

Jersey Shore Area School District



Candor. Insight. Results.

A Presentation of 2018 Audit Results to the Board of Directors



"A Premier School District"

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Executive Summary...



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- Unmodified (i.e., “clean”) opinion on the financial statements...
- Unmodified opinion on compliance as related to the District’s “major” federal award program;
- No “findings” related to federal programs
- General Fund fund balance decreased \$202K; was anticipated in the 2018 budget

Required Communications



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Pursuant to Clarified Audit Standards
Codification Section 260 (AU-C 260)

Jersey Shore Area School District Required Communications (AU-C 260)



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Our responsibility under generally accepted auditing standards:

- oTo express an opinion on the financial statements, based on our audit;
- oAudit procedures were designed to gain *reasonable*, but not *absolute* assurance;
- oOur review of internal control is limited to gaining a basic understanding of internal control in order to design an effective audit approach – not for the purpose of providing assurance on internal control.

Jersey Shore Area School District Required Communications (AU-C 260)



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Accounting Estimates

oAre an integral part of the financial statements prepared by management – actual results may differ significantly from management’s current judgments. The more significant estimates are as follows:

- oTaxes Receivable within the General Fund, and the related allowance for doubtful collections;
- oOther postemployment benefits (OPEB) liability;
- oNet pension liability;
- oLiability for compensated absences, and;
- oEstimated useful lives of property and equipment.

Jersey Shore Area School District Required Communications (AU-C 260)



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Audit Adjustments

oWe are required to report to you the more significant audit adjustments posted in connection with our audit.

oWe proposed a small number of adjusting journal entries, none of which had a significant impact on your external financial reporting process.

Jersey Shore Area School District Required Communications (AU-C 260)



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There is nothing to report with regard to the following:

- o Disagreements with management;
- o Consultation of management with other accountants;
- o Major issues discussed prior to our retention, and;
- o Difficulties encountered in performing the audit.

What Type of Audit Was Done?



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- A special type of financial statement audit was conducted known as a “Single Audit”
- Federal law requires a Single Audit in situations where a government expends > \$750,000 in federal financial assistance in any given year
- A Single Audit involves both *financial statement* and *compliance* auditing

What Did the Audit Report Say?



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- We give two “opinions” in the audit...
- Page 2, 1st paragraph – an “unmodified” opinion on the financial statements...
- Page 71, 1st paragraph - an “unmodified” opinion on District compliance with requirements applicable to your major federal award program (“Child Nutrition Cluster”)

Financial Statement Analysis



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Budget Vs. Actual at June 30, 2018



