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# Jersey Shore Area School District

## A Presentation of 2019 Audit Results to the Board of Directors



*"A Premier School District"*



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## Executive Summary...

- 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 increased \$1.1M



# Required Communications



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

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

Our responsibility under generally accepted auditing standards:

- o To express an opinion on the financial statements, based on our audit;
- o Audit procedures were designed to gain *reasonable*, but not *absolute* assurance;
- o Our 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)

### Accounting Estimates

o Are 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:

- o Taxes Receivable within the General Fund, and the related allowance for doubtful collections;
- o Other postemployment benefits (OPEB) liability;
- o Net pension liability;
- o Liability for compensated absences, and;
- o Estimated useful lives of property and equipment.



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

### 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)

There is nothing to report with regard to the following:

- oDisagreements with management;
- oConsultation of management with other accountants;
- oMajor issues discussed prior to our retention, and;
- oDifficulties encountered in performing the audit.



## What Type of Audit Was Done?

- 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?

- We give two “opinions” in the audit...
- Page 1, last paragraph – an “unmodified” opinion on the financial statements...
- Page 65, last paragraph - an “unmodified” opinion on District compliance with requirements applicable to your major federal award program (“Title I”)

# Financial Statement Analysis



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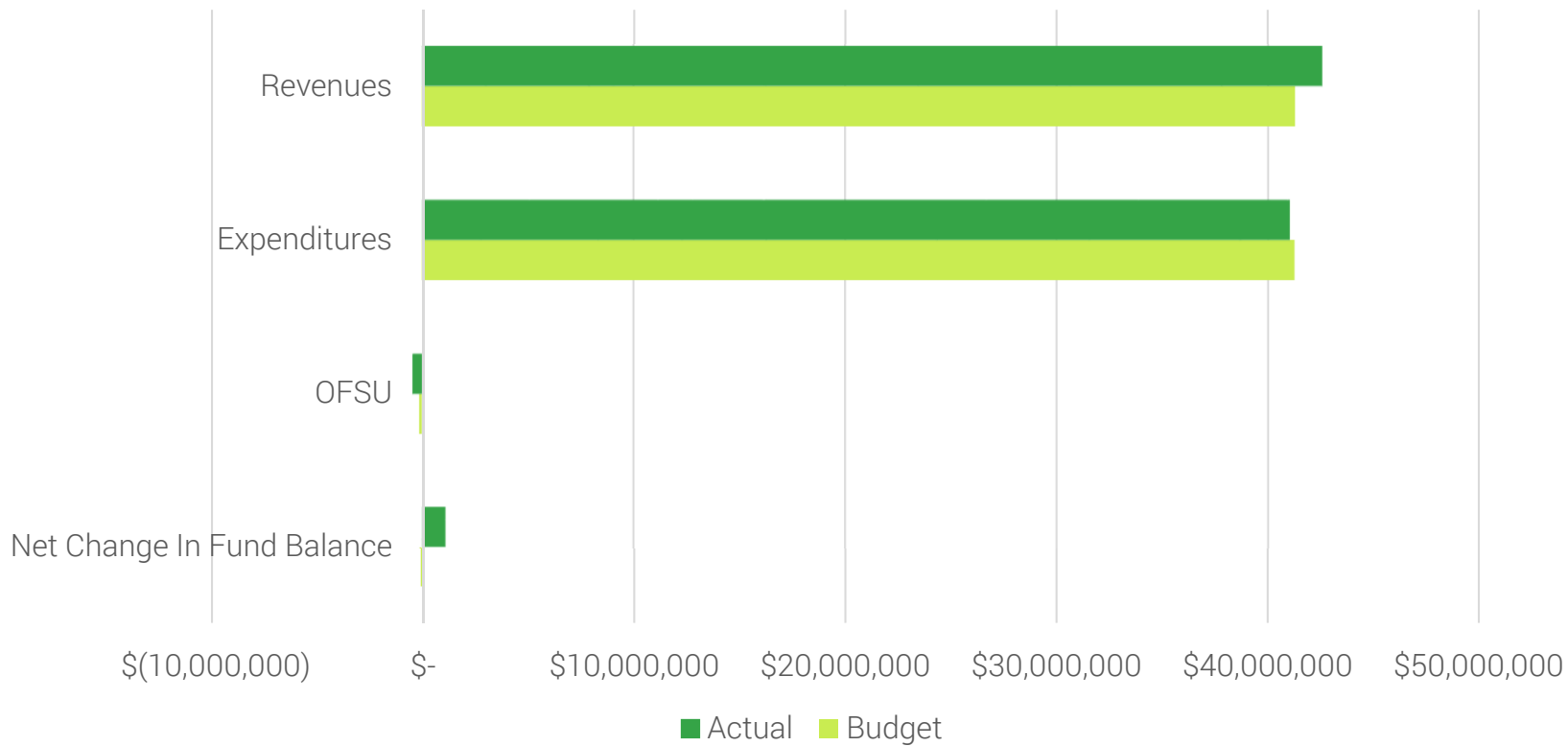


