



**San Ysidro School District
Audit of Year Ended June 30, 2013**

Presented by: Aubrey W. King, CPA

- ▶ Audit Performance
 - ▶ Changes to financial reporting and audit reports.
 - ▶ Upcoming Changes
 - ▶ Audit Results and Highlights of Audit Report
 - ▶ Audit Findings and Questioned Costs
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Audit Performance

- ▶ No significant difficulties in working with management.
 - ▶ Management and staff were prepared for the audit and helpful in providing information in a timely manner.
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Changes in Financial Reporting And Audit Reports

▶ GASB Statement 63

- Statement of Net Assets has changed to Statement of Net Position.
 - Statement of Changes in Net Assets has changed to Statement of Changes in Net Position.
 - Introduces the term of Deferred Outflows and Inflows of Resources
 - Eliminates the term Deferred Revenue replacing it with Unearned Revenue
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Changes in Financial Reporting And Audit Reports

- ▶ Audit Report Format Changes
 - Letters have been revised to provide more clarity to readers.
 - Auditor's opinion is no longer an unqualified opinion but instead has been changed to an unmodified opinion.
 - Additional note disclosure requirements to provide more clarity to the reader.
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Upcoming Changes

- ▶ GASB Statement 65
 - Effective 2013–14
 - Defines what items belong in Deferred Outflows and Inflows of Resources.
 - Changes treatment of debt refundings and debt issuance costs
 - Will be required to be applied retroactively which will result in a restatement of beginning net position or fund balance.

Upcoming Changes

- ▶ GASB Statement 68
 - Effective 2015–16
 - Intended to improve the usefulness of information for decisions made by various users of financial reporting whose employees both active and inactive are provided with pensions (CalSTRS and CalPERS)
 - Will require a liability be accrued for any portion of unfunded pensions.
 - Will require additional note disclosures and supplementary information

Summary of Auditor's Results

- ▶ Unmodified Opinion, With a Going Concern (Page 1)
- ▶ Material weaknesses identified
- ▶ Noncompliance material to the financial statements identified.
- ▶ 2 Findings
- ▶ Major Programs:
 - Child Nutrition Cluster
 - Special Education Cluster
 - Title I
 - Title II
- ▶ Qualified Opinion (Page 60)
- ▶ Significant deficiencies identified
- ▶ 3 Findings

