

Fairfield Area School District Audit Presentation June 30, 2016



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2015-2016 Fairfield Area School District Audit Presentation

- Please refer to reports for complete details:
 - Fairfield Area School District Annual Financial Report
 - Including Independent Auditor's Report
 - Management Letter
 - Communications with Those Charged with Governance



2015-2016 Fairfield Area School District Audit Presentation

- Summary
 - Unmodified audit opinion
 - No findings related to internal controls
 - General Fund had an increase in fund balance



Auditor's Opinion

- Independent Auditor's Report:
 - Unmodified Opinion
 - What does this mean?
 - The financial statements are fairly presented in all material respects.
 - What it isn't
 - This is not an opinion on internal controls.
 - This is not an opinion on or results of a fraud investigation.
- Management's Discussion and Analysis
 - Unaudited information prepared by the District
 - Key Information: Comparative that includes two years of data



Governmental Activities – Full Accrual

(Summary excerpt from financial statements)

	June 30, 2015	June 30, 2016
Current Assets	\$ 5,765,664	\$ 7,473,229
Noncurrent Assets	12,225,371	11,183,424
Deferred Outflows of Resources	2,304,087	2,566,504
Total Assets and Deferred Outflows of Resources	20,295,122	21,223,157
Current Liabilities	2,796,455	2,946,671
Noncurrent Liabilities	38,518,328	39,203,378
Deferred Inflows of Resources	1,447,382	482,677
Net Position	(22,467,043)	(21,409,569)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 20,295,122	\$ 21,223,157

Governmental Activities – Full Accrual

- Capital Assets decreased due to minimal purchases and projects in the current year
 - Depreciation expense exceeded capital asset additions by \$ 1,039,986.
- Noncurrent liabilities increased slightly compared to the previous year:
 - Bonds and Notes Payable decreased by \$ 890,000 due to refinancing and principal payments that were made during the year.
 - Net Pension Obligation increased by \$ 1,462,527



General Fund Analysis

(Summary excerpt from financial statements)

	2015-2016 Original Budget	2015-2016 Actual	Variance with Original Budget
Local Revenues	\$ 9,943,823	\$ 11,132,372	\$ 1,188,549
State Revenues	6,271,547	6,268,410	(3,137)
Federal Revenues	146,517	138,724	(7,793)
Total Revenues	16,361,887	17,539,506	1,177,619
Instruction	9,818,709	9,216,839	601,870
Support Services	4,826,717	4,782,798	43,919
Operation of Noninstructional Services	457,068	478,030	(20,962)
Debt Service	1,530,057	1,600,261	(70,204)
Total Expenditures	16,632,551	16,077,928	554,623
Proceeds from Long-Term Financing and Payment to Refund Long-Term Debt	0	248,519	248,519
Interfund Transfers and Budgetary Reserve	(184,918)	(184,918)	0
Change in Fund Balance	(\$ 455,582)	\$ 1,525,179	\$ 1,980,761

General Fund Analysis

- Revenues were more than budget due to:
 - Taxes were more than budgeted due to additional earned income taxes
- Expenditures were comparable to budget except for Instruction:
 - Decreased due to a decrease in special education expenditures
- Other Financing Sources and Uses
 - Bond refinancing activities were not budgeted (normal process is to only budget the payments)
 - Transfers were made to the Capital Reserve Fund (\$ 184,918)



Capital Reserve Fund

(Summary excerpt from financial statements)

	2013-2014	2014-2015	2015-2016
Fund Additions	\$ 110	\$ 182	\$ 244
Expenditures	211,020	356,790	218,750
Transfers In	134,481	497,813	184,918
Ending Fund Balance	\$ 89,107	\$ 230,312	\$ 196,724

2015-2016 Expenditures included playground equipment, chillers and carpet.