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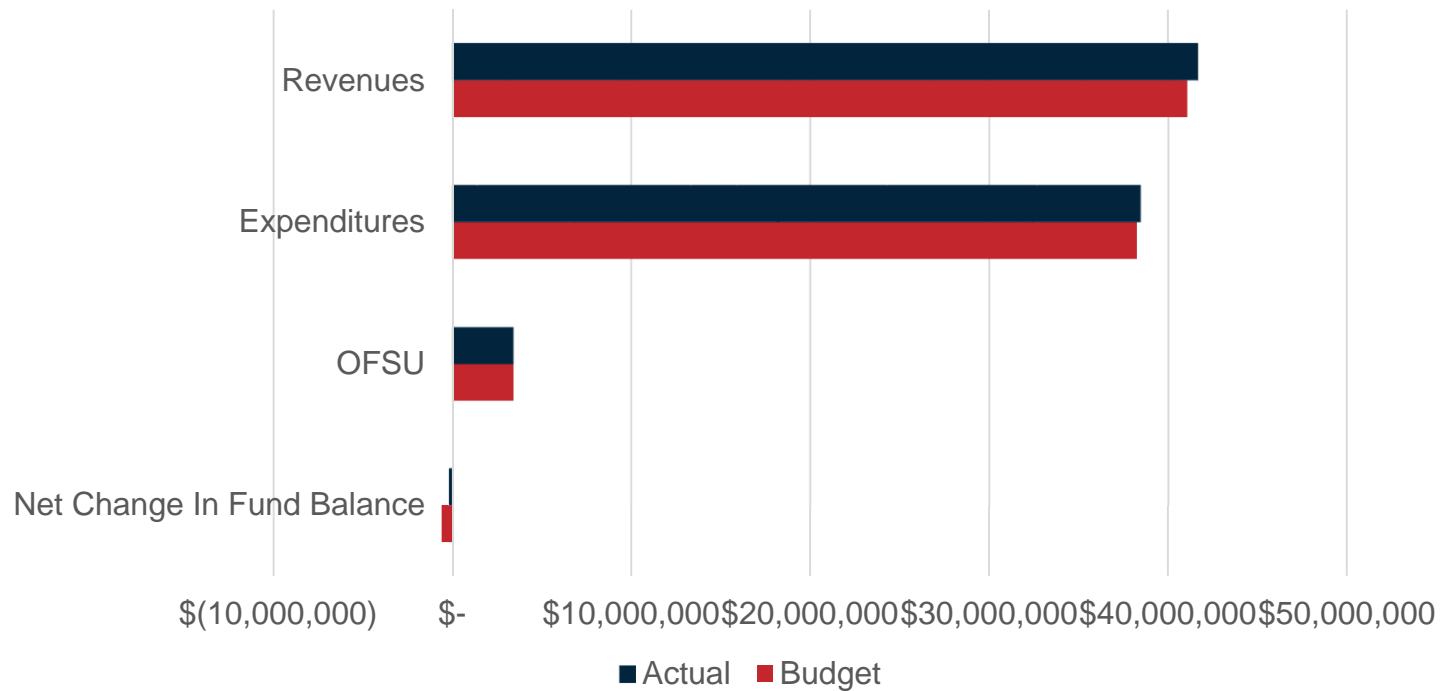
- Appears on page 23 of Single Audit...
- Actual revenues and other financing sources were \$594,910 (1.45%) more than final budget
- Actual expenditures and other financing uses were \$191,216 (0.46%) more than final budget
- Overall, budgeting was precise and the integrity of the process was maintained for 2018

Budget Vs. Actual FYE 6.30.18



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General Fund Budget vs. Actual FYE 6.30.18



Analysis - General Fund Balance



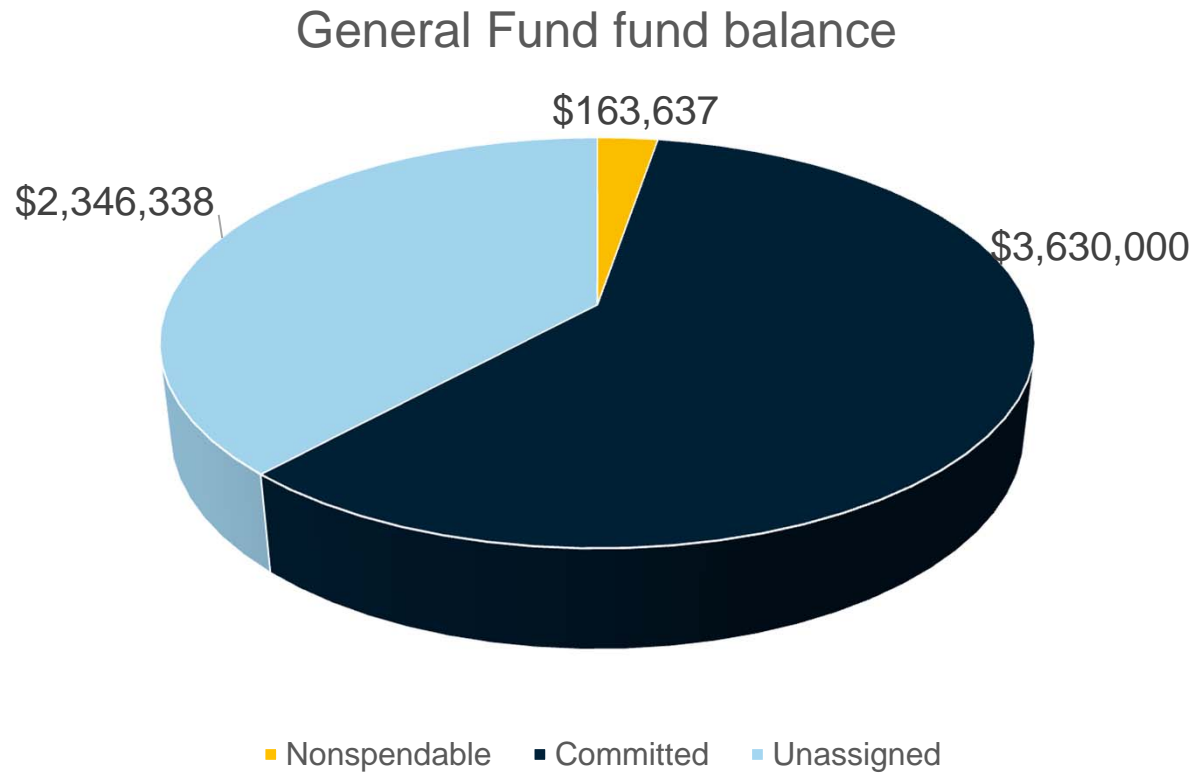
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- See page 19 of GPFS
- At June 30, 2018, the fund balance in the General Fund was \$6,139,975
- This represents ~ 14.8% of the \$41.4M G/F budgeted expenditures for FYE 6.30.19, which is slightly below recommended (GFOA) guidelines.
- GFOA recommends two months' worth of operating expenditures (2 months of operating expenditures = \$6.9 million or ~ 16.7%)
- \$3,630,000 of the \$6,139,975 is "committed" for future PSERS and health care increases

