



## Policy 3.D – FINANCIAL CONDITION & ACTIVITIES

Date Adopted/Last Revised: January 27, 2009

*Management Limitations*

With respect to financial condition and activities, the Superintendent will not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from the Board's Ends priorities.

*I interpret will not cause nor allow the development of to mean: shall not bring about or permit the occurrence of.*

*I interpret the condition of fiscal jeopardy to mean: entering an agreement to pay expenses when the source of income to pay for those expenses has not been determined or not having cash available to pay expenses when they are due.*

*I interpret a material deviation of actual expenditures from the Board's Ends priorities to mean that when reviewing the actual expenditures of the district, an informed person would not question whether District Ends priorities are being addressed.*

### **Data Reported:**

The Expectations of the Board Report pertains to the first six (6) months of fiscal year 2017 (July 1, 2016- December 31, 2016). The FY 2017 budget was adopted in June 2016 and will be adjusted in January 2017 due to changes in student count and other School Finance Act Formula factor changes. These budget adjustments will be reported in the 3.D Expectations of the Board report in October 2017. The FY 2017 Adopted Budget ensures adequate funds are available for the TABOR Reserve as required under the provisions of section 20 (5) article X of the state constitution, the Board Contingency Reserve as well as a reserve for multi-year obligations.

### **Conclusion: I report compliance**

The Superintendent will not:

1. Expend more funds than have been received in the fiscal quarter to date unless the liquidity and long-term reserve requirements below are met.
  - a. The Superintendent will not borrow from reserves (defined as accumulated excess revenues) in an amount greater than can be replenished by certain, otherwise unencumbered revenues within 90 days.

*I interpret this to mean:*

*The District must maintain the restricted reserves of 3% TABOR and 3% Board. These funds can be used for temporary cash flow purposes as long as they are replenished within a 90 day period.*

**Data Reported:**

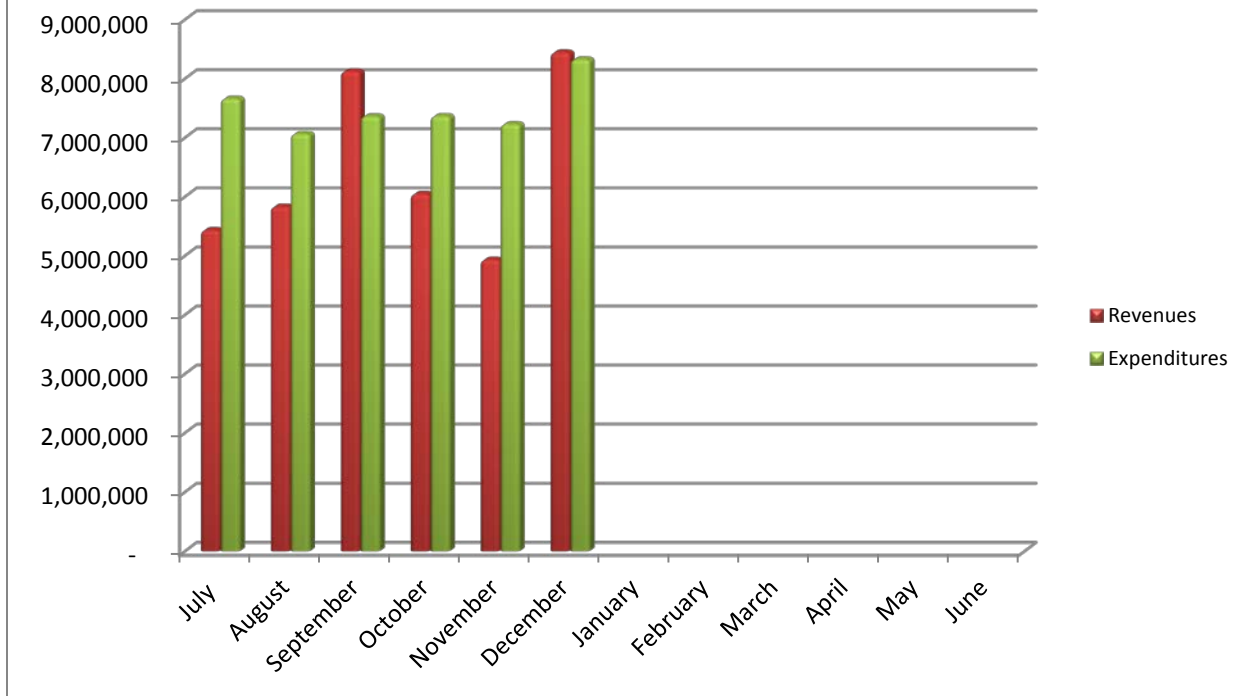
The FY 2017 budget was adopted with the expectation that the TABOR reserve as required under the provisions of section 20 (5) article X of the state constitution, the Board Contingency Reserve, and a reserve for multi-year obligations be maintained in the general fund. All three reserves are fully funded, the first two at the required 3% each and the last according to the current superintendent contract. In the Adopted Budget the District is expected to end FY 2017 with a fund balance in the general fund of \$12.6 million. This includes \$2.9 million for the TABOR reserve, \$3.0 million for the Board Designated reserve, \$398,910 of reserve for Multi-Year Obligations, \$195,400 Career and Technical Education reserve and \$3.8 million for non-appropriated general contingency.