Food Service Fund

(Summary excerpt from financial statements)

	2014-2015	2015-2016
Operating Revenues	\$ 271,981	\$ 250,051
Federal/State Subsidies	169,521	175,694
Transfers In (Out)	153,043	0
Revenues & Transfers	\$ 594,545	\$ 425,745
Salaries and Benefits	218,412	224,075
Food and Milk Purchases	192,222	172,457
Supplies	15,690	11,075
Other Expenses	14,280	11,719
Total Expenses	440,604	419,326
Change in Net Position	\$ 153,941	\$ 6,419



Food Service Fund

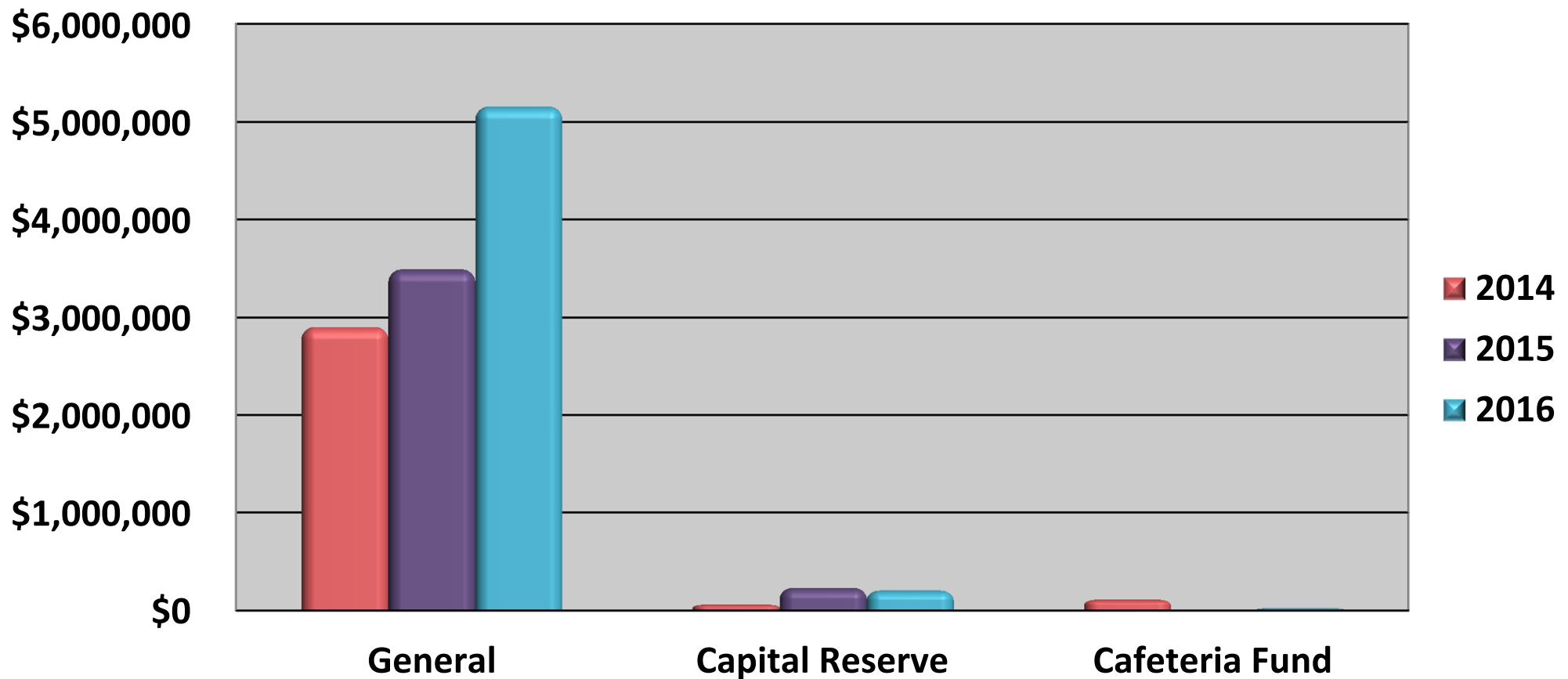
(Summary excerpt from financial statements)

- Operating revenues declined in comparison to the previous year due to less meals sold.
- Subsidies (federal and state) increased due to a larger number of free and reduced meals served.
- Expenses in total decreased in comparison to the previous year mostly due to less food and milk purchases.
- No transfers from the General Fund.
- The Food Service Fund is self-sustaining.