## Budget Vs. Actual at June 30, 2019

- Appears on page 22 of Single Audit...
- Actual revenues and other financing sources were \$1,342,891 (3.25%) more than final budget
- Actual expenditures and other financing uses were \$133,447 (0.32%) more than final budget
- Overall, integrity of the process was maintained throughout FY 2019

# Budget Vs. Actual FYE 6.30.19

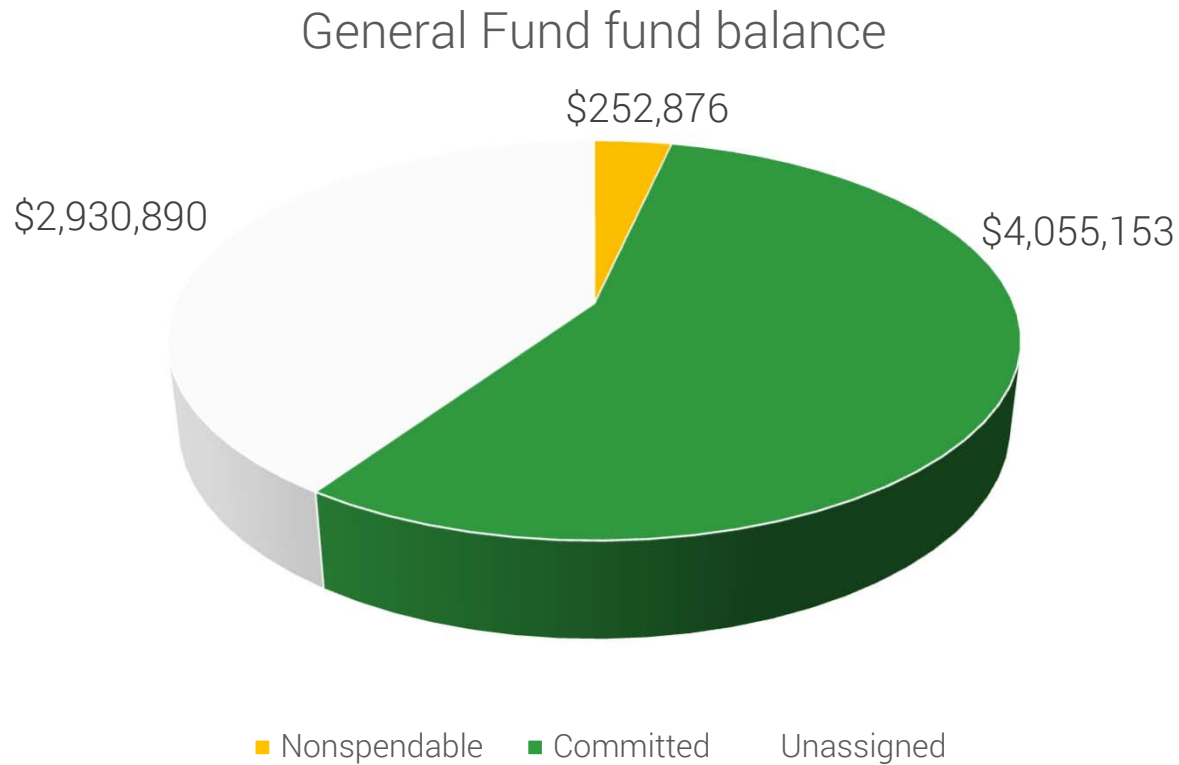
General Fund Budget vs. Actual FYE 6.30.19