A review of revenue received, expenditures paid, and transfers completed during the first 6 months of FY 2017 shows that at this point in time, general fund expenditures and transfers exceed revenues requiring the use of \$21.0 million of beginning fund balance. This is typical as the majority of the property tax revenue is received from March to May of each year. The general fund includes inter-fund transfers as detailed out in the next page schedule as well as the allocations of per pupil revenue to district approved charter schools.

Fund	Beginning Balance	Revenues	Transfers	Expenditures	Ending Fund Balance
General	19,189,984	38,828,392	(9,011,198)	45,023,582	3,983,596
Capital Reserve	1,094,419	-	1,117,285	1,168,899	1,042,805
Risk Mgmt Insurance	513,195	32,647	844,217	1,137,370	252,689
Preschool	227,406	-	3,132,411	1,478,335	1,881,482
Nutrition Services	1,798,045	208,921		2,217,848	(210,882)
Gov't Designated Grants	1,289,831	3,539,474		3,759,123	1,070,182
Pupil Activity	1,170,175	1,339,951	420,704	1,290,013	1,640,817
Transportation	-	1,561,437	3,379,544	2,575,542	2,365,439
Growth Impact	75,419	41,410		11,630	105,199
Day Care/Extended Kinder	570,367	480,802		481,066	570,103
Other Special Programs	493,055	692,520	41,000	587,426	639,149
Bond Redemption	17,797,774	40,326,117		57,624,185	499,706
Building	171,324,713	575,512		26,937,762	144,962,463
Print Shop	-	32,979	76,037	51,519	57,497
Dental	525,148	357,584		311,438	571,294
Trust	27,315	21		4,000	23,336
Pupil Activity Agency	196,348	140,346		133,092	203,602

The following is a chart that shows the comparison of revenues vs. expenditures for the general fund only. As is demonstrated below, the District's revenue for the general fund varies according to the receipt of property taxes. The increase in general fund expenses in December relates to the inter-fund transfers detailed out in the above schedule.

## Revenue and Expenditure Comparison for FY 17 General Fund



**Conclusion: I report compliance**

- b. The Superintendent will not borrow funds (with the exception of credit cards used for normal business purposes that are paid in full each month)

*I interpret this to mean:*

*The District will not borrow funds through a bond issue, Certificates of Participation (COPs) or capital lease without express approval by the Board of Education. Interfund borrowing can take place for cash flow purposes as long as the funds are replenished within 90 days.*

**Data Reported:**

In FY 2017 the District refinanced its Series 2006A and Series 2008 Bonds and realized a net present value savings of \$6,098,978 or 15.8%. The first debt payment on the 2015 Series Bonds was made in December 2016 of \$10.2 million with an outstanding balance of \$296.5 million. The District also entered into a three year lease with JP Morgan for purchase of 400 computers in accordance with the cascade plan and 684 chromebooks at an interest rate of 1.7%. The District has additional outstanding Board approved debt in the form of bonds, certificates of participation (COPs), and capital leases with expenditures in FY 2017. The total outstanding debt is \$440.1 million as detailed out below.