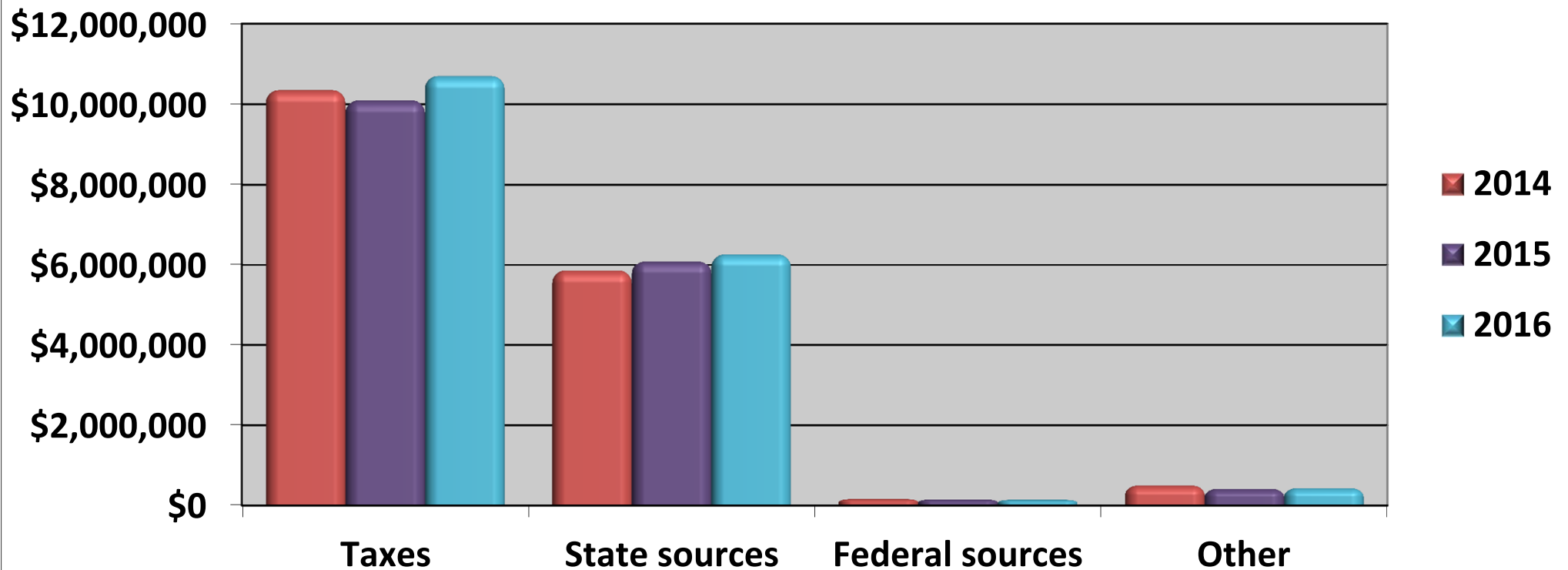
Graphical Analysis

Cash and Investment Comparison



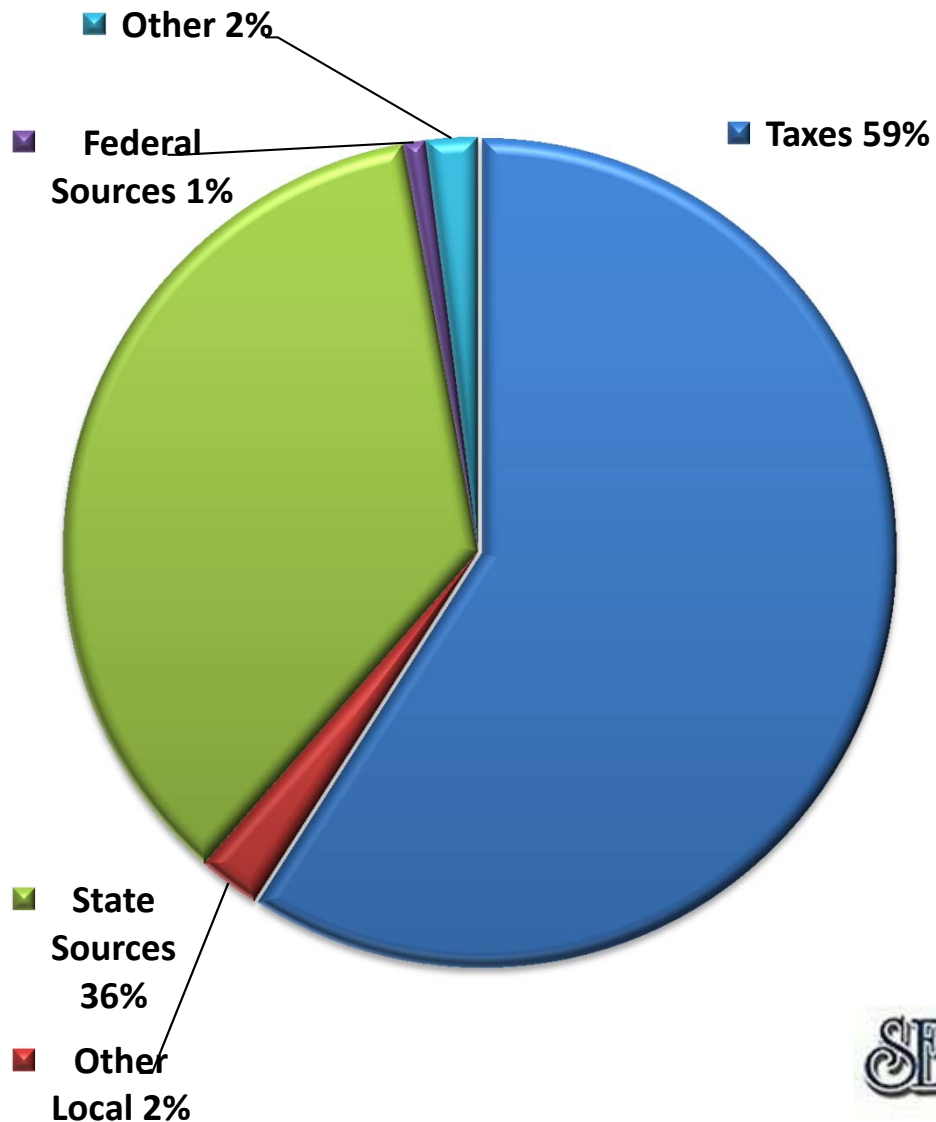
Graphical Analysis

Revenue Comparison - General Fund

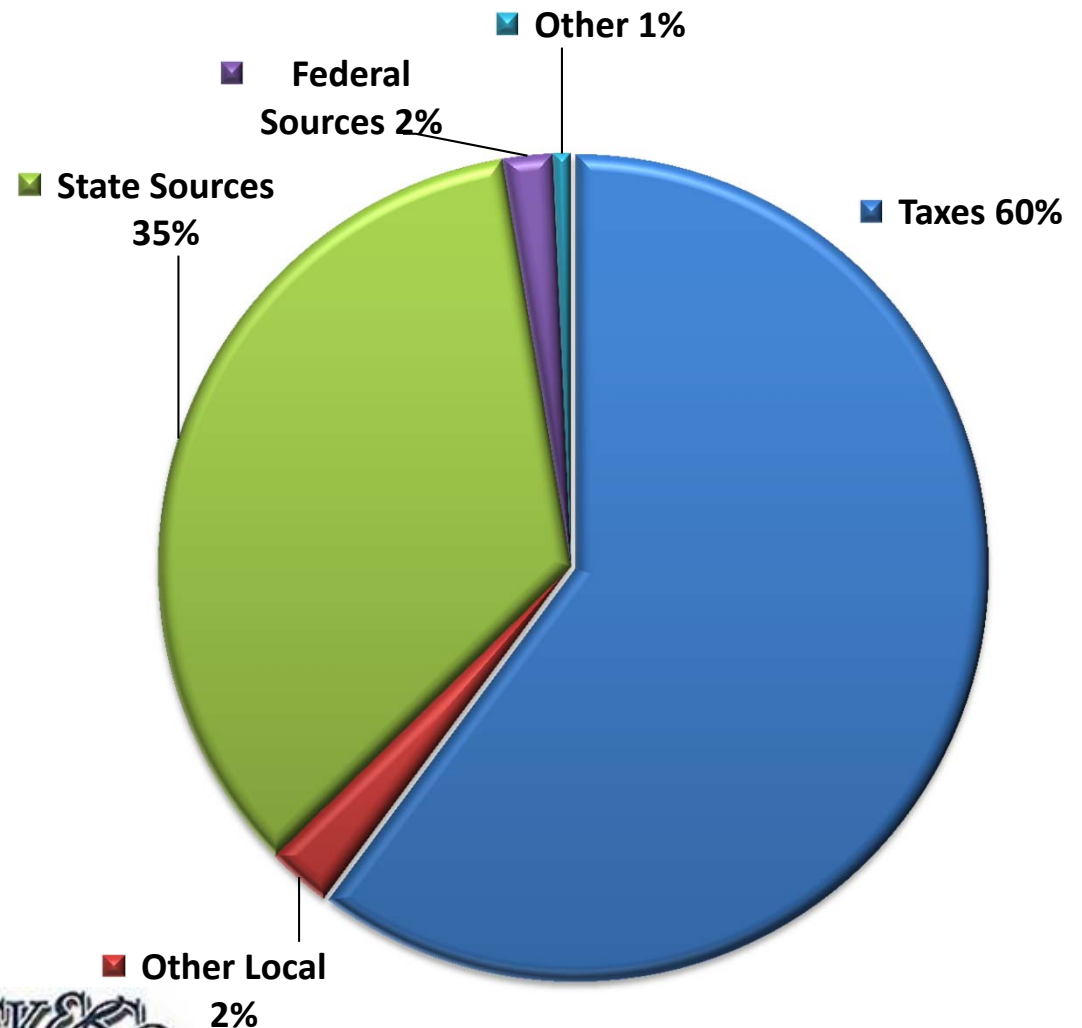


Graphical Analysis

**Revenue Breakdown - Fairfield
School District
(2014- 2015)**

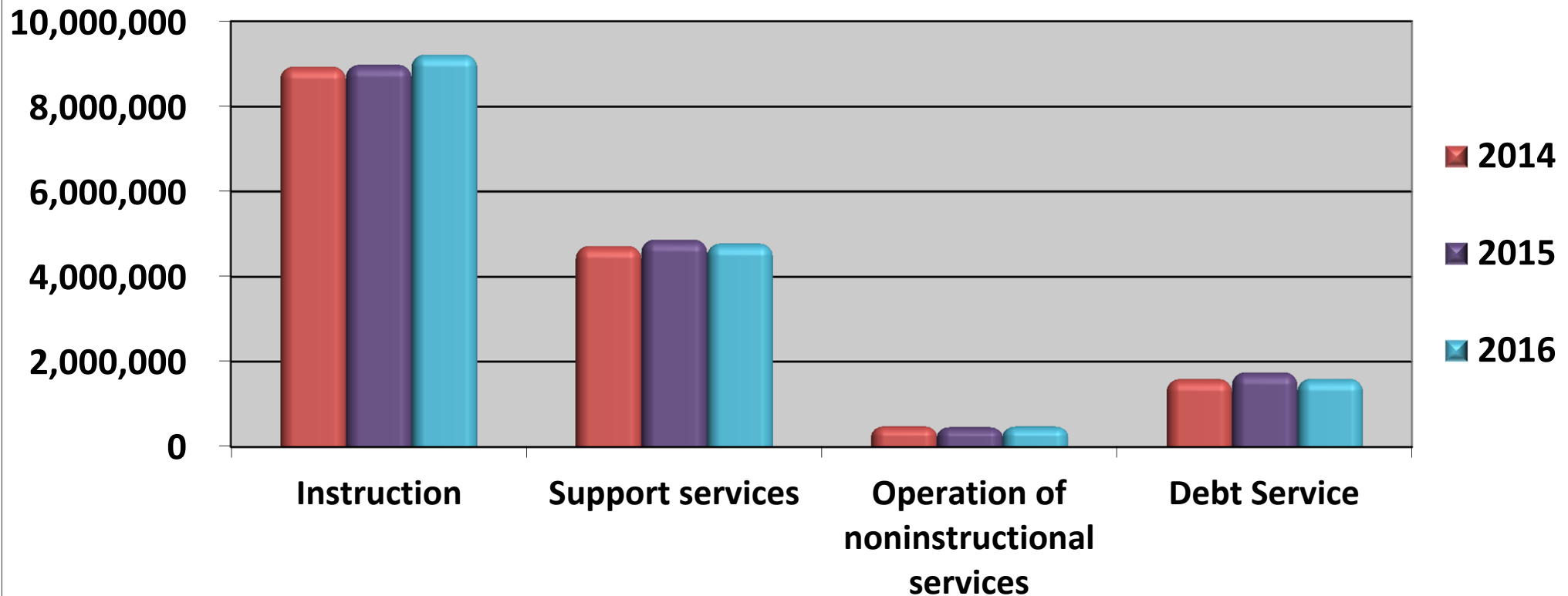


**Revenue Breakdown - LIU Schools
(2014- 2015)**



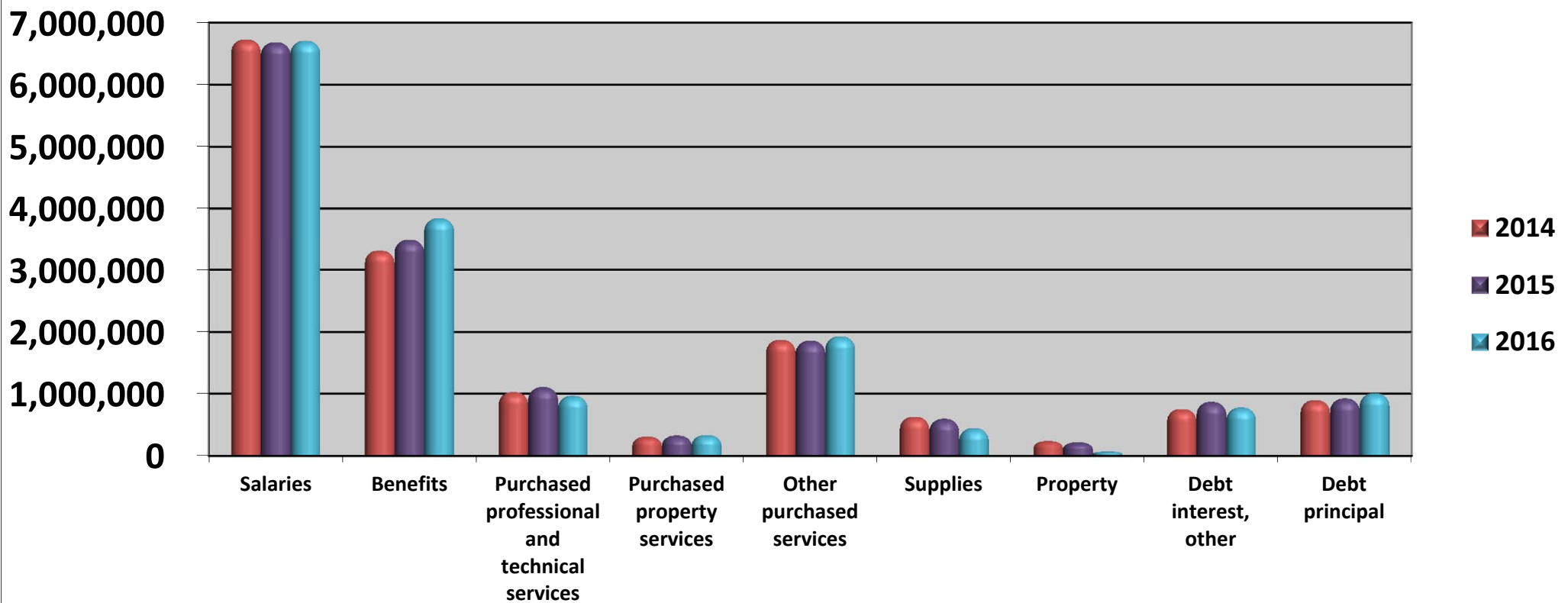