General Fund fund balance composition



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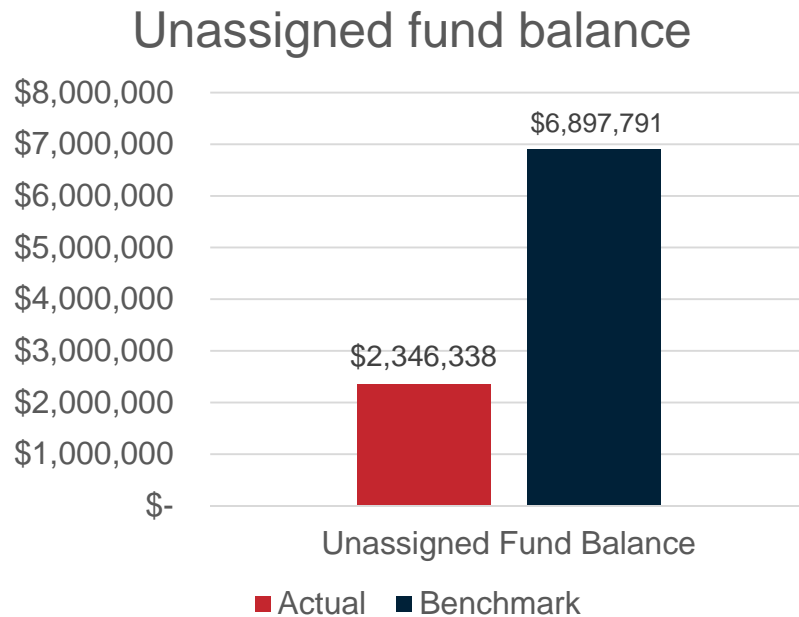
Total JSASD General Fund fund balance was \$6,139,975 at 6.30.18