## Analysis - General Fund Balance

- See page 18 of GPFS
- At June 30, 2019, the fund balance in the General Fund was \$7,238,919
  - This represents ~ 16.9% of the \$43.0M G/F budgeted expenditures for FYE 6.30.20, which is in line with recommended (GFOA) guidelines.
  - GFOA recommends two months' worth of operating expenditures (2 months of operating expenditures = \$7.2 million or ~ 16.7%)
- \$4,055,153 of the \$7,238,919 is "committed", primarily for future PSERS and health care increases

## General Fund fund balance composition



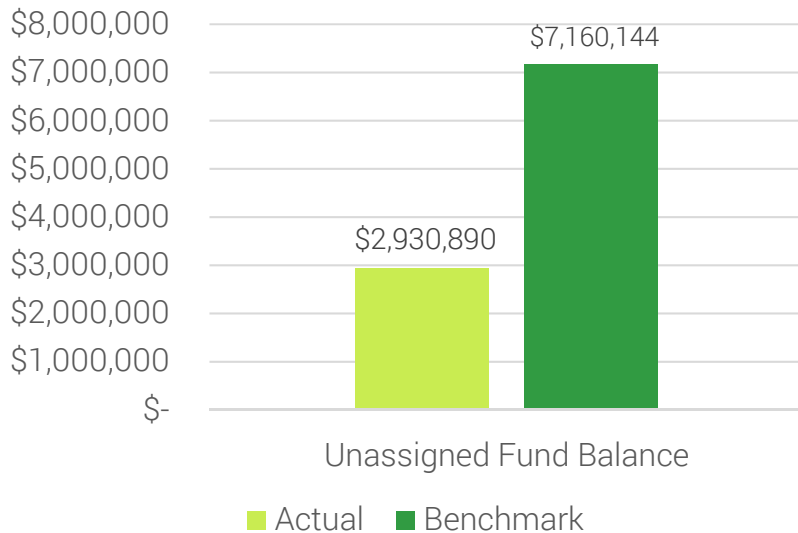
Total JSASD General Fund fund balance was \$7,238,919 at 6.30.19

# Analysis – General Fund fund balance

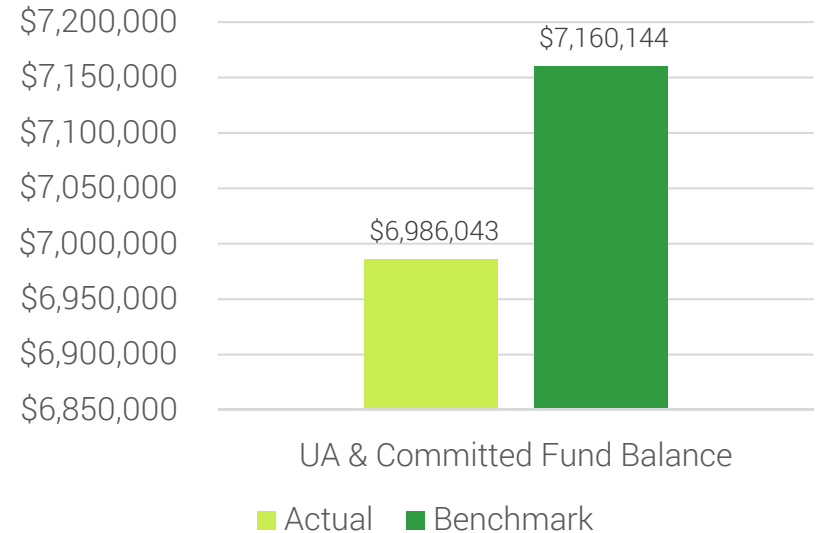
Unassigned General Fund fund Balance vs. 2 month operating expense benchmark

