

Jersey Shore Area School District



Candor. Insight. Results.

A Presentation of 2017 Audit Results to the Board of Directors



"A Premier School District"

John W. Compton, Jr., CPA, CGFM

Partner

Public Sector Group

Joseph O'Neill, CPA

Senior Manager

Public Sector Group

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 \$455K; was anticipated in the 2017 budget and remains within recommended guidelines

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:

- 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)



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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:

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

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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 65, 1st paragraph - an “unmodified” opinion on District compliance with requirements applicable to your major federal award program (“Special Education Cluster”)

Financial Statement Analysis



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Budget Vs. Actual at June 30, 2017



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- Appears on page 23 of Single Audit...
- Actual revenues and other financing sources were \$106,270 (0.27%) more than final budget
- Actual expenditures and other financing uses were \$111,241 (0.27%) more than final budget
- Overall, budgeting was precise and the integrity of the process was maintained for 2017

Analysis - General Fund Balance



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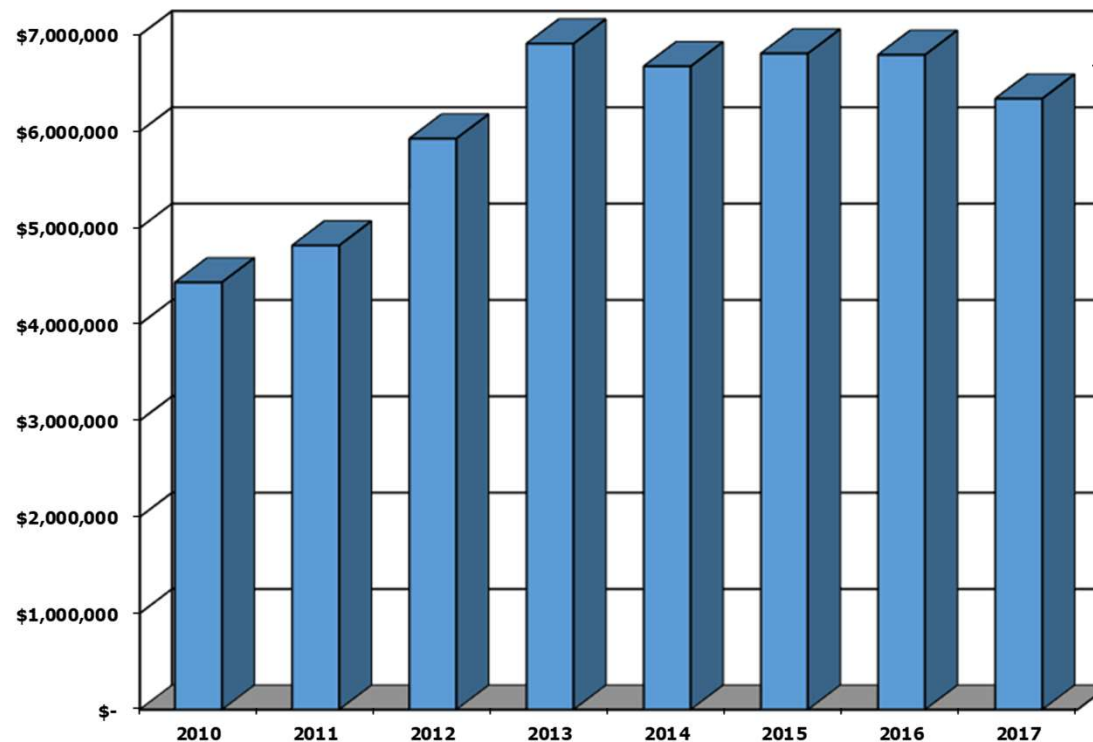
- See page 19 of GPFS
- At June 30, 2017, the fund balance in the General Fund was \$6,341,583
- This represents ~ 15.21% of the \$41.7M G/F budgeted expenditures for FYE 6.30.18, which is slightly below recommended (GFOA) guidelines.
- GFOA recommends two months' worth of operating expenditures (2 months of operating expenditures = \$6.9 million or ~ 16.7%)
- \$4,080,000 of the \$6,341,583 is "committed" for future PSERS and health care increases

General Fund fund balance



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Total Fund Balance



At 6.30.17, the District is slightly below GFOA guidelines (15.21% vs 16.67%)