Analysis – General Fund fund balance

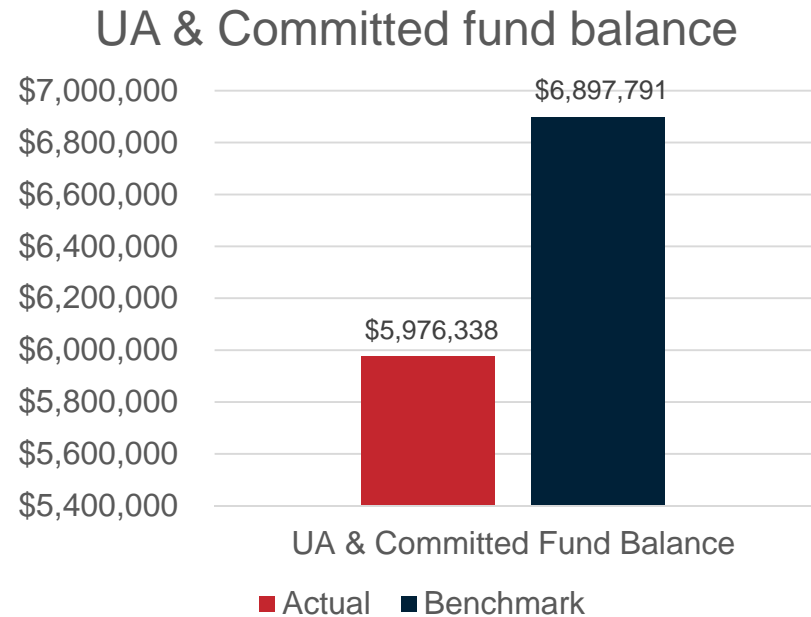


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Unassigned General Fund fund Balance vs. 2 month operating expense benchmark



Unassigned and Committed Fund Balance vs. 2 month operating expense benchmark

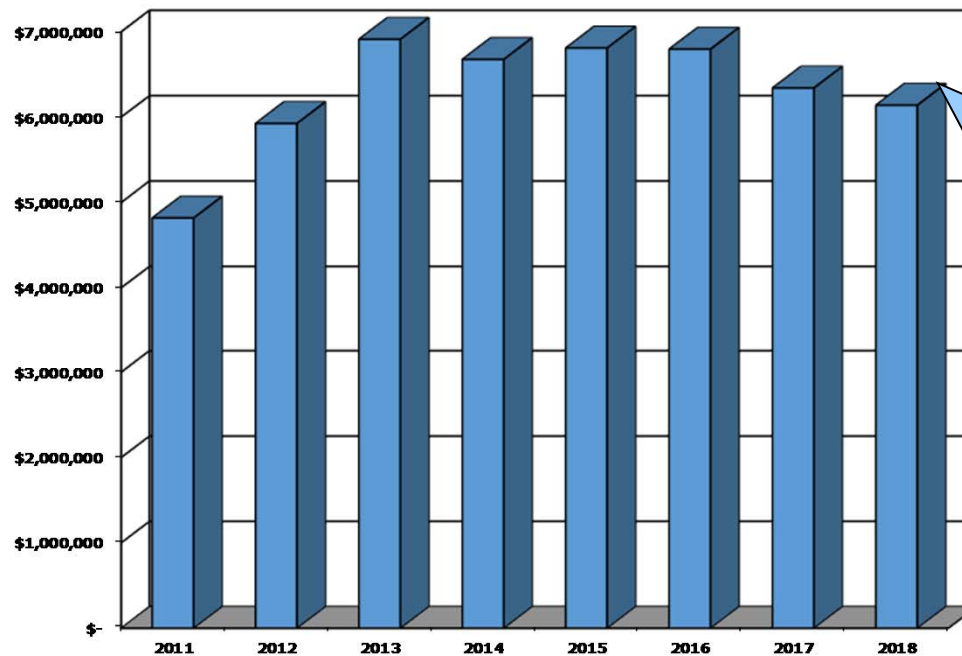


General Fund fund balance



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Total Fund Balance



At 6.30.18, the District is slightly below GFOA guidelines (14.8% vs 16.7%)