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

Unassigned fund balance



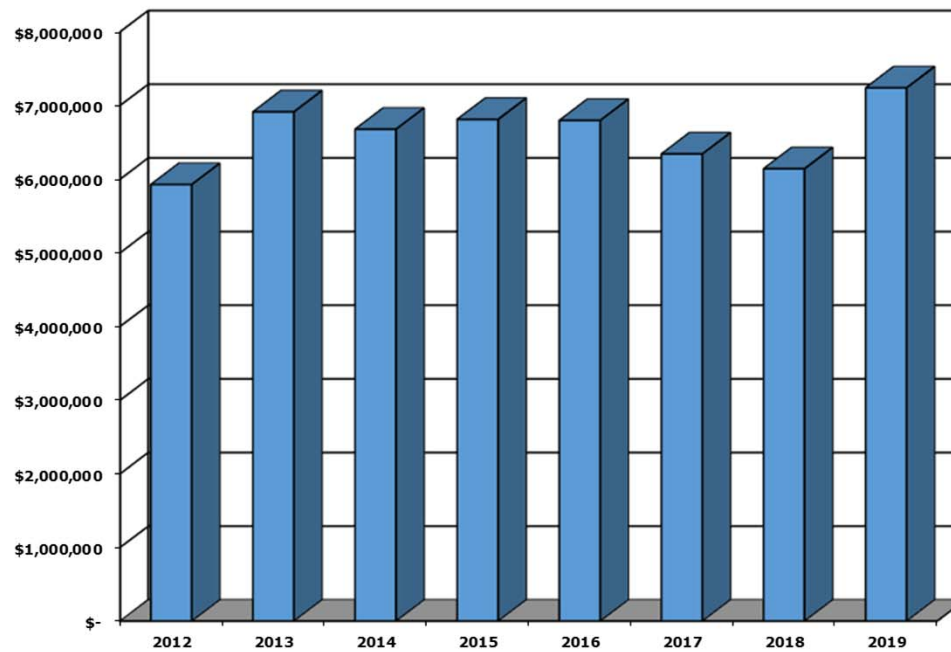
UA & Committed fund balance





# General Fund fund balance

## Total Fund Balance



At 6.30.19, the District is in line with GFOA guidelines (16.9% vs 16.7%)

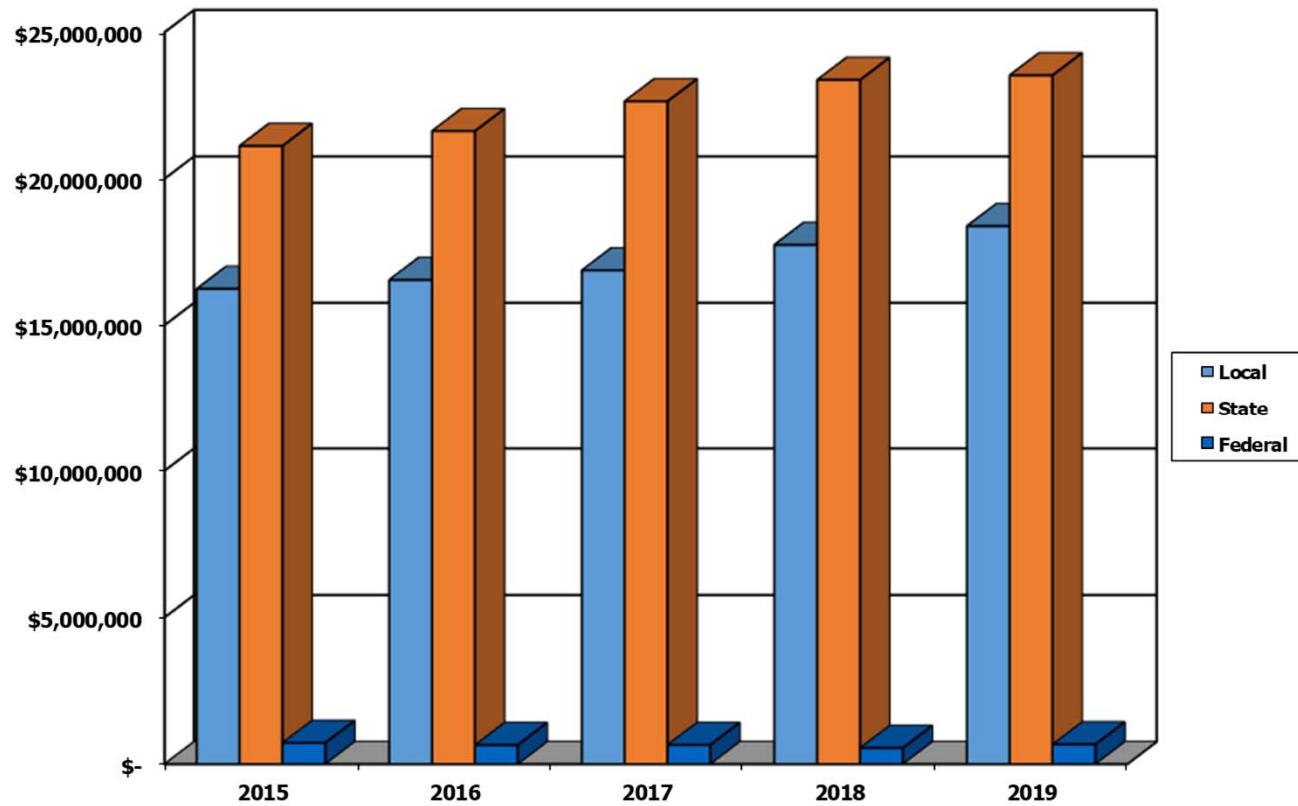
$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}$$

