

Chambersburg Area School District June 30, 2018 Audit Presentation



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2017-2018 Chambersburg Area School District Audit Presentation

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



2017-2018 Chambersburg Area School District Audit Presentation

- Summary
 - Unmodified Opinion
 - General Fund had a reduction in fund balance
 - No findings in the current year
 - Implemented GASB 75 (OPEB) during the current year



2017-2018 Chambersburg Area School District Audit Presentation

- 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 results of a fraud investigation.



General Fund Analysis

(Summary excerpt from financial statements)

	2016-2017	2017-2018	2017-2018 Final Budget	Variance with Final Budget
Local Revenues	\$ 81,536,872	\$ 85,655,794	\$ 87,263,201	\$ (1,607,407)
State Revenues	43,113,183	44,884,683	42,876,623	2,008,060
Federal Revenues	3,969,565	3,651,272	2,923,562	727,710
Total Revenues	128,619,620	134,191,749	133,063,386	1,128,363
Instruction	78,180,601	83,350,762	82,456,901	(893,861)
Support Services	37,755,866	39,519,437	40,071,769	552,332
Operation of Noninstructional Services	2,094,362	2,140,589	2,032,672	(107,917)
Debt Service	9,373,773	10,162,075	10,205,000	42,925
Total Expenditures	127,404,602	135,172,863	134,766,342	(406,521)
Budgetary reserve	0	0	(1,297,044)	1,297,044
Proceeds from sale of capital assets	0	1,700	0	1,700
Interfund transfers	0	5,699	0	5,699
Issuance of long term financing	9,750,000	0	0	0
Refinance of existing long term financing	(9,507,535)	0	0	0
Total Other Financing Sources (Uses)	242,465	7,399	(1,297,044)	1,304,443
Change in Fund Balance	\$ 1,457,483	\$ (973,715)	\$ (3,000,000)	\$ 2,026,285



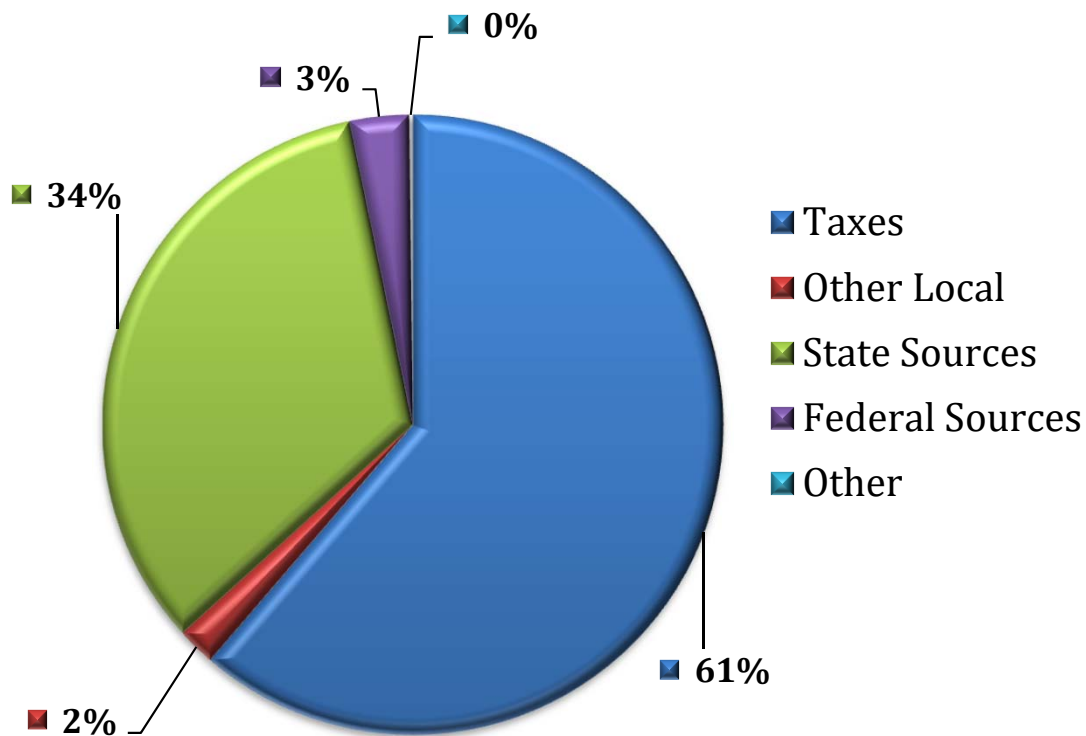
General Fund Analysis

- Revenues were more than last year due to:
 - Increase millage rate and additional EIT, but in total were less than budgeted
 - Increased reimbursement from the State (retirement)
- Expenditures increased compared to last year due to:
 - Increase in salaries approximately \$ 1.2 million (2%)
 - Increase in retirement expenditures \$ 1.6 million (10%)
 - Increase in health care expenditures \$ 1.5 million (12%)
 - Increase in debt service expenditures \$ 800,000 due to debt service requirements