Type of Borrowing	FY 2016/17 Debt Payment	Outstanding Balance (P+I)	Year Debt Retires
ChromeBooks Computers Lease	140,493	273,899	2019
Bus/Computer Lease	371,522	-	2017
ChromeBooks	48,352	-	2017
Water Augmentation Note	85,437	85,438	2018
2005 COPs	206,888	2,333,578	2026
2006A Refunding Bonds	915,066	-	2017
2006C GO Bonds	4,161,931	-	2017
2008 GO and Refunding Bonds	702,098	2,185,800	2019
2011 Refunding Bonds	120,500	908,690	2018
2012A Refunding Bonds	5,263,525	30,114,850	2025
2014 GO and Refunding Bonds	1,583,913	62,315,275	2027
2015 Refunding Bonds	10,161,900	296,494,350	2041
2016A Refunding Bonds	-	41,437,142	2028
2016B Refunding Taxable Bonds	-	3,935,534	2028

C.R.S. 22-44-113 does allow internal borrowing from all funds except the bond redemption fund as long as the funds are repaid not later than three months after the beginning of the following budget year. The District combines cash from eight funds in a ColoTrust account to maximize investments. Cash from Pupil Activity, Growth Impact, Bond Redemption, Building, Nutrition Services and Trust funds are excluded due to the restricted use of each fund. During the first eight months of the fiscal year when property tax collections are minimal, the cash from other funds in the ColoTrust account is available to supplement general fund obligations if needed. Moneys are repaid in March of the same fiscal year when larger property tax collections are received from the counties of Adams, Weld and Broomfield. This practice has allowed the District to meet obligations without having to borrow money from the State of Colorado's Cash Flow Loan Program or from local banks.

**Conclusion: I report compliance**

- c. The Superintendent will not allow cash to fall below a safety reserve of 6% of the general fund.