Assets – Liabilities = Fund Balance

Historical Information, 2013-2017

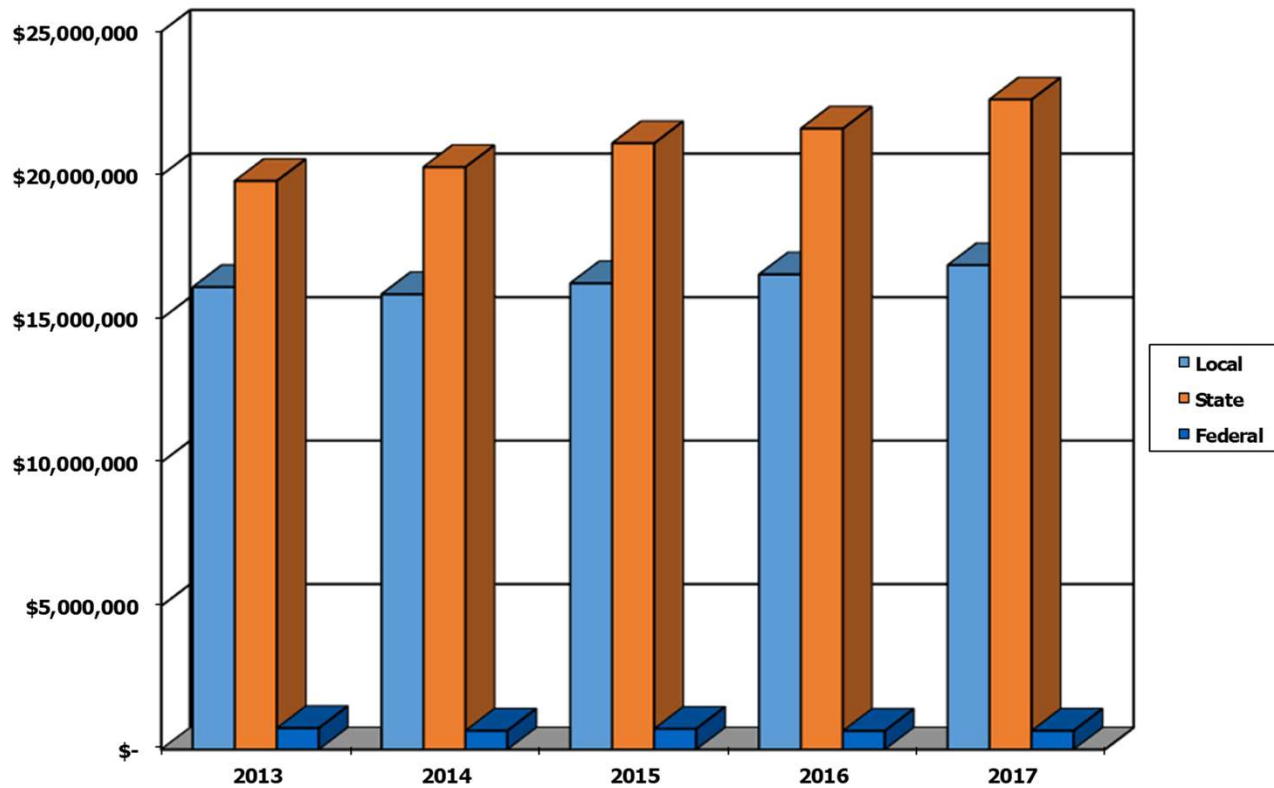


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General Fund Revenues By Source



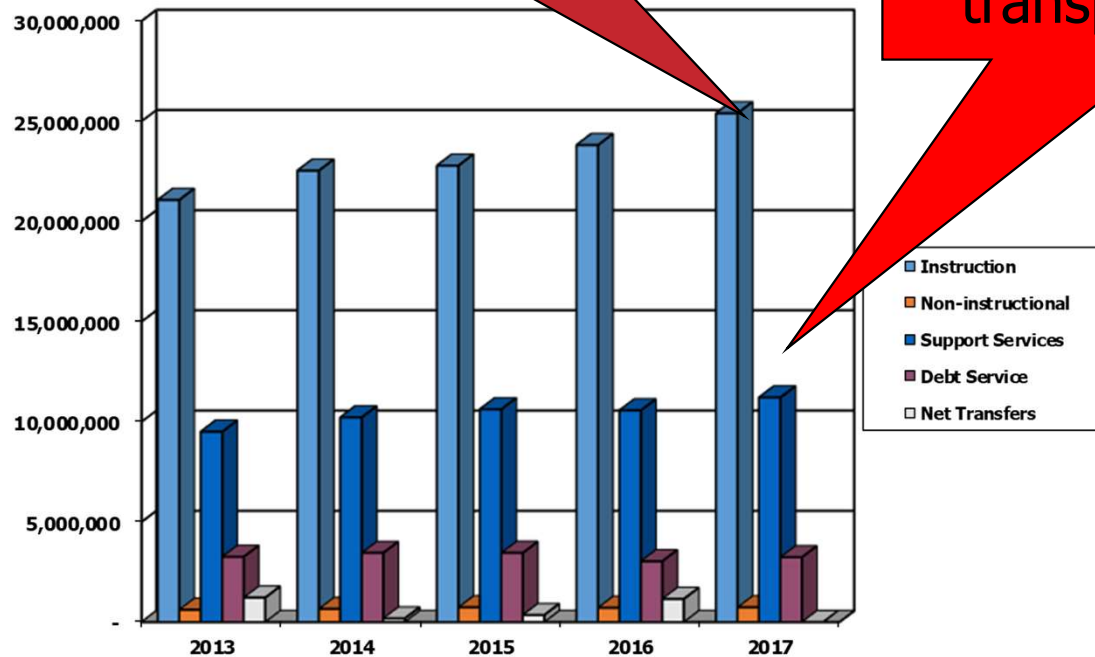
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General Expend