Graphical Analysis

Expenditure Function Comparison - General Fund



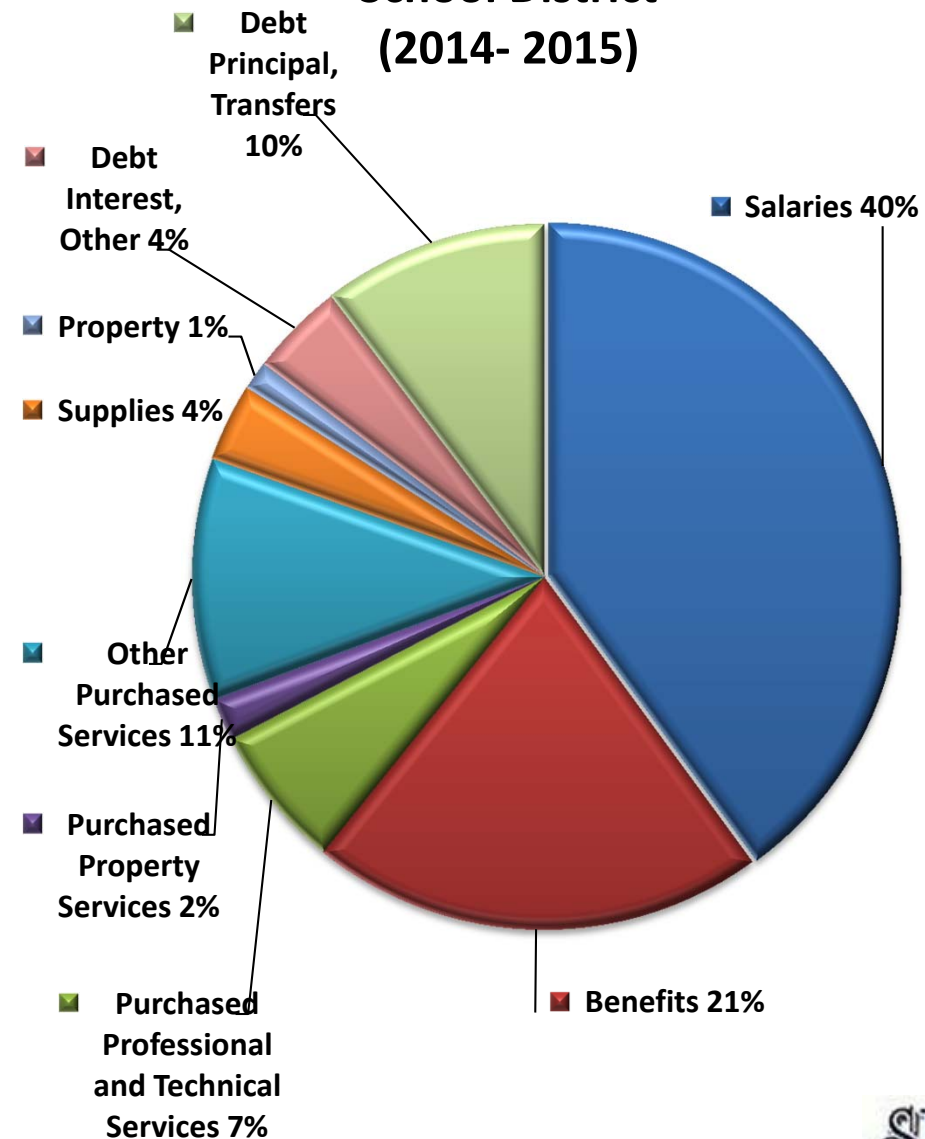
Graphical Analysis

Expenditure Object Comparison - General Fund

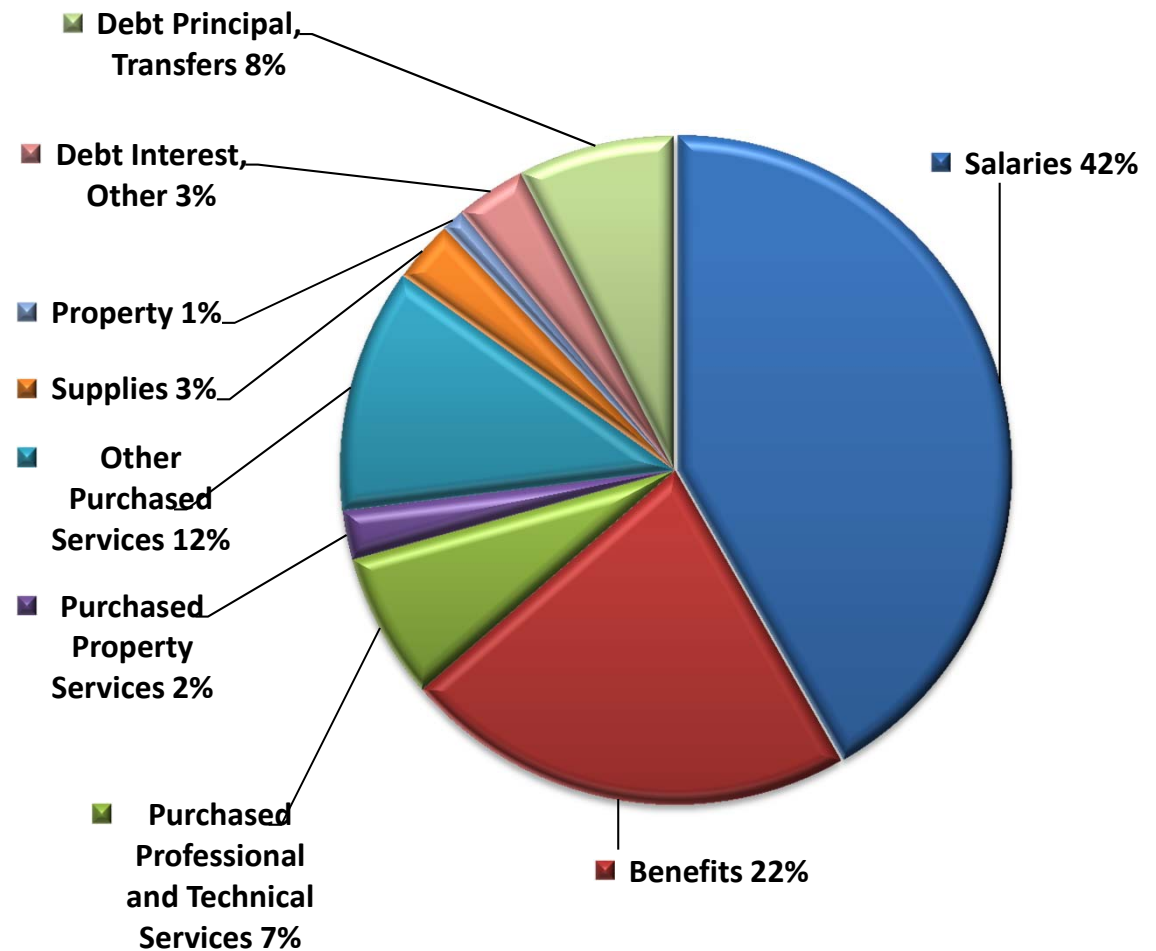


Graphical Analysis

Expenditure Breakdown - Fairfield School District (2014- 2015)



Expenditure Breakdown - LIU Schools (2014- 2015)



Other Financial Statement Components

- Notes to Financial Statements
