District’s compliance with federal and state program regulations, including maintenance of effective internal controls
- To conduct the Single Audit in accordance with Office of Management and Budget Circular A-133 and AICPA requirements
<table>
<thead>
<tr>
<th>Audit Area</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>The fair values reported in the statement of net position are fairly stated with accurate and complete disclosures.</td>
</tr>
<tr>
<td>Receivables and revenues</td>
<td>Receivables are recorded correctly. Revenues from local control funding formula, federal and other state and local sources are properly recognized.</td>
</tr>
<tr>
<td>Inventories</td>
<td>Inventories exist, are safeguarded and are fairly stated.</td>
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<tr>
<td>Capital assets</td>
<td>Capital assets, capital expenditures and related depreciation are monitored and fairly stated in the financial statements. Construction commitments, construction in progress and contract retainages are properly disclosed and recorded in the financial statements</td>
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<tr>
<td>Long-term debt</td>
<td>General obligation bonds and certificates of participation are properly recognized and classified between current and long-term portions, and required disclosures have been made.</td>
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<tr>
<td>Pension and other post employment</td>
<td>Pension and OPEB liabilities are properly recognized and disclosed in the financial statements.</td>
</tr>
<tr>
<td>benefit (OPEB) liabilities</td>
<td></td>
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<tr>
<td>Interfund transfers</td>
<td>Interfund transfers are properly recognized and disclosed in the financial statements.</td>
</tr>
<tr>
<td>Expenditures/Payroll</td>
<td>Expenditures are incurred in compliance with budgetary constraints and procurement policies. Payroll costs are correctly allocatated and are supported by documentation of hours and rates.</td>
</tr>
</tbody>
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Overall Observations

- Unmodified “Clean” Opinion - The District’s accounting records required no significant correcting audit adjustments in order to be in compliance with Generally Accepted Accounting Principles.

- No material internal control weaknesses with respect to accounting or financial reporting were identified.

- No material state compliance findings noted (one finding noted regarding claiming excess ADA for independent studies).

- No findings of noncompliance with respect to the administration of Federal programs (Single Audit).
Required Communications to Those Charged With Governance

- Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.

- We believe the District’s significant accounting policies are appropriate, and that management has applied its policies consistently with prior periods in all material respects.

- Information audited by us have been generally verifiable, with management being appropriately neutral on the accounting policies and their application, including alternative accounting treatments.

- Management’s estimates, including collectability of receivables, useful lives for property and equipment, and valuation of investments have a basis including knowledge about past and current events and assumptions about future events.
No significant issues were discussed or addressed with management prior to retention.

Management’s involvement in providing financial information required for preparation of the financial statements appeared to increase in the current year compared to prior year’s. As management is responsible for the financial statements, an understanding of the information contained therein is important to management’s ability to review and approve them, and also to the independence of the audit function. Management has accepted responsibility for the financial statements and has provided us a letter setting forth certain representations pertaining to those financial statements.

No irregularities, fraud or illegal acts involving senior management, or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.

We are independent of the District within the meaning of the applicable independence, integrity and objectivity rules, regulations and interpretations.
Finding on State Compliance Audit

Claims for Independent Study Participation - We noted 2 out of 3 students tested were claimed for 25 days of ADA instead of 20 days in accordance with the guidance.