

Fairfield Area School District Audit Presentation June 30, 2018



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2017-2018 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



2017-2018 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, 2017	June 30, 2018
Current Assets	\$ 8,796,627	\$ 9,903,784
Noncurrent Assets	10,320,745	9,688,478
Deferred Outflows of Resources	4,928,421	4,219,442
Total Assets and Deferred Outflows of Resources	24,045,793	23,811,704
Current Liabilities	3,234,195	3,476,826
Noncurrent Liabilities	41,295,117	41,214,662
Deferred Inflows of Resources	538,025	1,095,638
Net Position	(21,021,544)	(21,975,422)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 24,045,793	\$ 23,811,704



Governmental Activities – Full Accrual

- Capital Assets decreased due to minimal purchases and projects in the current year (placed track in service).
 - Depreciation expense exceeded capital asset additions by \$ 627,749.
- Noncurrent liabilities are consistent compared to the previous year:
 - Bonds and Notes Payable decreased by \$ 960,000 due to principal payments that were made during the year.
 - Net Pension Liability total \$ 24,447,261.
 - OPEB Liability total \$ 2,112,724 (implemented GASB 75 during the current year).



General Fund Analysis

(Summary excerpt from financial statements)

	2017-2018 Original Budget	2017-2018 Actual	Variance with Original Budget
Local Revenues	\$ 10,825,146	\$ 11,349,085	\$ 523,939
State Revenues	6,597,938	6,783,460	185,522
Federal Revenues	104,515	166,095	61,580
Total Revenues	17,527,599	18,298,640	771,041
Instruction	10,325,464	9,576,891	748,573
Support Services	5,124,460	4,997,789	126,671
Operation of Noninstructional Services	515,057	509,396	5,661
Facilities, Acquisitions, Construction and Improvements	0	46,214	(46,214)
Debt Service	1,455,142	1,453,361	1,781
Total Expenditures	17,420,123	16,583,651	836,472
Interfund Transfers	(322,000)	(332,000)	(10,000)
Change in Fund Balance	(\$ 214,524)	\$ 1,382,989	\$ 1,597,513



General Fund Analysis

- Revenues were more than budget due to:
 - Taxes were more than budgeted due to increased collections.
 - State revenues were higher due to additional funding received after the budget was approved.
- Expenditures were comparable to budget due to:
 - Salaries and benefits were less than budgeted due to the collective bargaining agreement being completed after the budget was adopted.
- Other Financing Sources and Uses
 - Transfers were made to the Capital Reserve Fund (\$ 322,000) and Food Service Fund (\$ 10,000)



Capital Reserve Fund

(Summary excerpt from financial statements)

	2015-2016	2016-2017	2017-2018
Fund Additions	\$ 244	\$ 213	\$ 350
Expenditures	218,750	455,174	768,053
Transfers In	184,918	846,296	322,000
Ending Fund Balance	\$ 196,724	\$ 588,059	\$ 142,356

2017-2018 Expenditures primarily consisted of track improvements and roof repairs.



Food Service Fund

(Summary excerpt from financial statements)

	2016-2017	2017-2018
Operating Revenues	\$ 258,580	\$ 264,059
Federal/State Subsidies	166,085	159,205
Transfers In (Out)	0	10,000
Revenues & Transfers	\$ 424,665	\$ 433,264
Salaries and Benefits	240,402	251,169
Food and Milk Purchases	172,906	169,231
Supplies	15,924	15,248
Other Expenses	17,115	12,885
Total Expenses	446,347	448,533
Change in Net Position	\$ (21,682)	\$ (15,269)