 - Note 9 – Long-Term Liabilities
 - Total outstanding at year end \$ 17,980,000
 - This is a reduction of \$ 890,00 compared to last year
 - Issued Series of 2016 to refinance Series of 2009
 - Regular principal and interest payments made on bonds payable during the year
 - Also has details of future debt service requirements
 - Total Principal Outstanding \$ 17,980,000
 - Total Interest to be Paid \$ 4,589,799



Management Letter

- Purpose of Letter
 - Report material weaknesses in internal control - NONE
 - Recommendations for your consideration
 - Summary of new standards that will affect the District
 - Graphical Analysis (reviewed on previous slides)



Management Letter

- Recommendations for your consideration
 - Update Support Staff Agreement to include personal leave payout amount
 - Information Technology Training
- Summary of new standards
 - Uniform Guidance for Federal Awards
 - Recently released GASB's (74, 75, and 77)
 - GASB Exposure Draft – Lease Accounting



Communication with Those Charged with Governance

- Required communications related to the audit
 - Includes the qualitative aspects of accounting practices, a description of any difficulties encountered during the audit, and a description of any disagreements with management.
 - Attached to the letter are the adjustments made for the audit, most prepared by management or for the conversion to the full accrual basis of accounting for financial statement reporting purposes.
 - Also, addresses management representations, management consultations with other independent auditors, and other audit findings or issues.



Summary

- Unmodified Audit Opinion
- General Fund had an increase in fund balance
- No internal control findings
- Questions?