*I interpret this to mean:*

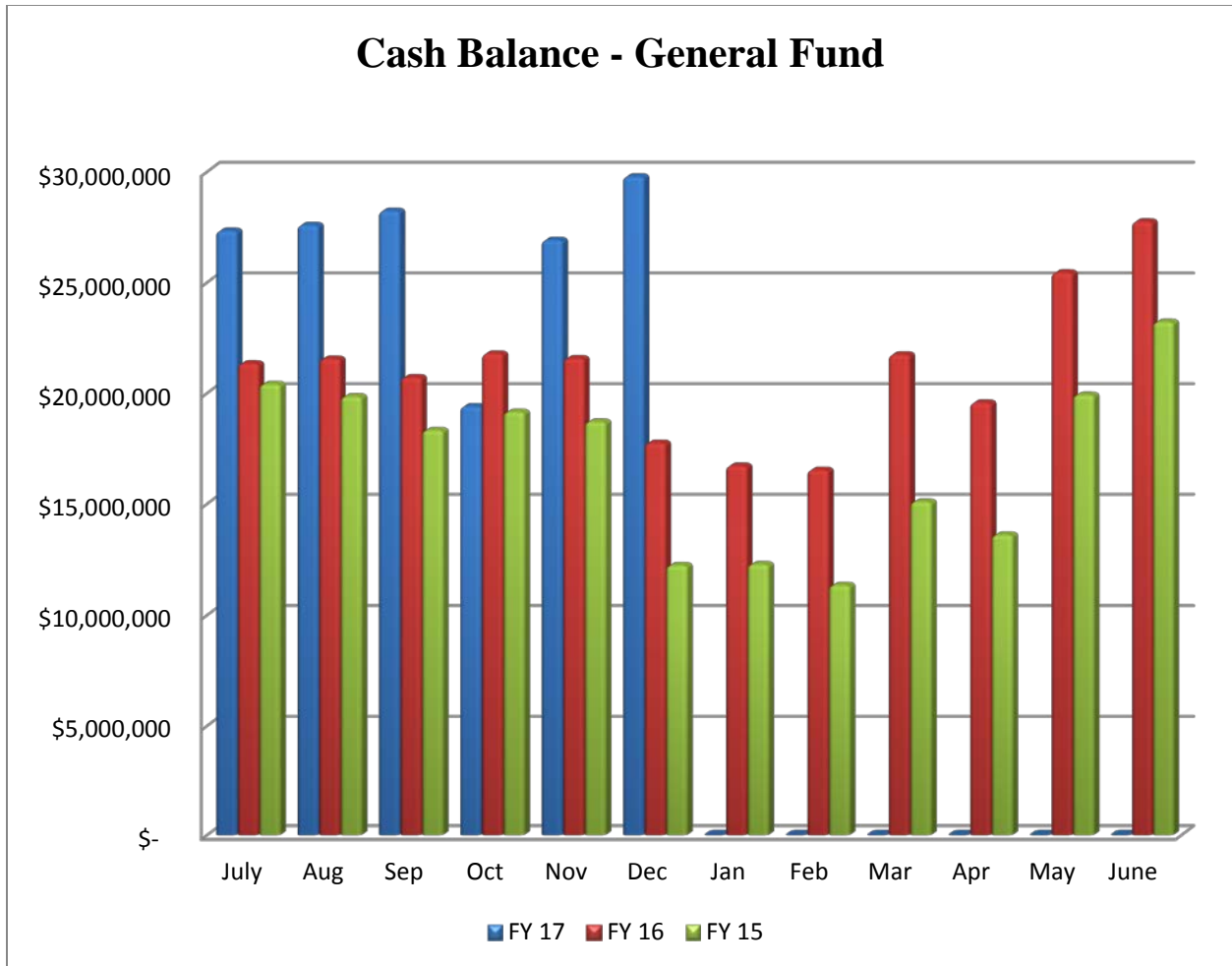
*The general fund reserves will not be less than 6% of general fund expenditures for the previous twelve months.*

**Data Reported:**

In the first six months of FY 2017 the total unaudited expenditures in the general fund, as presented in the schedule on page 3 were \$45.0 million. The District's forecasted annual expenditure amount is \$98.5 million, with 6% equating to \$5.9 million. The total reserves

planned in the general fund in the FY 2017 Adopted Budget are \$7.9 million. The \$2.4 million variance is due to the accounting for the 3.0% Board Contingency Reserve for transportation in the general fund, the constitutional requirement to reserve for multi-year obligations, and the assigned reserve for the costs associated with the opening of Reunion Elementary in fall of 2017.

The following chart tracks the cash balance during the first six months of the fiscal year for the general fund only. As is illustrated below, the District’s cash balance never falls below the combined restricted reserve balance of \$5.9 million in FY 2017.



**Conclusion: I report compliance**

2. Use Board-designated long-term reserves/endowment funds.

*I interpret this to mean:*

*The District expends designated funds for allowed purposes only throughout the identified monitoring period.*

**Data Reported:**

The District has spent all funds to date consistent with the FY 2017 Adopted Budget. The anticipated undesignated ending general fund balance in the Amended Budget is \$3.8 million which is no change from the FY17 Adopted Budget. The FY 2017 Adopted and Amended Budgets plan for 91% of the recurring general fund resources to be used directly in schools or in direct support of schools.

**Conclusion: I report compliance**

3. Conduct interfund shifting.

*I interpret this to mean:*

*The District shall not comingle funds that, by strict statutory law, are prohibited from being moved.*

**Data Reported:**

CRS 22-44-112 - Transfer of moneys states that “a board of education shall not transfer moneys from one fund to another, except as authorized.” The FY 2017 Adopted Budget includes \$9 million in transfers from the general operating fund to: Colorado Preschool Program fund, Capital Reserve fund, Risk Management fund, Transportation fund, Special Revenue fund, Print Shop fund and Pupil Activity fund.