Food Service Fund

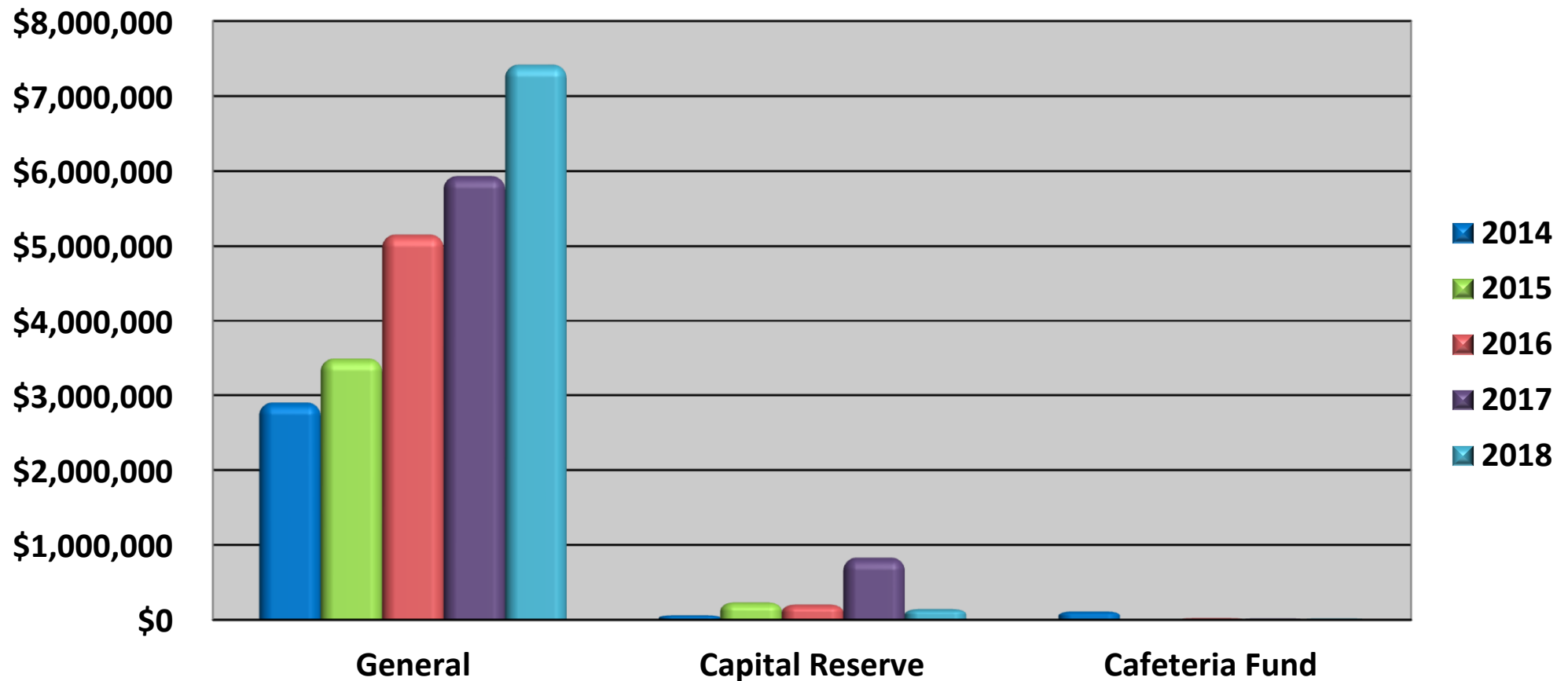
(Summary excerpt from financial statements)

- Total revenues were consistent with the previous year with a slight fluctuation between meals sold and state/federal subsidies for free and reduced meals.
- Expenses were consistent with the previous year.
- \$ 10,000 transfer from the General Fund.
- The Food Service Fund is self-sustaining.