Financial Statements

Federal Awards

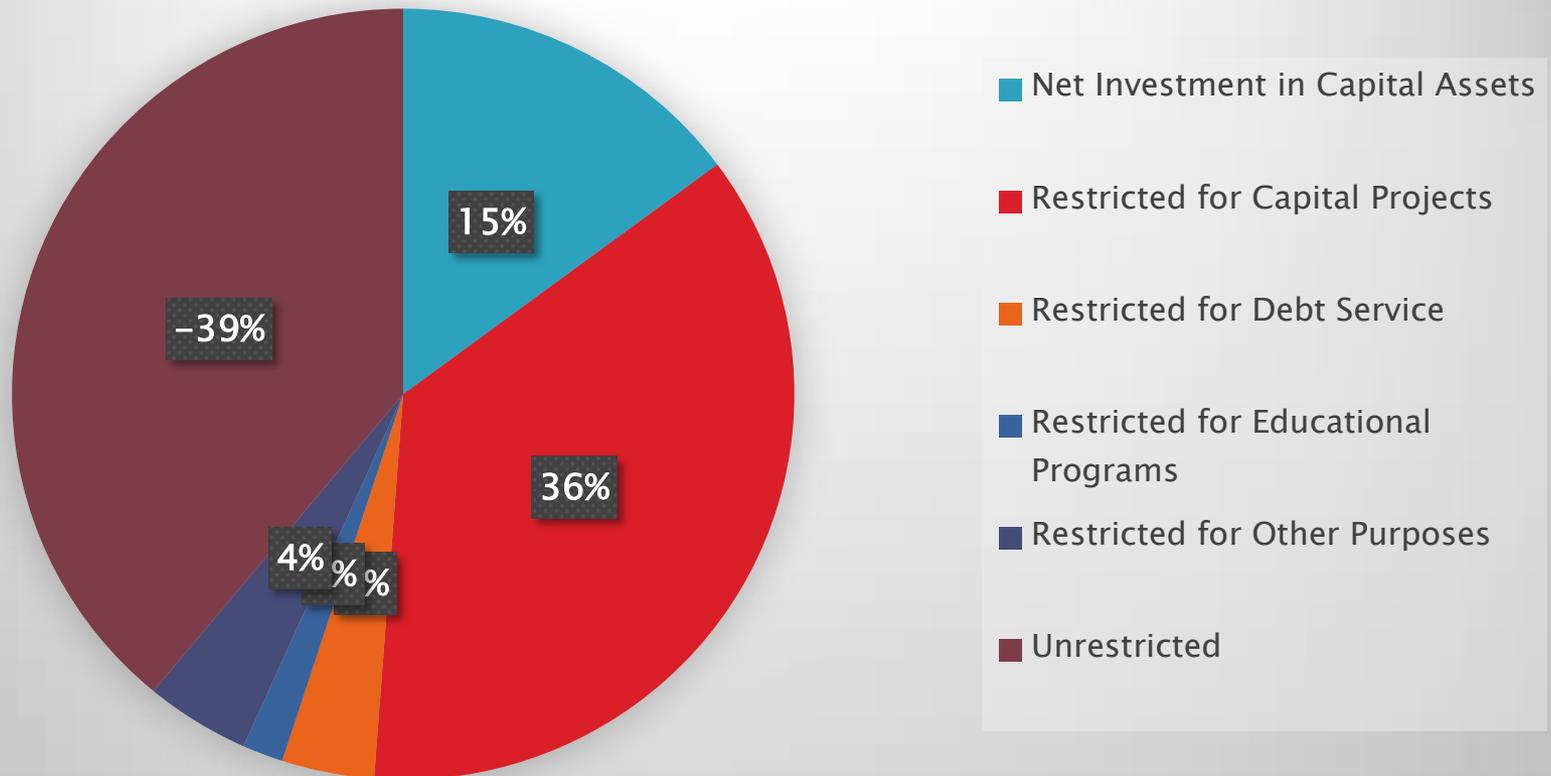
Summary of Auditor's Results

- ▶ Programs Audited
 - Attendance Accounting
 - Instructional Time
 - Instructional Materials
 - Ratio of Administrators to Teachers
 - Classroom Teacher Salaries
 - GANN Limit Calculation
 - SARC
 - CSR
 - ASES
- ▶ Qualified Opinion (Page 62)
- ▶ No material weaknesses
- ▶ No significant deficiencies
- ▶ 1 compliance finding noted