$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}$$

Historical Information, 2014-2018

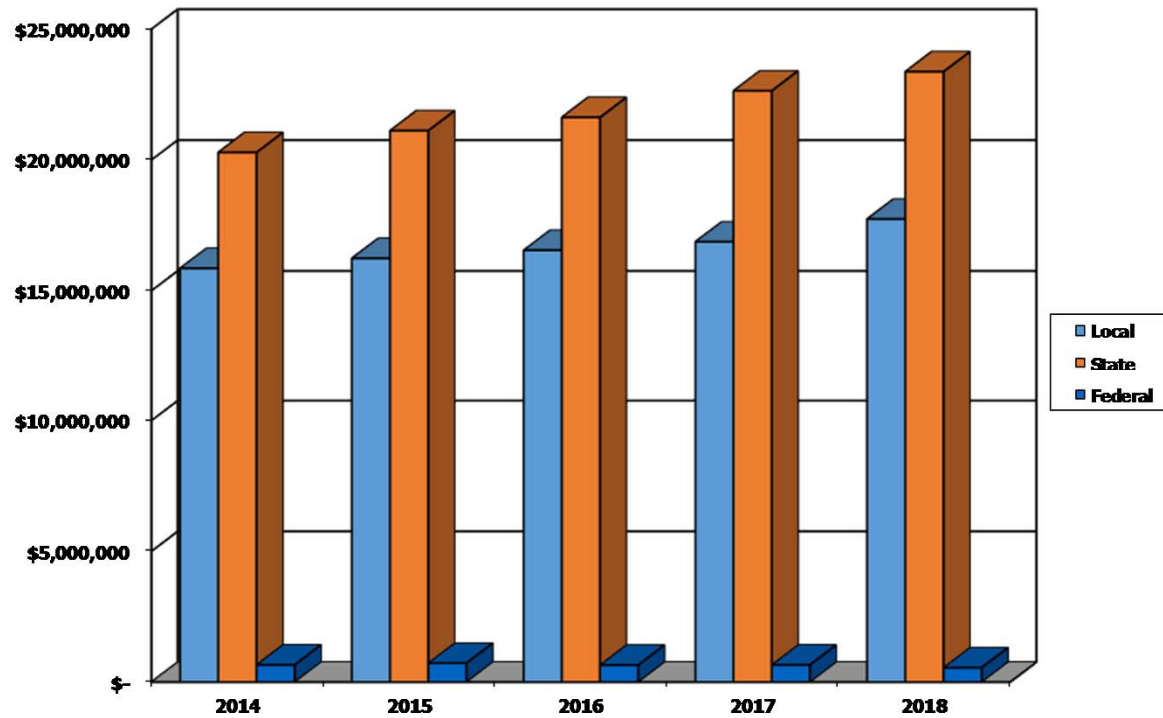


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General Fund Revenues By Source



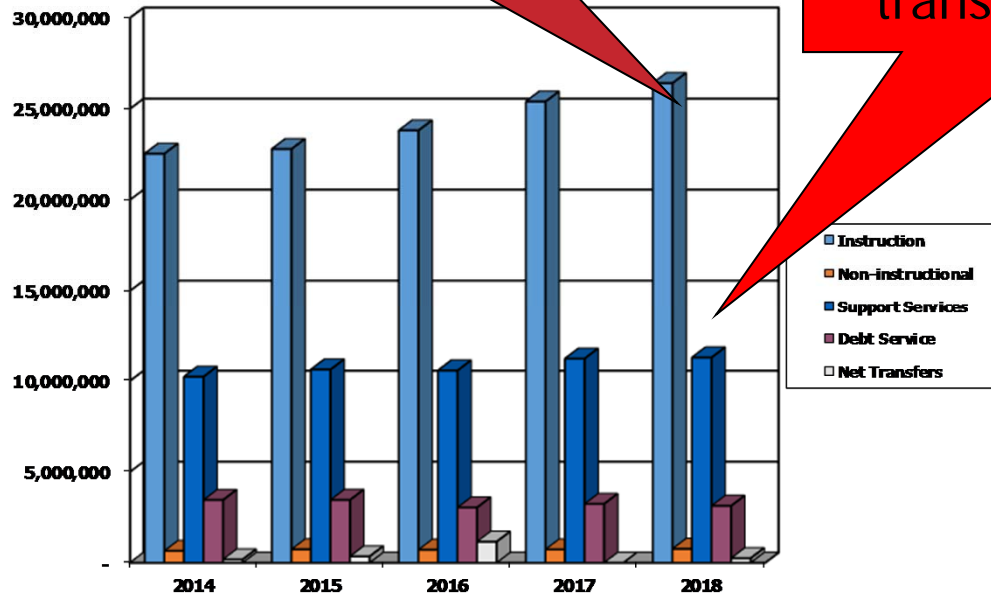
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General Expend

“Instruction” includes regular, special, vocational, adult and other instructional programs (teacher salaries, benefits, supplies, etc.)