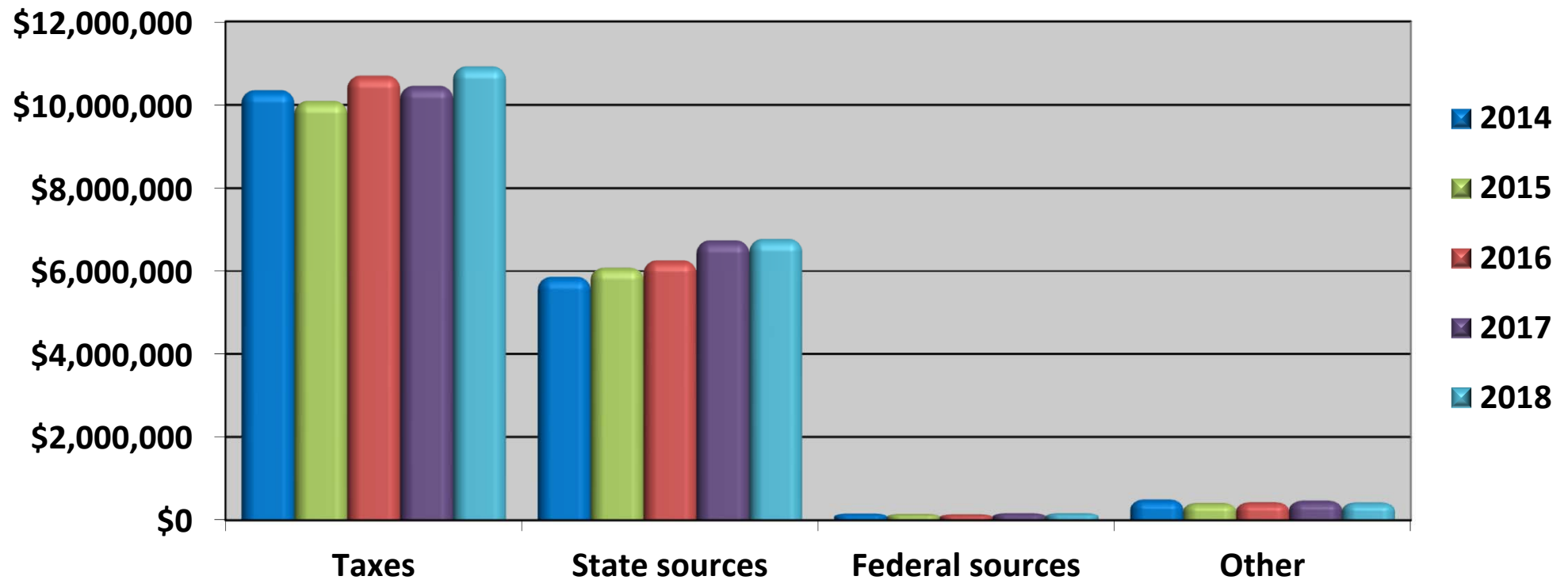
Graphical Analysis

Cash and Investment Comparison



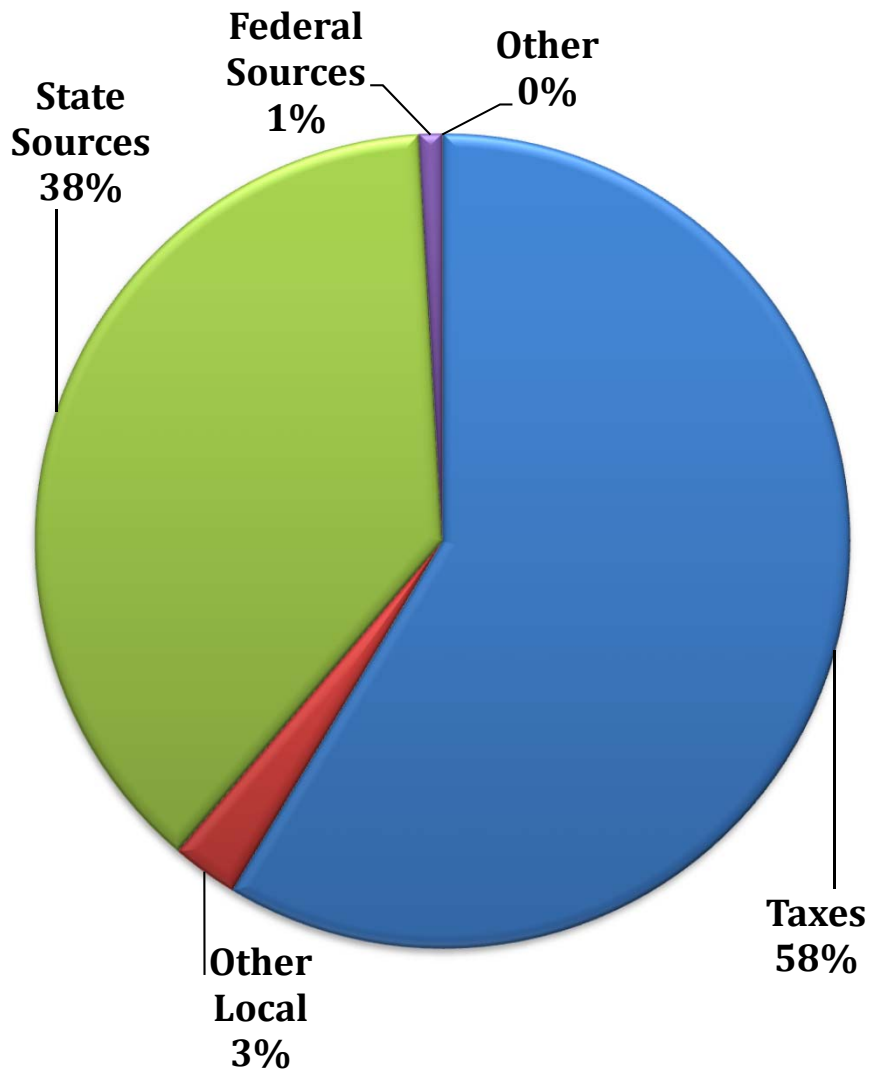
Graphical Analysis

Revenue Comparison - General Fund

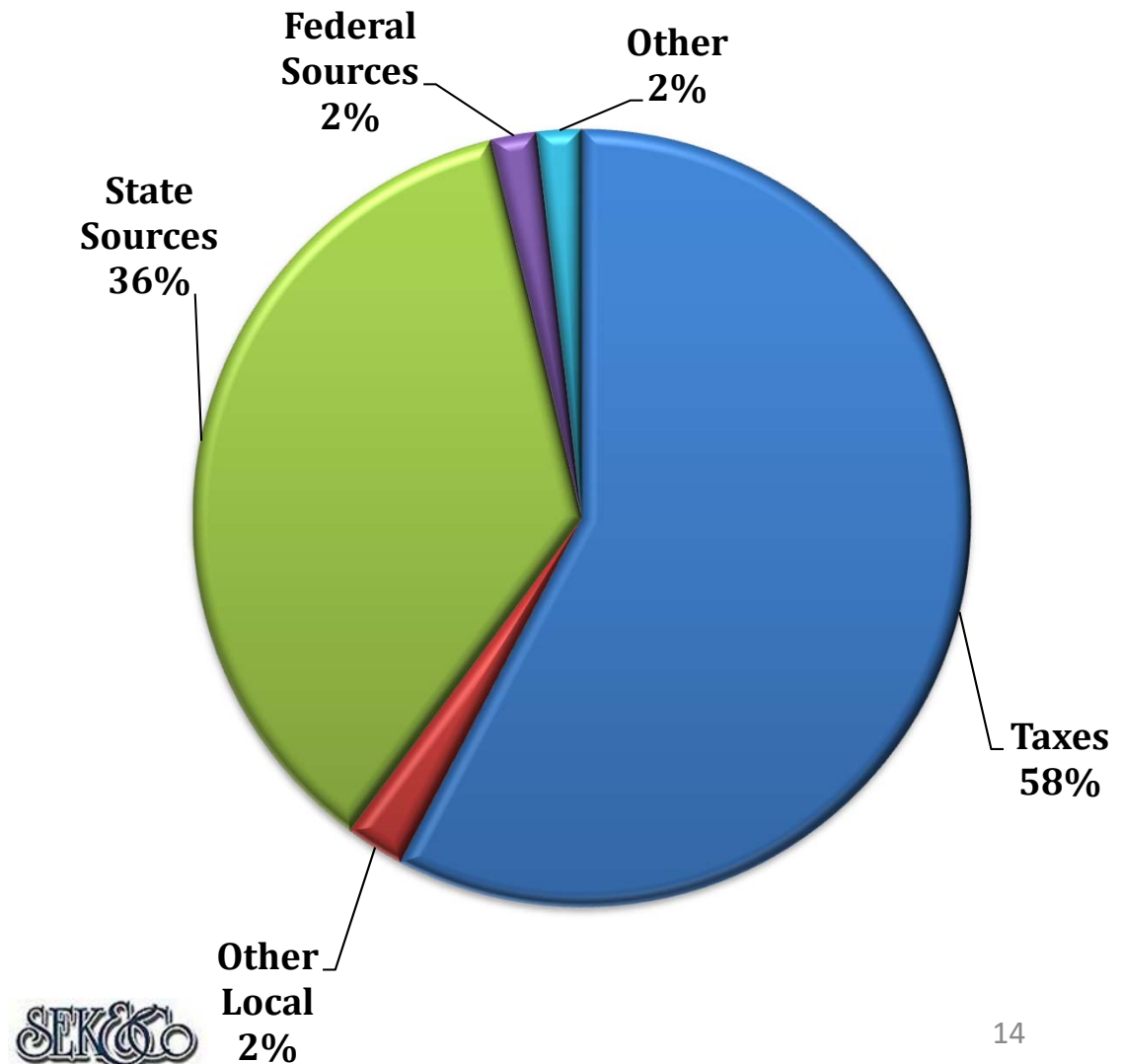


Graphical Analysis

**Revenue Breakdown - FASD
(2016- 2017)**

