

# SAUSALITO MARIN CITY SCHOOL DISTRICT

**FINANCIAL AUDIT PRESENTATION**

**FISCAL YEAR ENDING JUNE 30, 2017**

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# Audit Report

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## **The School District's responsibility:**

- Effective internal controls
- Financial statements
- Prepare and manage the budget

## **The Auditor's (CWA's) responsibility:**

- Opinion-reasonable assurance that financial statements are materially correct
- Opinion does not address the financial condition of the District
- Issued **unmodified opinion** (best opinion you can get)

# Independent Auditors' Report

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## Unmodified Opinion ( best opinion you can get)

Page 2

In our opinion, the financial statements referred to above **present fairly, in all material respects**, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sausalito Marin City School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended **in accordance with accounting principles generally accepted in the Unified States of America.**

# Additional Opinion

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## Financial Statements, Internal Control Over Financial Reporting with Government Auditing Standards : Cash, Accounts Receivable, Capital Assets, Accounts Payable, Long Term Debt, Journal Entry Process

- Unmodified Opinion (Best Opinion Possible)
- Significant deficiency – Yes
  - Bank Accounts & Reconciliations, Page 75
  - Purchase Orders, Page 76
- Material Weakness - No

# Additional Opinion

## Report on State Compliance:

•Attendance	•School Accountability Report Card
•Teacher Certification and Misassignments	•Middle or Early College High Schools
•Kindergarten Continuance	•K-3 Grade Span Adjustment
•Independent Study	•Transportation Maintenance of Effort
•Continuation Education	•Mental Health Expenditures
•Instructional Time	•Educator Effectiveness
•Instructional Materials	•California Clean Energy Jobs Act
•Ratios of Admin Employees to Teachers	•After School Education and Safety Program
•Classroom Teacher Salaries	•Proper Expenditure of Education Protection Account Funds
•Gann Limit Calculation	•Unduplicated Local Control Funding Formula Pupil Counts
	•Local Control and Accountability Plan

- Unmodified Opinion (Best Opinion Possible)
- Significant deficiency – Yes
  - Admin Teacher Ratio – Page 77
  - ASES, Page 78
  - Unduplicated Pupil Count, Page 79
- Material Weakness - No

# Capital Assets

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Total capital assets were \$22.5M at 6/30/17 – decrease of \$812,855 from 6/30/16:

- Increase in assets mainly a result of \$147,979 construction in progress
- Decrease due to depreciation of \$966,963

# Long Term Debt

Total long-term debt as of 6/30/17 were \$24,782,707 – decrease of \$102,551 from 6/30/16:

	Balance		Balance		Balance Due
	July 01, 2016	Additions	Deductions	June 30, 2017	In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 16,155,000	\$ -	\$ 130,000	\$ 16,025,000	\$ 150,000
Unamortized premium	391,197	-	14,998	376,199	14,998
<b>Total general obligation bonds</b>	<b>16,546,197</b>	<b>-</b>	<b>144,998</b>	<b>16,401,199</b>	<b>164,998</b>
Certificates of participation	3,485,000	-	95,000	3,390,000	95,000
Capital leases	1,000,000	-	-	1,000,000	-
Early retirement incentive	232,472	-	49,133	183,339	43,572
Compensated absences	66,048	-	55,017	11,031	-
Net OPEB obligation	53,231	760	-	53,991	-
Net pension liability	3,502,310	240,837	-	3,743,147	-
<b>Total</b>	<b>\$ 24,885,258</b>	<b>\$ 241,597</b>	<b>\$ 344,148</b>	<b>\$ 24,782,707</b>	<b>\$ 303,570</b>

- Reduction of \$130K in General Obligation Bonds
- Reduction of \$95K in Certificated of Participation
- Reduction of \$49K Early Retirement Incentive
- Reduction of \$55K Compensated Absences
- Increase in the net OPEB Obligation of \$760
- Increase in Net Pension Liability of \$240K (STRS & PERS/GASB 68)

# Pending Changes in Accounting Principles

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## *GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*

- Improve accounting and financial reporting for state and local government, making it consistent with pension reporting, useful and transparent
- Required recordation of **Net OPEB Liability** upon implementation on the GW financial statements and proprietary funds instead of just the annual required contribution (ARC) as currently recorded on the balance sheet
- The GASB 75 **Net OPEB Liability** that will be recorded may be greater than current GASB 45 Unfunded Actuarial Accrued Liability due to a required lower discount rate than currently used.
- Changes to assumptions used by the actuaries to calculate the OPEB liability
- Effective for the School District's June 30, 2018 financial statements-