State Compliance

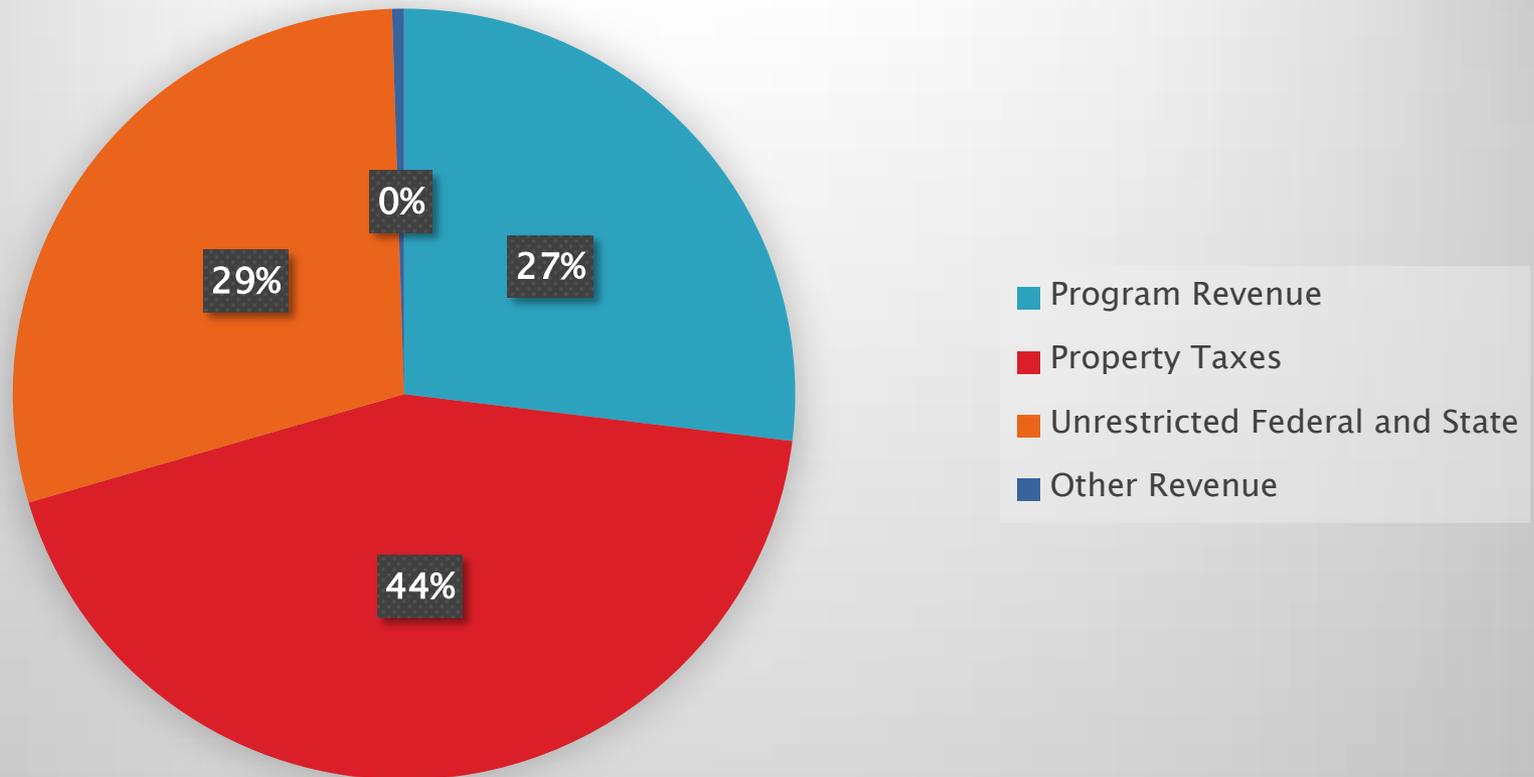
Highlights of Audit Report

2012-13 Net Position



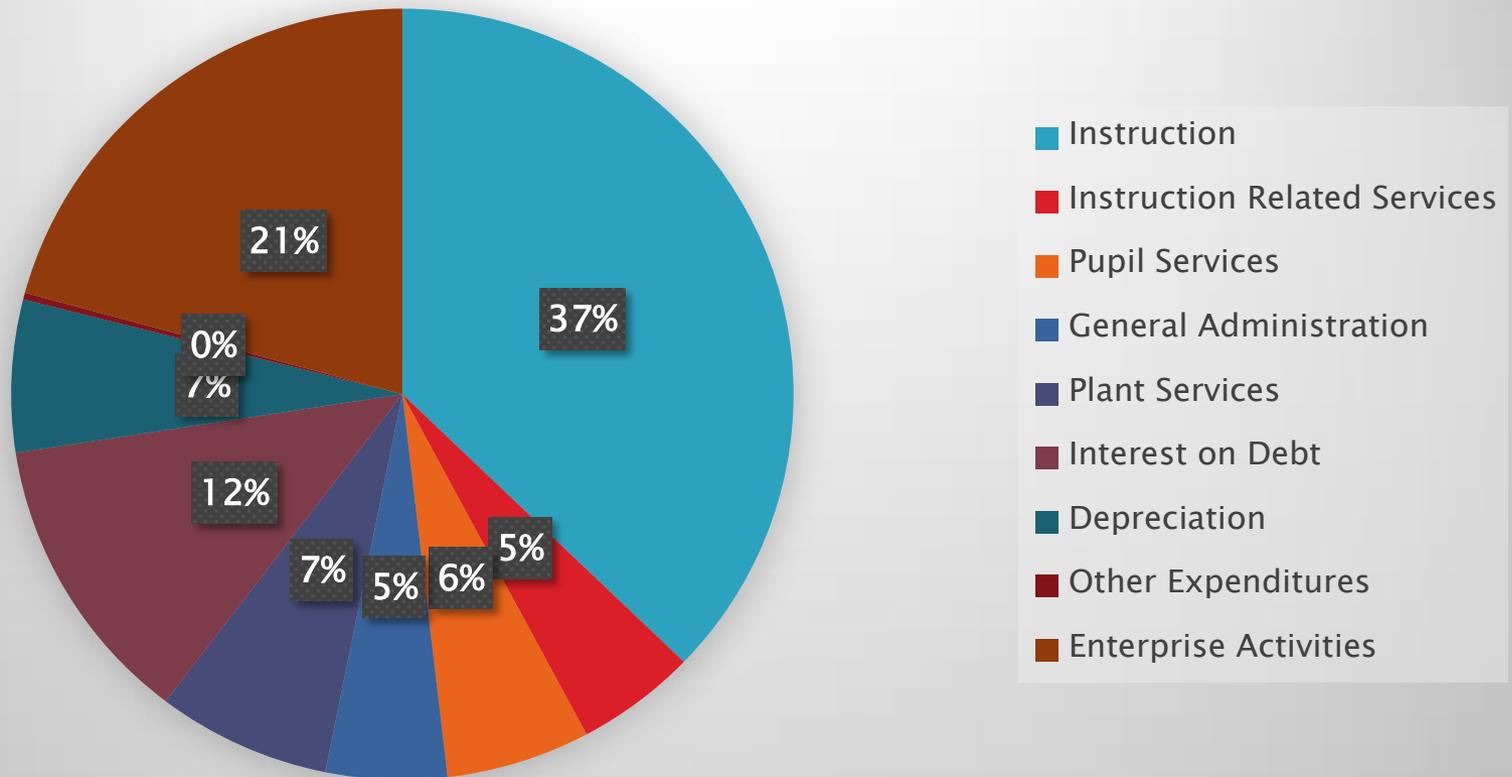
Audit Report Highlights

2012-13 Revenue by Source



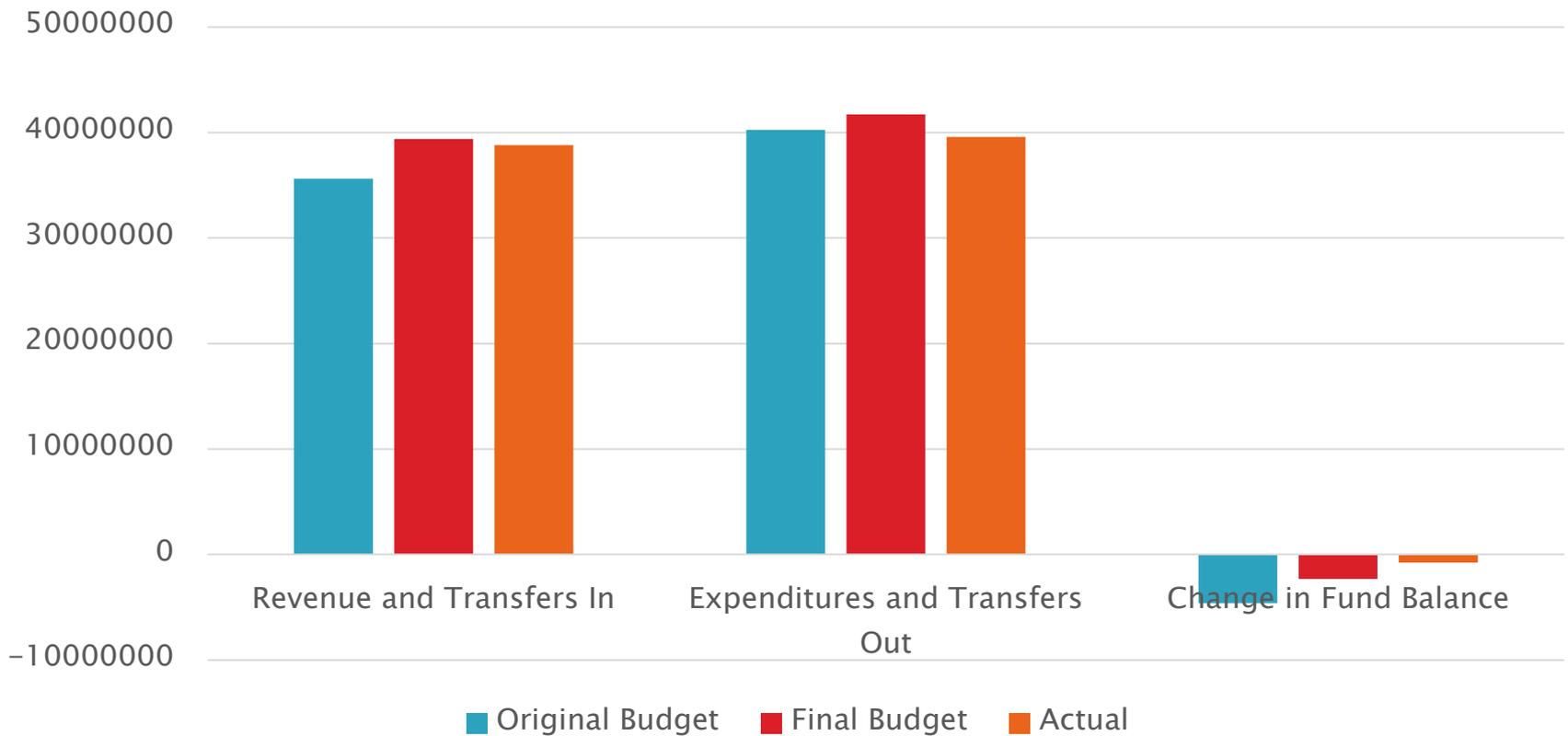
Audit Report Highlights

2012-13 Expenditures by Function



Highlights of Audit Report

General Fund Budget Comparison



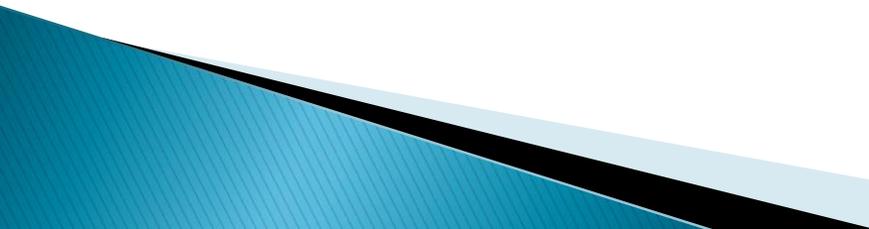
Highlights of Audit Report

General Fund	Budget* 2014	2013	2012	2011
Revenues	\$ 37,913,295	\$ 38,824,377	\$ 41,545,628	\$ 42,989,075
Expenditures	43,595,500	39,582,495	41,263,325	43,297,456
Change in Fund Balance	(5,682,205)	(758,118)	282,303	(308,381)
Ending Fund Balance	(1,069,497)	4,612,708	5,370,826	5,088,523
Available Reserves	-	2,666,107	3,559,949	4,800,016
Reserves as a % of Expenditures	-	6.7%	8.6%	11.1%
Long Term Debt	187,446,555	191,546,568	193,148,614	152,226,980
ADA at P2	4,917	4,919	4,999	4,950

Audit Findings & Questioned Costs

- ▶ Finding 2013-1 Associated Student Body
 - Material Weakness
 - Condition: 9 out of 10 deposits tested did not have supporting documentation to support. The ASB does not keep inventory records for student store.
 - Effect: ASB funds at San Ysidro Middle School are exposed to significant risk of error and fraud
 - Recommendation: Establish procedures to keep regular inventory records and to safeguard deposits.