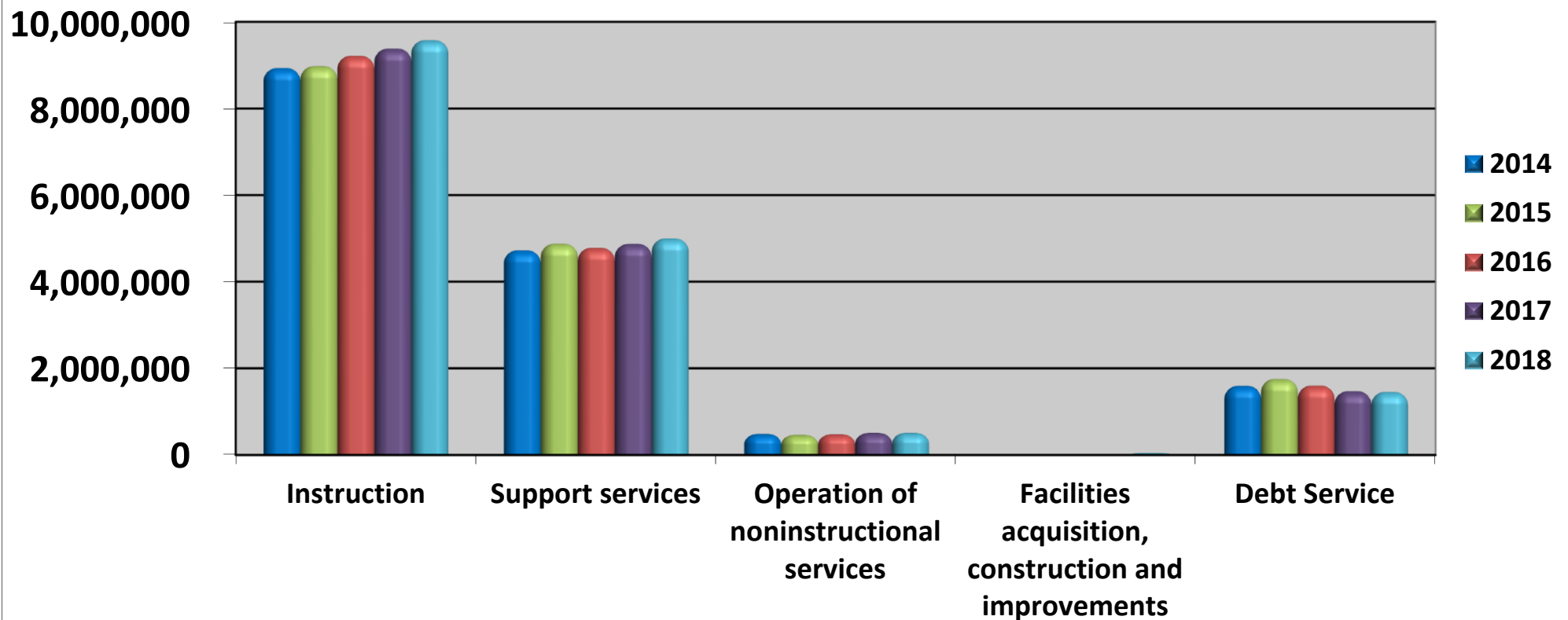


**Revenue Breakdown - LIU Schools
(2016- 2017)**



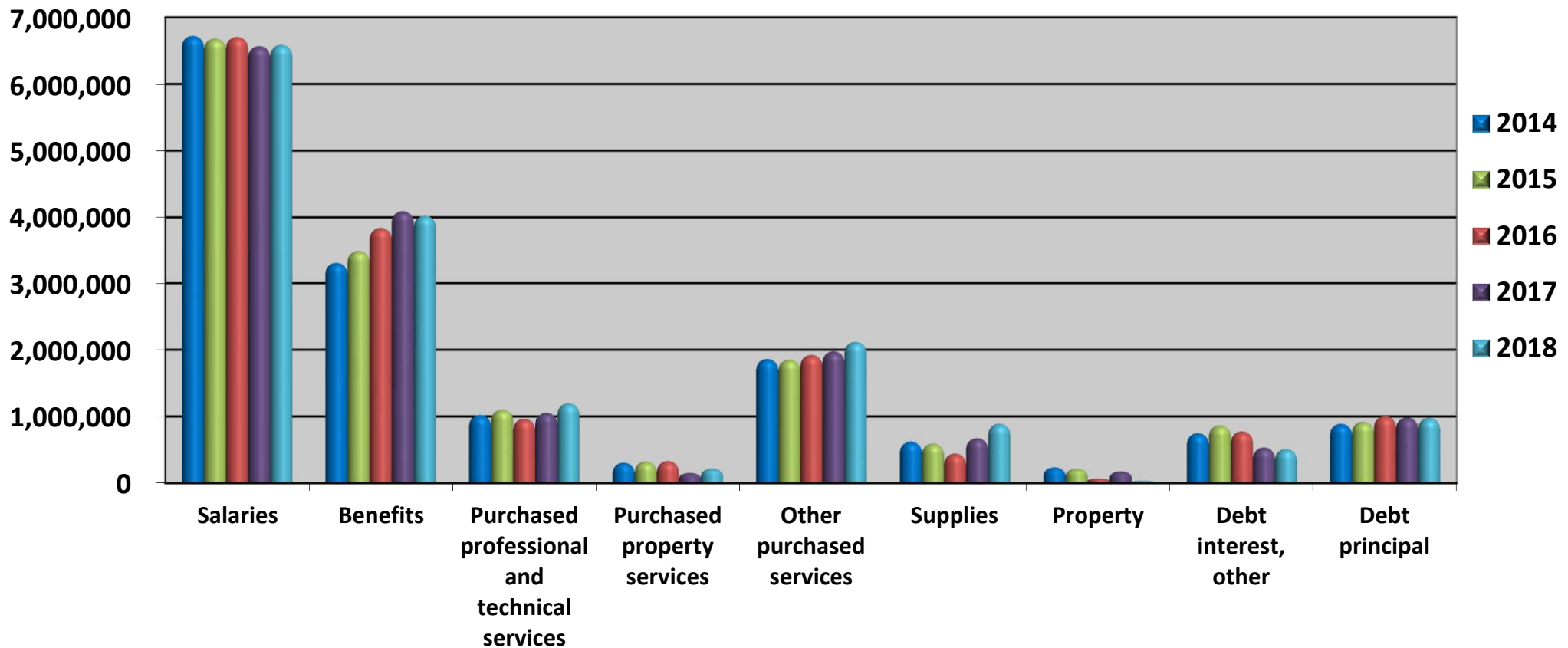
Graphical Analysis

Expenditure Function Comparison - General Fund



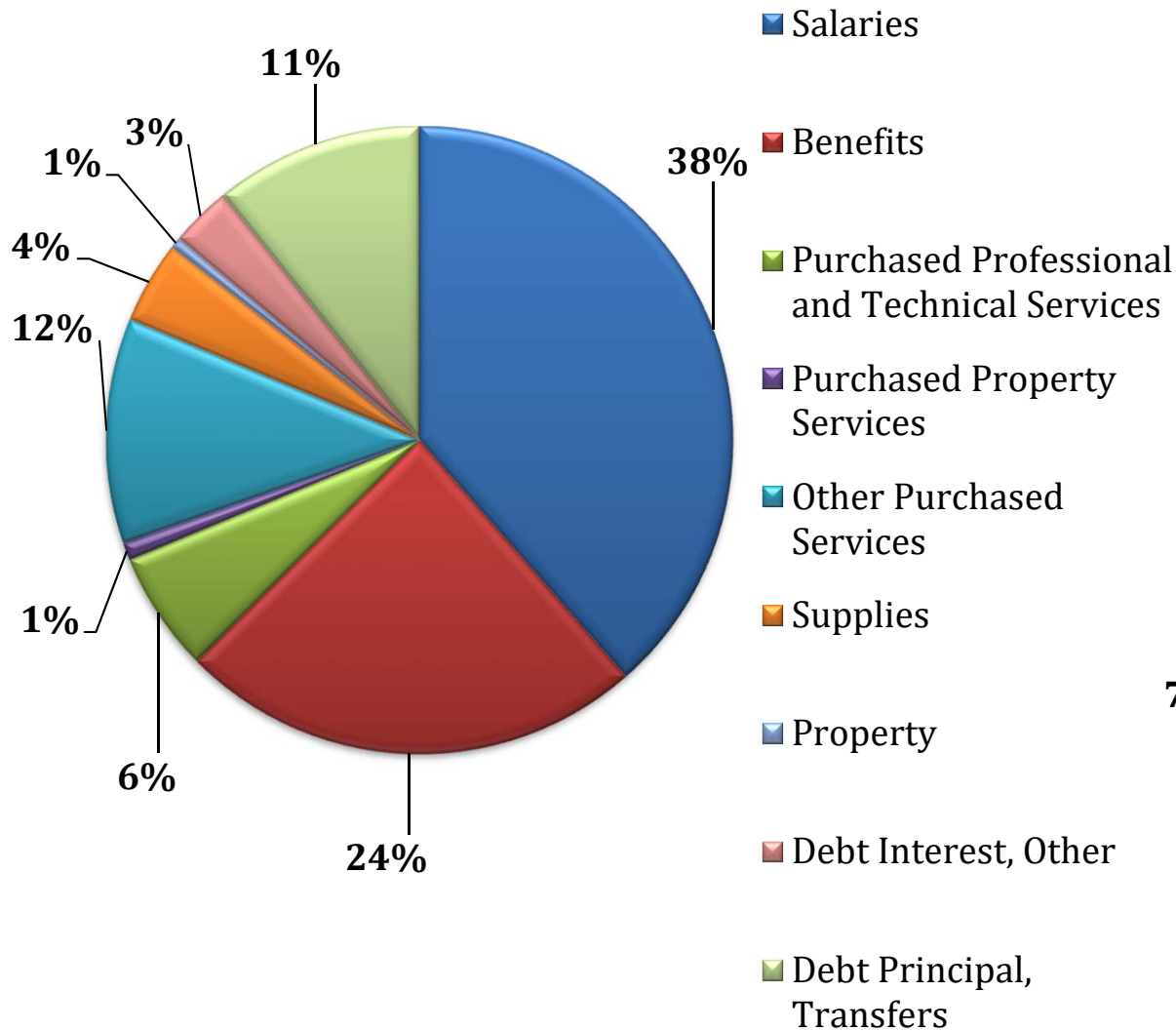
Graphical Analysis

