

Lake Pend Oreille School District

Financial Statement Audit

June 30, 2022

Presented by:

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What is an audit?

- An audit is an examination and evaluation of the financial statements to obtain reasonable assurance that the financial statements are free from material misstatements
- Management is responsible for the presentation of the financial statements and the auditor expresses an opinion on the information provided

Why is an audit required?

- An entity receiving federal funds are subject to a financial statement audit under the Government Auditing Standards and Uniform Guidance
- The federal government requires an audit for those entities that have exceed \$750,000 in federal expenditures
- In addition, audit is required under state statutes

Audit Results

- Unmodified (Clean) Opinion
 - Financial Statements (pages 1-3)
 - Reasonable assurance that the statements are free from material misstatement
 - Adequate Presentation
 - Adequate Disclosure
 - Internal Control over Financial Reporting and Compliance with Laws and Regulations (pages 68-69)
 - Compliance with Major Federal Programs (pages 70-72)

What are Internal Controls?

- The processes that support the District's objectives
 - operational effectiveness and efficiency
 - reliable financial reporting
 - compliance with laws, regulations and policies

- Examples of strong internal controls
 - Establishment of a separate fund to account for the receipts and expenditures of the District's supplemental tax levy
 - Internal audits of Student Body Funds
 - Dual signatures on checks
 - Segregation of duties

Management Discussion & Analysis

- Pg. 4-18
- Management Analysis of year's activity
- Financial Highlights
- Future Outlook for the District

Financial Highlights

- The district finished the year with a general fund balance of \$15,237,596, which represents 44% of total expenditures in the general fund
 - This was an increase of \$5,852,389 from prior year
- Actual revenues in the general fund were \$4,225,375 higher than budgeted
- Actual expenditures in the general fund were \$162,420 lower than budgeted
- No bonded indebtedness

Budget

- The budget process can really show how well management knows and understands their environment.

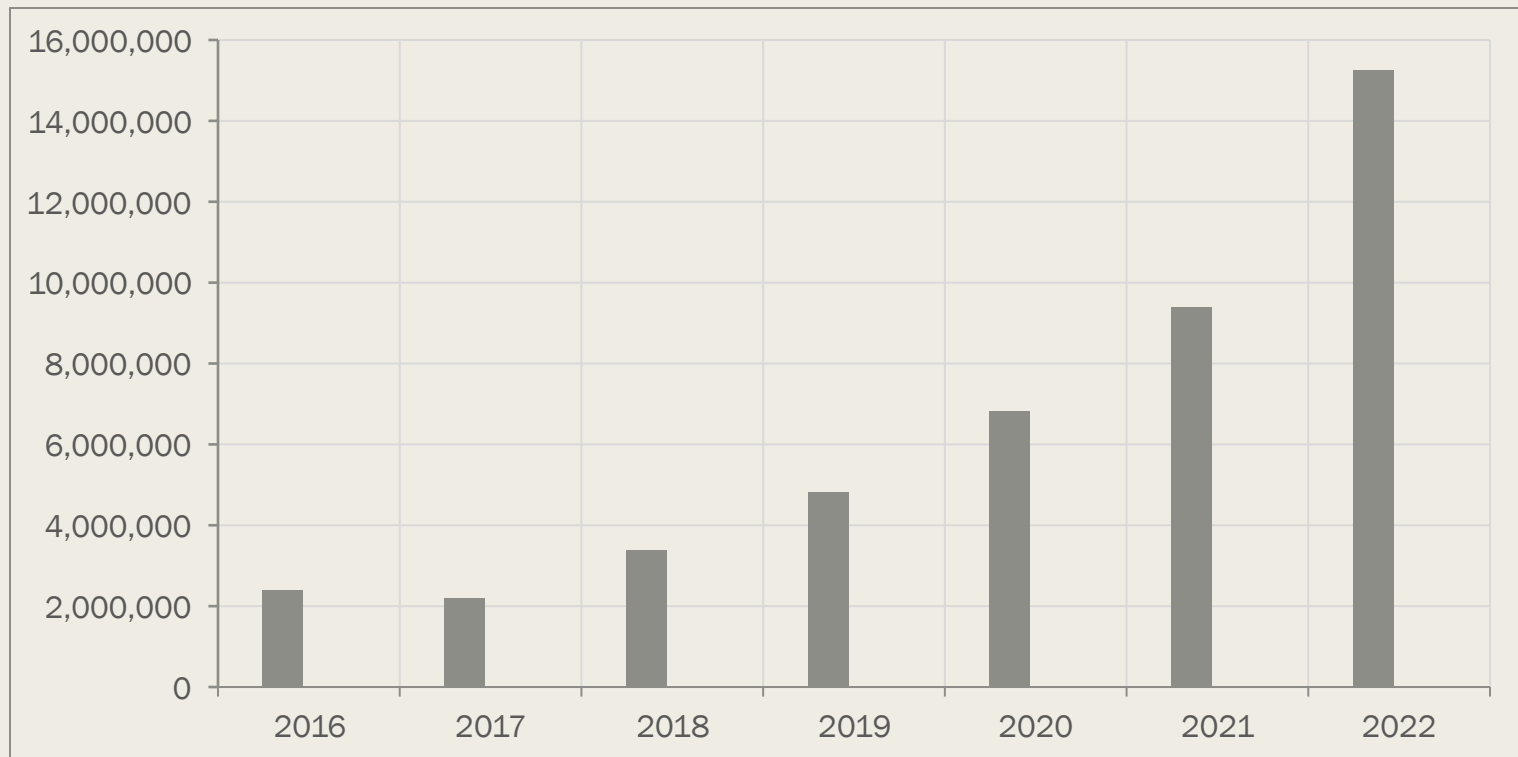
General Fund – Unassigned/Assigned Fund Balance