**Conclusion: I report compliance**

4. Fail to settle payroll obligations and payables in a timely manner.

*I interpret this to mean:*

*Payroll obligations are all compensation, both salary and benefits, paid to district employees through the district’s payroll system. Payables are all district bills that are not employee compensation which are processed through the District’s check request process or purchasing card. Ninety-five percent of payables should be paid within 90 days.*

**Data Reported:**

Payroll: Human Resources and the Finance Department work together to pay employees on a monthly basis on the last working day of each month. The pay period ends the 12<sup>th</sup> of each month for payment at the end of that month and internal control is very strict with segregation of duties between the two departments. Pay remittances or checks are issued to employees the last working day of the month.

Payroll Month	Average Number of Employees Paid	Gross Payroll Amount	Employee Paid Deductions	Employer Paid Deductions
FY 2017 July – December	1,696	\$36,179,600	\$9,931,600	\$11,754,328
		Types of Employer Paid Deductions		
Taxes		Taxes		
Medical		Medical, Dental, Vision		
PERA		PERA		
Garnishments		Life Insurance		
Voluntary (Life, 401K, 403b, Dues and HSA)		Health Savings Account		
Credit Union				
125 Dependent Care/Health Care				

Accounts Payable: Checks are issued each Thursday afternoon. Below is a summary of checks issued for the period July 1, 2016 to December 31, 2016. The chart lists the total number of checks issued and shows the length of time from the date of the invoice to the date of the check being issued. Finance has improved the percentage of payments within 30 days by 10.6% from this time last year moving from 85.5% to 96.1%. In addition, 98.8% of all payables were paid within 60 days of invoice date.

Number of Checks Issued	Paid within 30 days or less of Invoice Date	Paid within 31 – 60 days of Invoice Date	Paid within 61 – 90 days of Invoice Date	Paid in excess of 90 days of Invoice Date
1,768	1,699	47	18	4
Percentage of checks issued	96.1%	2.7%	1.0%	0.2%

**Conclusion: I report compliance**



5. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

**Data Reported:**

Each time payroll is processed mandatory deductions are made along with the accompanying checks or wire transfers to the appropriate vendors.

<b>Mandatory Deduction</b>	<b>How Paid</b>
Federal/Medicare Taxes-IRS	Wire transfer and taxes called in and completion of Form 941 quarterly
Public Employees Retirement Association	Wire transfer of both employees and District contribution
State Taxes	Wire transfer and taxes called in for contribution
Garnishments	Mailed to the appropriate authority after deducted from payroll
If Full-Time Employee Deductions made for Health, Dental, Vision, Life Insurances	Check/Wire issued to appropriate vendor
OMNI (403b), HSA and 401K	Wire transferred and report sent via secured web link

All deductions have been paid in a timely manner.

**Conclusion: I report compliance**

6. Execute a check or purchase commitment of greater than \$25,000 unless such purchase was explicitly itemized in budget monitoring data previously disclosed to the Board or subsequently disclosed at the next regular meeting of the Board. Splitting orders to avoid this limit is not acceptable.

*I interpret this to mean:*

*The causation of a fiscal encumbrance which has not been disclosed to, or previously approved by the Board of Education either through an appropriations resolution, supplemental budget, or budgeted for this purpose in the annually approved budget.*

**Data Reported:**

There were 86 checks and 16 purchasing card transactions for \$25,000 or greater in the period July 1, 2016 to December 31, 2016 totaling \$8.5 million. All transactions listed were included in the FY 2017 operating budgets of the individual departments or schools. A summary of all transactions of \$25,000 or greater is below.