# Historical Information, 2015-2019



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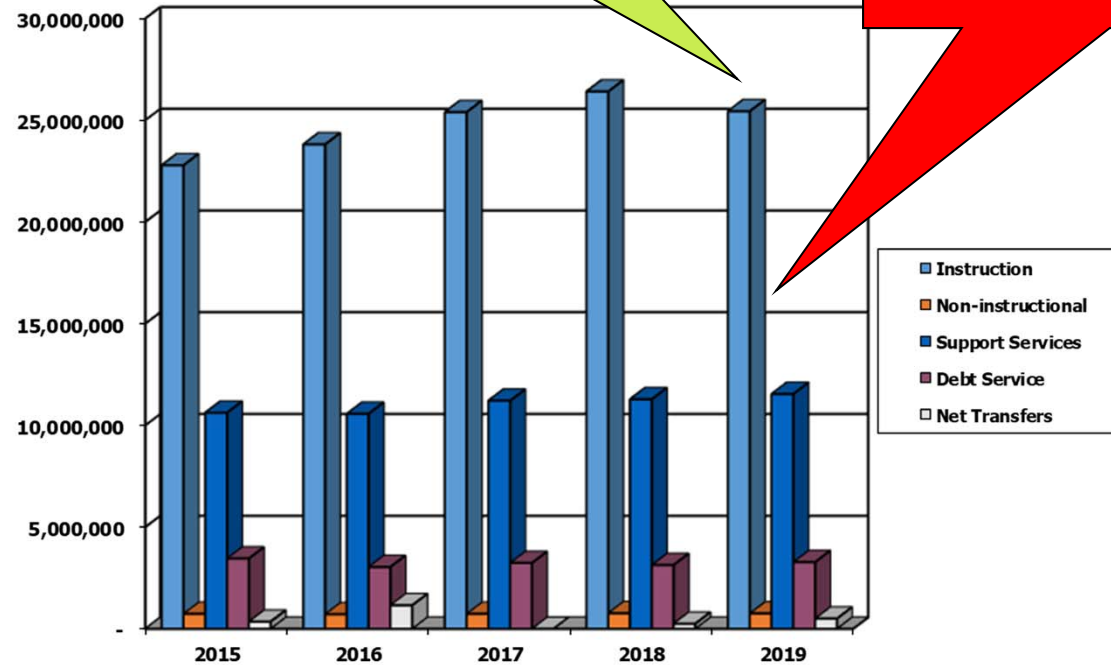
# General Fund Revenues By Source