- Why is a Fund Balance Important?
 - Revenue stream is not consistent month to month (property taxes and state revenues)
 - Protect the District from unnecessary borrowing
 - Provide prudent resources to meet unexpected emergencies and protect against catastrophic events (recessions, pandemic, snow removal)
 - Meet uncertainties of State and Federal funding
 - Help ensure a credit rating that would qualify the District for lower interest costs (in case of needed borrowing)
 - Help ensure future financial stability

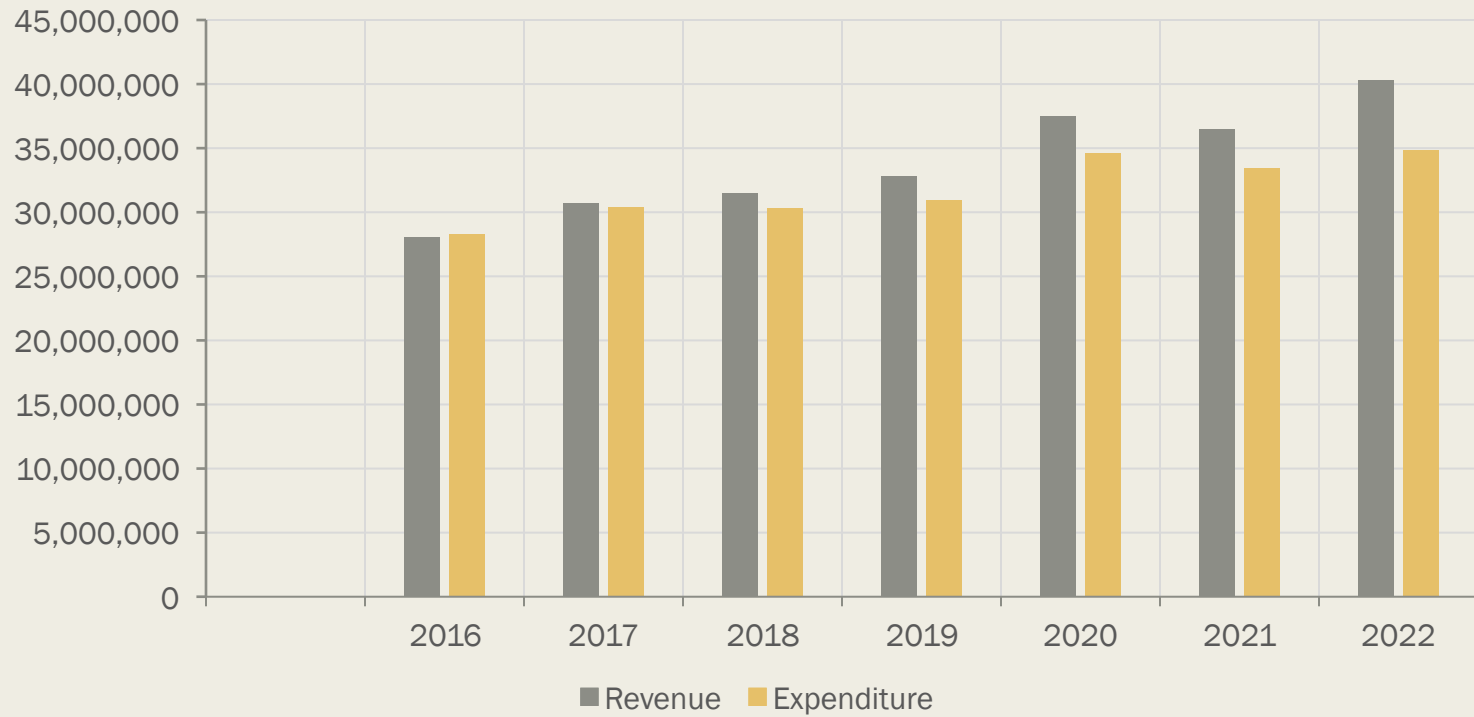
General Fund – Unassigned/Assigned Fund Balance

- The Government Finance Officers Association recommends at a minimum, that general purpose governments, maintain no less than one to two months of regular general fund operating expenditures.

General Fund Balance Year over Year Comparison



General Fund Revenues and Expenditures Comparison





Questions?