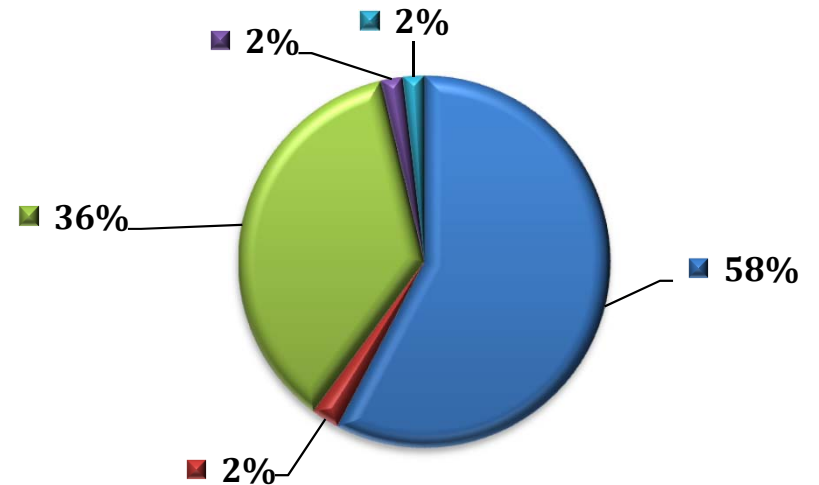


Graphical Analysis

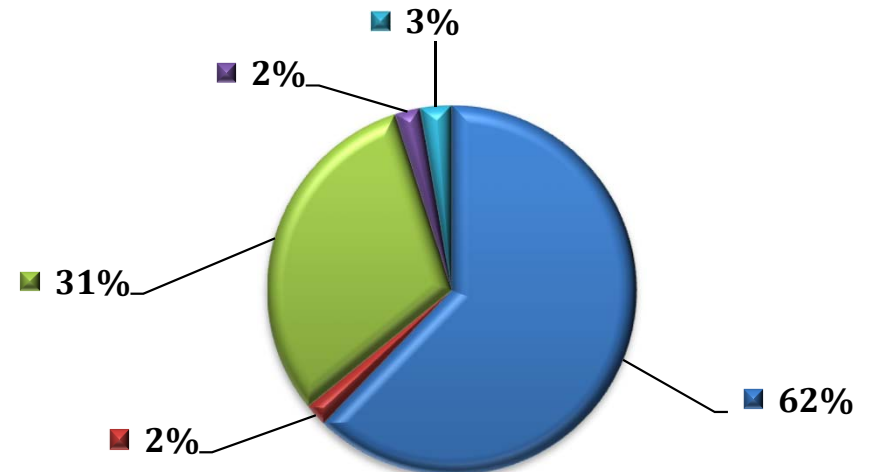
Revenue Breakdown - Chambersburg Area School District (2016-2017)



Revenue Breakdown - LIU Schools (2016-2017)