Check #	Check Amount	Vendor	Description
114859	\$ 59,850.00	ADAMS 12 FIVE STAR SCHOOLS	OUT OF DISTRICT TUITION FOR AUG - OCT
113943	\$ 96,189.00	ALPINE ACHIEVEMENT SYSTEMS INC	ALPINE ACHIEVEMENT BASE FEE
3 checks	\$ 137,635.12	BELLE CREEK CHARTER SCHOOL	ELPA
114381	\$ 36,078.18	BLACKBOARD CONNNECT INC	WIRE MANAGEMENT
115148	\$ 38,436.40	BP ENERGY COMPANY	ENERGY BILL
7 checks	\$ 270,140.52	BRIGHTON EDUCATION ASSOCIATION	UNION DUES
6 checks	\$ 308,520.63	BROMLEY EAST CHARTER SCHOOL	ELPA
114749	\$ 40,000.00	BUTLER / SNOW	2016 REFUNDING LEGAL
1 PCARD TRANSACTION	\$ 32,436.00	CDW GOVERNMENT	DIRECT MARKETING-CATALOG MERCHANTS
114174	\$ 48,432.00	CDW GOVERNMENT INC	HPE SB ProLiant DL380
4 checks	\$ 205,118.00	CHILDREN'S HOSPITAL	DIST NURSE SERVICE
2 checks	\$ 133,519.00	CITY OF BRIGHTON	WATER/SEWER
8 PCARD TRANSACTIONS	\$ 250,133.29	CITY OF BRIGHTON	UTLTS-ELCTRC GAS HEATING OIL SANITARY WATER
113639	\$ 35,154.67	CITY OF BRIGHTON POLICE DEPARTMENT	2ND QUARTER 2016
115081	\$ 83,774.00	COLORADO COMMUNITY COLLEGE	CTA-FY15 AUDIT
113257	\$ 148,925.00	COMPUTER INFORMATION CONCEPTS INC.	ANNUAL PEOPLEWARE AGREEMENT
113441	\$ 28,002.20	DELL USA LP ACCT #032-7492	19" MONITOR
114398	\$ 31,038.00	DIRSEC INC	VENDOR MAINTENANCE SUPPORT
2 PCARD TRANSACTIONS	\$ 59,409.28	DMI* DELL K-12/GOVT	COMPUTERS COMPUTER PERIPHERAL EQUIPMENT SOFTWARE
114963	\$ 28,013.69	EAGLE RIDGE ACADEMY	ECEA 1ST ALLOCATION
113964	\$ 30,000.00	EDUCATIONAL MANAGEMENT ASSOC INC.	EMA SUPPORT AGREEMENT
113399	\$ 349,006.06	EVERBANK COMMERCIAL FINANCE, INC	CBS COPIER FY17 LEASE
18 checks	\$ 813,937.99	FOOD SERVICE OF AMERICA	NUTRITIONS
2 checks	\$ 91,843.74	FOUNDATIONS ACADEMY	ECEA 1ST ALLOCATION
2 checks	\$ 382,239.00	FRANSEN PITTMAN CONSTRUCTION CO INC.	BHA WINDOWS
114977	\$ 98,568.00	FRONT RANGE COMMUNITY COLLEGE ATTN: CAS	CONCURRENT ENROLLMENT STUDENT TUITION
113648	\$ 26,500.00	GET BATS OUT	SCHOOL CLEAN UP NORTH & SOUTH ELEM
3 PCARD TRANSACTIONS	\$ 157,640.00	GOVCNCTN	COMPUTERS COMPUTER PERIPHERAL EQUIPMENT SOFTWARE
113357	\$ 104,862.46	HOUGHTON MIFFLIN HARCOURT	READ 180 MATERIALS
114410	\$ 57,050.00	IMAGINE LEARNING INC	100 ANNUAL LICENSES
113333	\$ 75,000.00	INSPIRED SOLUTIONS LLC	ELL STUDENT SUPPORT
6 checks	\$ 3,418,139.10	KAISER PERMANENTE	HEATH CARE PREMIUMS
3 checks	\$ 214,573.40	LANDMARK ACADEMY AT REUNION	ECEA 1ST ALLOCATION
114066	\$ 25,092.41	NAVIANCE, INC.	USAGE YEARLY FEE
113661	\$ 109,250.00	NORTHWEST EVALUATION ASSN.	ASSESSMENT
113535	\$ 25,000.00	ONELOGIN, INC.	RENEWAL
113607	\$ 28,504.17	RLH ENGINEERING INC	AHERA
115129	\$ 34,500.00	RUBINBROWN	FINANCIAL STATEMENTS/ SINGLE AUDIT
113274	\$ 30,372.00	SANITY SOLUTIONS, INC	YEARLY SUPPORT RENEWAL
115038	\$ 28,256.91	SERENITY LEARNING CENTER SMITH AGENCY, I	MONTHLY PAYMENT
113277	\$ 42,497.04	SOF-TECH MAINTENANCE COMPANY	PHONE SYSTEM
1 PCARD TRANSACTION	\$ 34,944.84	SOUTH ADAMS COUNTY WAT	UTLTS-ELCTRC GAS HEATING OIL SANITARY WATER
113338	\$ 26,063.00	SPRADLEY BARR FORD LINCOLN OF GREELEY, I	2016 STATE ORUCE AGREEMENT'
113628	\$ 28,308.61	SUMMIT PARTNERS - COLORADO LLC	TECH MATERIALS
113798	\$ 48,352.09	SUNTRUST EQUIPMENT FINANCE & LEASING CO	CROME BOOKS P&I
113937	\$ 25,000.00	TEMPUS NOVA, INC.	AO DOC SERVER LICENSES
1 PCARD TRANSACTION	\$ 30,853.84	TRANSWEST TRUCKS	AUTOMOTIVE PARTS ACCESSORIES STORES
113939	\$ 61,272.00	VLCM	TECH MATERIALS
114158	\$ 25,823.00	VOX MOBILE INC	EMM SILVER SUBSCRIPTION LICENSE
	\$ 8,494,254.64		