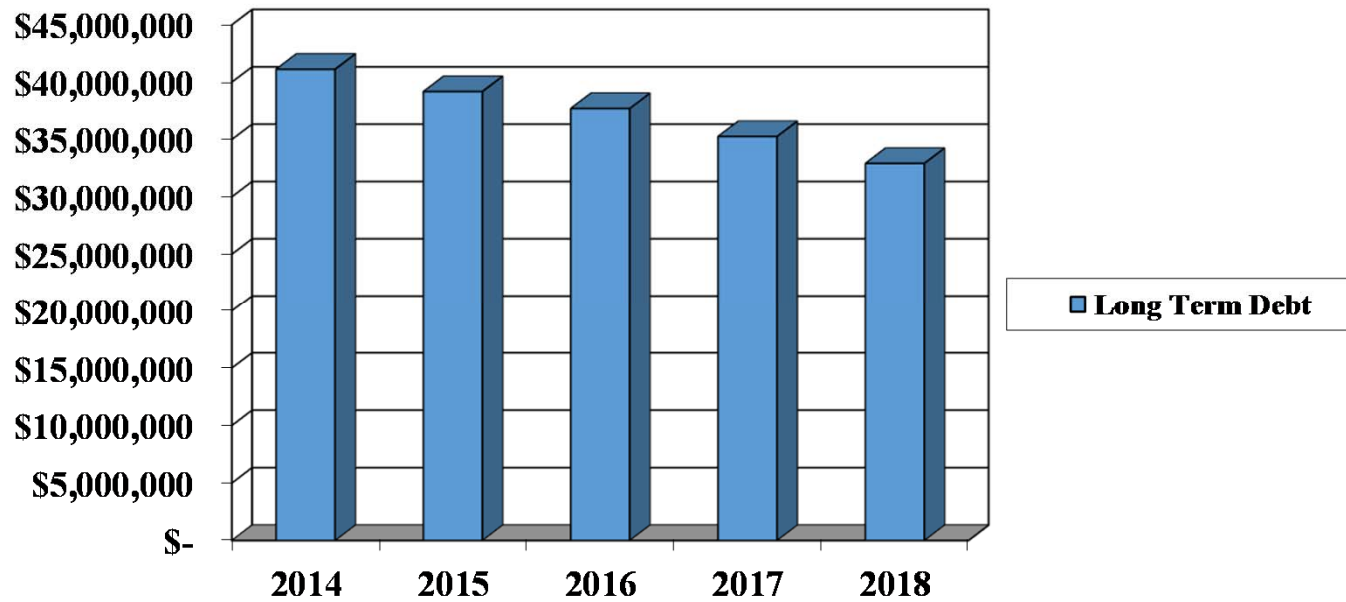
“Support Services” include pupil personnel, instructional staff, administration, business office, O&M of plant, transportation, etc.



Long-term Debt



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Uniform Guidance Compliance



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- Schedule of Expenditures of Federal Awards appears on page 66 of the Single Audit.
- In total, the District expended \$1,759,950 in federal financial assistance during fiscal 2018.
- Consistent with 2017, we did not identify any findings related to the federal programs.

PSERS Retirement Contribution Rates...



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•PSERS Retirement Contribution Rate Increases

- PSERS employer contribution rates are expected to continue to increase over the next several years. The chart below displays fiscal year 17/18 actual figures as well as projected annual increases over the next 5 years.

Fiscal Year Ending June	Total Projected Employer Contribution Rate %	Total Projected Covered Payroll (assumes 2% annual increase)	Projected Employer Contributions
17/18	32.57%	\$ 17,616,589	\$ 5,737,723
18/19	33.43%	17,968,921	6,007,010
19/20	34.79%	18,328,299	6,376,415
20/21	35.26%	18,694,865	6,591,809
21/22	35.68%	19,068,762	6,803,734
22/23	36.32%	19,450,138	7,064,289

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was effective for June 30, 2018.
- Required the District to record their entire Unfunded Actuarially Accrued Liability (\$12,732,974), related to the District's single employer OPEB plan and PSERS Health Insurance Premium Assistance Program.

Summary...



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- District's General Fund fund balance is reasonably in line with the GFOA recommended guidelines.
- Internal controls are in place and no "material weaknesses" were noted.
- Business Office is very solid and does a very good job with bookkeeping.

Questions???



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