Expenditure Object Comparison - General Fund

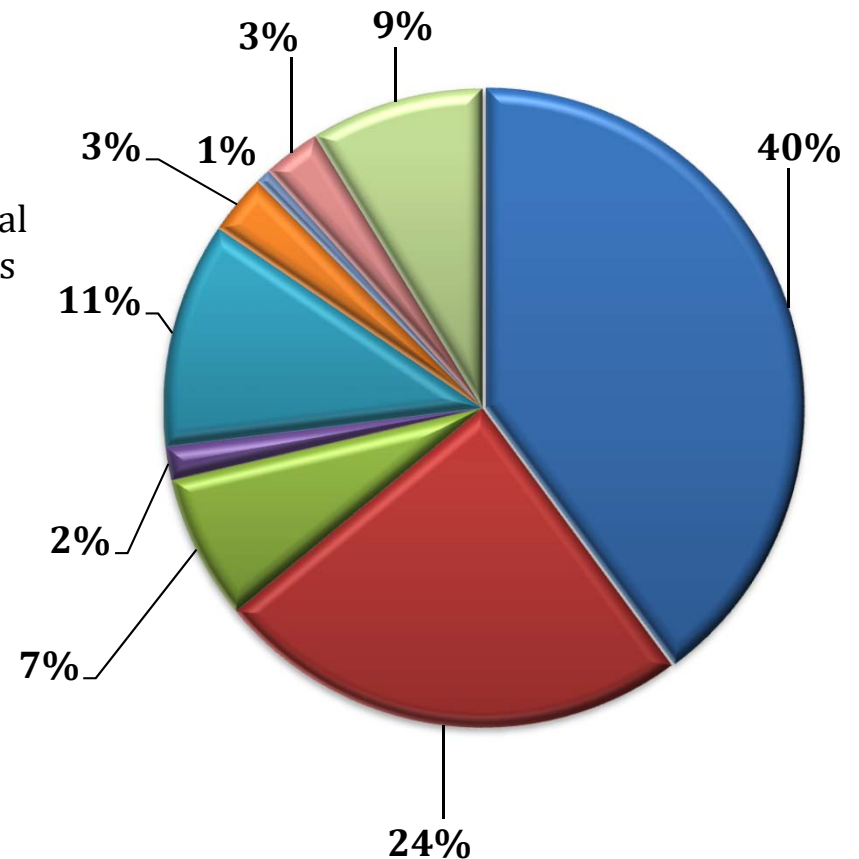


Graphical Analysis

**Expenditure Breakdown - FASD
(2016- 2017)**



**Expenditure Breakdown - LIU
Schools
(2016- 2017)**



Other Financial Statement Components

- Notes to Financial Statements
 - Note 9 – Long-Term Liabilities
 - Total outstanding at year end \$ 16,065,000
 - This is a reduction of \$ 960,000 compared to last year
 - Regular principal and interest payments made on bonds payable during the year
 - Also has details of future debt service requirements
 - Total Principal Outstanding \$ 16,065,000
 - Total Interest to be Paid \$ 3,645,906



Management Letter

- Purpose of Letter
 - Report material weaknesses or significant deficiencies in internal control - NONE
 - Summary of new standards that will affect the District
 - Graphical Analysis (reviewed on previous slides)



Management Letter

- Summary of new standards
 - Federal Procurement Thresholds
 - Recently released GASB's (84, 87, and 89)
 - Preliminary Views Documents (future GASB's)

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?