## **Conclusion: I report compliance**

7. Acquire, encumber, lease or dispose of real property.

*I interpret "acquire" to mean: gain possession or control of; to get or obtain*

*I interpret "encumber" to mean: a claim or liability that is attached to property or some other right and that may lessen its value, such as a lien; any property right that is not an ownership interest*

*I interpret “lease” to mean: a contract by which a rightful possessor of real property conveys the right to use and occupy the property in exchange for consideration, usually rent*

*I interpret “dispose” to mean: to transfer control to another; to place, distribute, or arrange, especially in an orderly way; to get rid of*

*I interpret “real property” to mean: land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment*

**Data Reported:**

At the end of FY 2016, as part of the annual audit of the District’s financial statements, we reported \$14.3 million of Construction in Progress (CIP). The CIP balance is a result of bond projects that were in progress in the last half of FY 2016. As of December 31, 2016, the District has added an additional \$30.1 million of CIP for bond projects. Of the total \$44.4 million of CIP, \$6.1 million has been capitalized. This is due to the completion of the Brantner Elementary expansion project in the fall of 2016.

The fixed asset threshold of \$5,000 was approved by the Board in 2004. Items retired or fully depreciated are removed from the list of fixed assets. The following chart lists the additions of fixed assets at December 31, 2016.

Description	School / Program	Capitalized Amount
Ford F350	Operations/Grounds	\$ 31,349
Athletic Equipment	Prairie View High School	32,584
Painter Tractor	Operations/Grounds	17,320
Furniture	Brighton Heritage Academy	9,780
Computers, Chromebooks & Carts	District Lease - All locations	414,392
	<b>Total Additions</b>	<b>\$ 505,425</b>

**Conclusion: I report compliance**

8. Accept revenues from sources not, in fact and appearance, consistent with the mission and values of the organization.

*I interpret “revenues” to mean: fiscal and non-fiscal donated economic resources*

*I interpret “mission and values of the organization” to mean: the organizational Ends that have been identified by the Board of Education*

**Data Reported:**

Name of Donator	School / Program	Item or Amount	Purpose
Northern Hills Church	North Elementary	\$1,400	Chromebooks
United Power	Prairie View High School	\$500	Student Council
Nestman & Eng Orthodontics	Prairie View High School	\$ 1,000	Football Booster Club
Jason Humphrey	Prairie View High School	\$11,465	Wrestling Program

All cash and non-cash donations support the organizational goals.