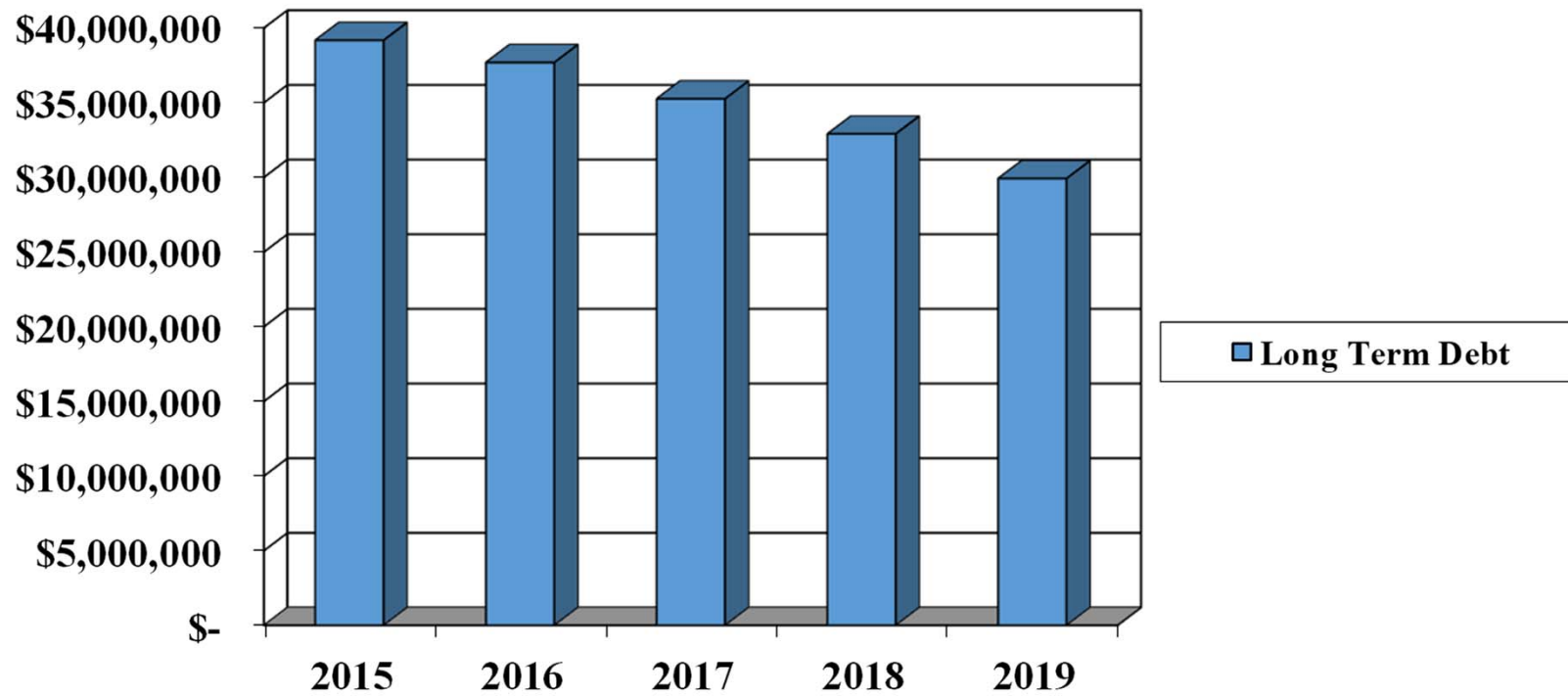
General  
Expenses

"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





## Uniform Guidance Compliance

- Schedule of Expenditures of Federal Awards appears on page 61 of the Single Audit.
- In total, the District expended \$1,826,800 in federal financial assistance during fiscal 2019.
- Consistent with 2018, we did not identify any findings related to the District's major federal program.

## PSERS Retirement Contribution Rates...

- 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 18/19 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
18/19	33.43%	\$ 16,458,273	\$ 5,502,001
19/20	34.29%	16,787,438	5,756,413
20/21	34.77%	17,123,187	5,953,732
21/22	35.19%	17,465,651	6,146,163
22/23	35.84%	17,814,964	6,384,883
23/24	36.30%	18,171,263	6,596,169

## On the Horizon...

- The District will be required to adopt GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2020. This will require an analysis of all existing fiduciary activities to determine financial reporting requirements going forward. For all fiduciary activities, both a statement of net position and statement of changes in net position will be required.
- The District will be required to adopt GASB Statement No. 87, *Leases*, for the year ended June 30, 2021. The primary objective of this Statement is to enhance the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases. This will require an analysis of all existing leases.





## Summary...

- District's General Fund fund balance is 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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