Audit Findings & Questioned Costs

- ▶ Finding 2013-2 Going Concern
 - Condition: The District has not been able to make budget cuts sufficient to meet or exceed revenue short falls.
 - Effect: The District may not meet financial obligations which would require an emergency state loan and state take over.
 - Recommendation: Take necessary corrective actions to remediate looming budget and cash flow issues.
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Audit Findings & Questioned Costs

- ▶ Finding 2013-3 Federal Time Accounting
 - Significant Deficiency
 - Programs: Child Nutrition, Title I, Special Education, Title II
 - Condition: Documentation for federal payroll did not meet the requirements of OMB Circular A-87.
 - Effect: Material noncompliance to federal programs
 - Questioned Costs: \$1,706,540
 - Recommendation: Establish procedures to document salaries and wages paid with federal funds that comply with OMB Circular A-87.

Audit Findings & Questioned Costs

▶ Finding 2013–4 Schoolwide Plans

- Significant Deficiency
- Programs: Title I
- Condition: Schoolwide plans were not prepared and approved until April 2013.
- Effect: Material noncompliance to federal programs, the District is not eligible to spend Title I Funds until a school plan is in place.
- Questioned Costs: \$1,047,000
- Recommendation: Establish procedures to ensure school plans are in place prior to expending of Title I Funds.

Audit Findings & Questioned Costs

- ▶ Finding 2013–5 Title II Needs Assessment
 - Significant Deficiency
 - Programs: Title II
 - Condition: The district was unable to provide a copy of an assessment of local needs for professional development and hiring.
 - Effect: Material noncompliance to federal programs
 - Questioned Costs: \$284,696
 - Recommendation: Establish procedures to prepare and retain an annual assessment of local needs for professional development and hiring.

Audit Findings & Questioned Costs

- ▶ Finding 2013–6 Instructional Materials
 - Programs: Instructional Materials Funding Realignment Program
 - Condition: The public hearing to determine the sufficiency of instructional materials was not held within the 1st eight weeks of school.
 - Effect: Material noncompliance to state programs
 - Questioned Costs: \$272,477
 - Recommendation: Establish procedures to ensure public hearing for determining sufficiency of instructional materials is held in the first eight weeks of school.

Thank you

- ▶ Thank you to all of the San Ysidro School District staff who accommodated our audit and provided us with all of the information necessary to complete this audit report. We look forward to working with you again in future audits.