**Conclusion: I report compliance**

9. Fail to aggressively pursue material receivables after a reasonable grace period.

*I interpret this to mean:*

*A timely attempt is made to collect monies owed to the District (including charter schools) that are older than thirty days, or other period of time deemed reasonable within the normal course of business as follows:*

*Major Categories of Receivables:*

- *Amounts Due from Other Governments – 30 to 90 days following submission of reports or other required information.*
- *Accrued Investment Earnings – 30 to 180 days as defined by Investment Agreement.*

**Data Reported:**

The following is a chart that shows the type of revenue, the number of invoices issued if applicable, and the percentage of invoices that were collected within 30 days, 31-60 days, 61-90 days, and over 90 days.

A review of the fee assessment and collection process highlighted several areas of improvement. The first area the finance staff addressed was improved and continuous communication to families. In FY 2017 the District finance staff attended registration at both high schools to support the collection process. In addition, fee statements were sent out to all families prior to registration, and each month families are notified when transportation fees and full day kindergarten tuition has been assessed. The accounts receivable clerk is responsible for all fee collections, inclusive of supporting our elementary schools with full day kindergarten tuition.

In addition a policy change was implemented for facility rentals. All building usage is prepaid so there is no delay in collections of this fee.

Receivables	Invoices Issued	Collected within 30 days	31-60 days	61-90 days	90+ days	Outstanding
	Number	%	%	%	%	%
Property Taxes	N/A	Funds wired monthly				
State Funds	N/A	Funds wired monthly				
Facility Rental	80	95%	5%	0%	0%	0%
Charter Administration Fees	N/A	Paid monthly and reconciled at year end				
Reimbursements from Granting Agencies	N/A	Collected at various times of the year. Most grants are not billed, funds are based on the grantees requirements				
Athletic Fees	2,956	92%	3%	3%	2%	0%
Class Fees	43,659	62%	3%	13%	10%	12%
Lost Book/Equipment Fees	3,108	14%	6%	29%	11%	40%
Print Shop	25	99%	1%	0%	0%	0%
Before & After School Care	2,303	95%	2%	1%	2%	0%
Detention Center	20	0%	35%	33%	32%	0%
Full Day Kinder Tuition	1,092	89%	5%	3%	0%	3%
Transportation	2,156	35%	7%	30%	11%	17%

With the charging policy Nutrition Services has in place, no meals are written off.

Meals	Number of Meals	Free	Reduced	Paid
<b>Breakfast</b>	118,736	73,702	17,829	27,205
<b>Lunch</b>	622,815	269,682	67,117	286,016
<b>Total</b>	741,551	343,384	84,946	313,221
<b>%</b>	100%	46.31%	11.46%	42.24%

**Conclusion: I report compliance**

10. Operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.

*I interpret “without adequate internal controls” to mean: not having policies and procedures that are designed to prevent and detect fraud. Inadequate controls may give cause to an external auditor finding that an entity has a “material weakness” which is commonly described as more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.*

*I interpret “material dissipation of assets” to mean: non-compliance with Colorado Revised Statute which requires an entity to properly account for the assets and liabilities as ensured through the annual independent audit.*

### **Data Reported:**

The Local Government Audit Law (C.R.S. 29-1-601 et seq) requires the District to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant (CPA) and be in accordance with generally accepted auditing standards. The Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement, and according to Section 29-1-606, C.R.S., financial statements must be approved, published, and submitted to the state auditor within six months of the close of each fiscal year. The District management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, based upon a comprehensive framework of internal control that it has established for this purpose. The independent CPA publishes a management letter providing adding information on internal control and providing suggestions for improvement.

The auditors presented their comments and observations of the FY 2016 audit at the December 13, 2016 Board Meeting. Their management letter included a finding surrounding internal controls pertaining to financial review and reconciliation. As stated by the auditors, the District implemented a new reporting and accounting system during FY 2016. System implementation created difficulty in the District’s ability to perform the necessary reviews and reconciliations in a timely manner. The District is continuing in efforts to complete the system implementation during FY 2017. The District does not anticipate this finding to be recurring or an issue in the audit of FY 2017.

**Conclusion: I report non-compliance**