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

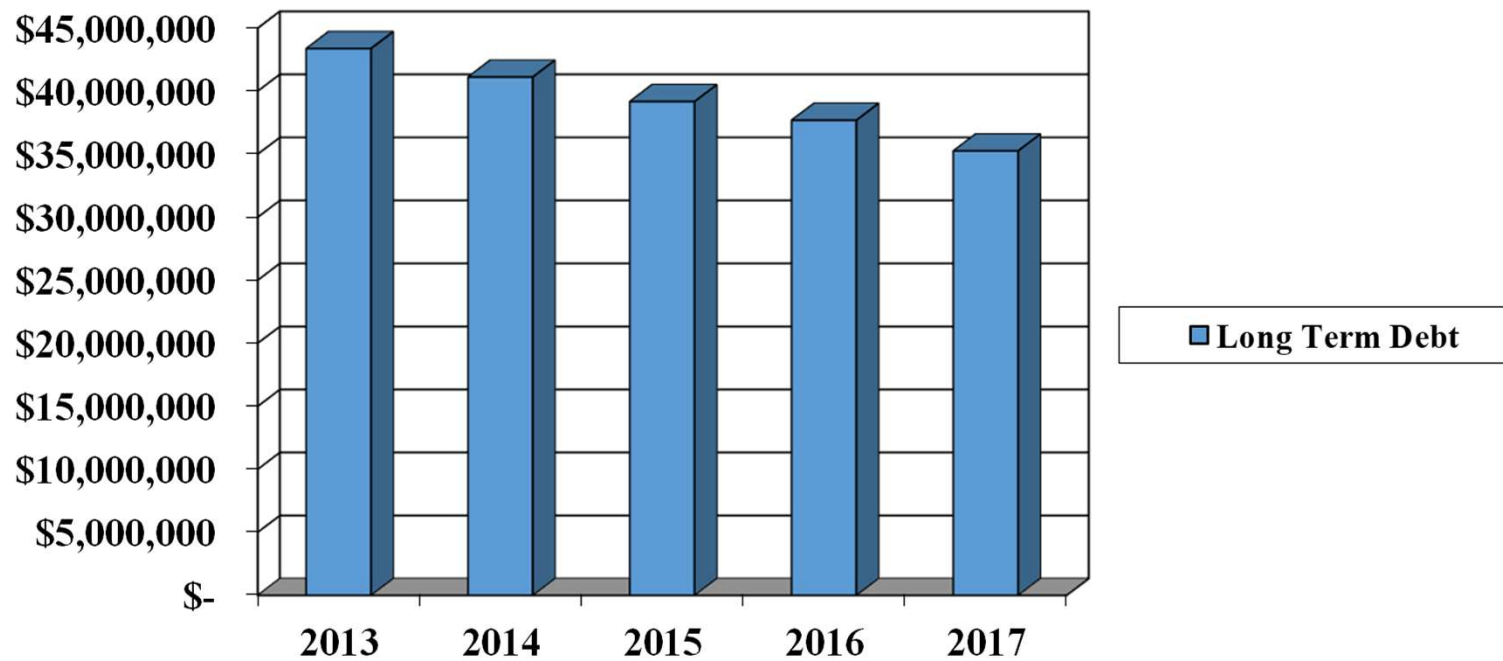
“Support Services” include pupil personnel, instructional staff, administration, business office, O&M of plant, transportation, etc.



Long-term Debt



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- Schedule of Expenditures of Federal Awards appears on page 60 of the Single Audit.
- In total, the District expended \$1,895,929 in federal financial assistance during fiscal 2017.
- Consistent with 2016, 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 16/17 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
16/17	30.03	17,398,328	5,224,718
17/18	32.04	17,495,676	5,685,913
18/19	33.27	17,845,590	6,022,276
19/20	34.20	18,202,502	6,314,430
20/21	33.51	18,566,552	6,310,774
21/22	33.51	18,566,552	6,436,990

- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Will require the District to record their entire Unfunded Actuarially Accrued Liability (\$8,293,248 as of the District's most recent actuarial 1/1/2016 valuation).
- Effective for the District's June 30, 2018 financial statements.

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.
- Successful transition of fiscal management team; Business Office is very solid and does a very good job with bookkeeping.

Questions???



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John Compton

Joe O'Neill

Baker Tilly Virchow Krause, LLP

1000 Commerce Park Drive,

Suite 430, Williamsport

570.323.6023

John.Compton@Bakertilly.com

Joseph.K.ONeill@BakerTilly.com