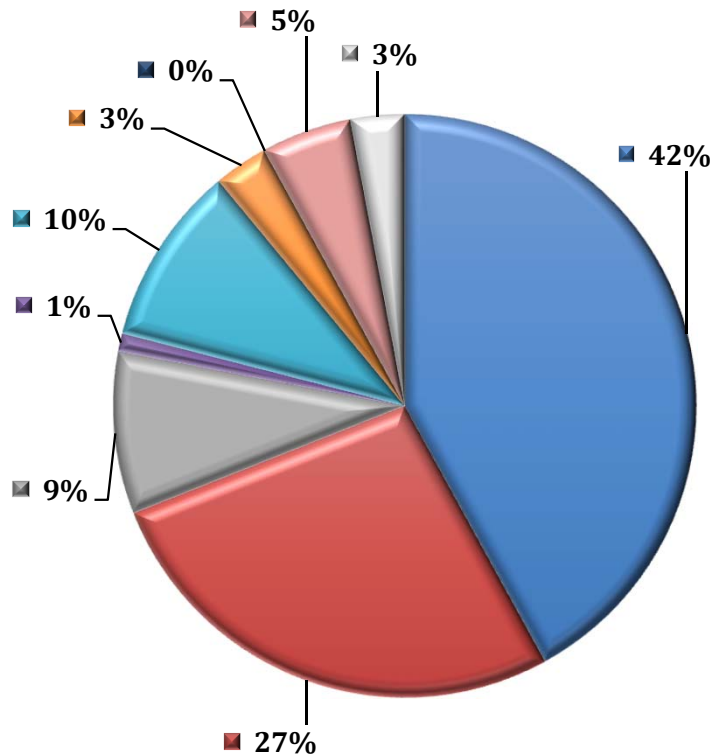


Revenue Breakdown - Schools with Over \$100 Million of Revenue (2016 - 2017)



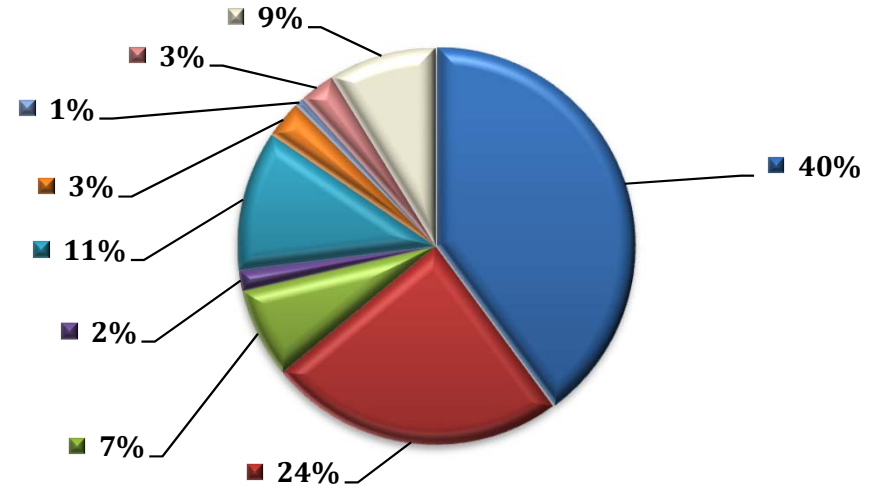
Graphical Analysis

Expenditure Breakdown - Chambersburg School District (2016-2017)

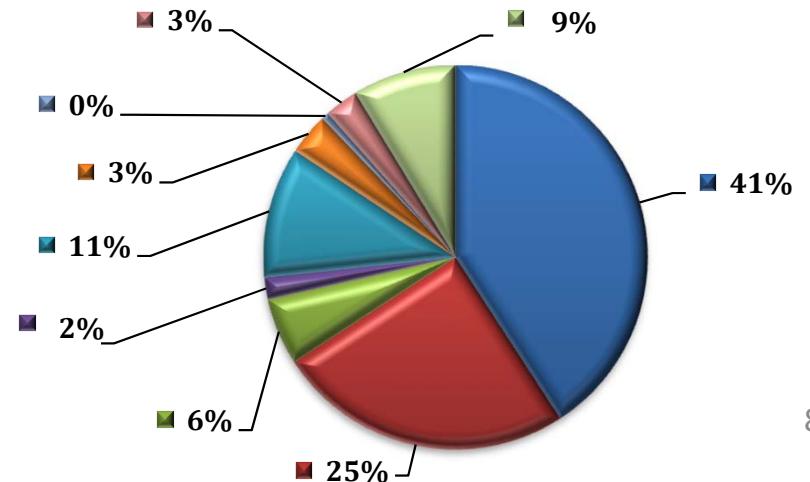


- Salaries
- Benefits
- Purchased Professional and Technical Services
- Purchased Property Services
- Other Purchased Services
- Supplies
- Property
- Debt Interest, Other
- Debt Principal, Transfers

Expenditure Breakdown - LIU Schools (2016-2017)



Expense Breakdown - Schools with Over \$100 Million of Expense (2016 - 2017)



Governmental Fund Balance

(Summary excerpt from financial statements)

	General Fund	Percentage of Annual Expenditures	Capital Projects Fund	Capital Reserve Fund
Nonspendable (Inventories and Prepaids)	\$ 305,294	0.23%	\$ 0	\$ 0
Restricted (External)	375,095	0.28%	2,877,989	2,126,293
Committed (Board Action Taken)	80,232	0.06%	0	0
Assigned	6,603,302	4.89%	0	0
Unassigned (Residual Fund Balance)	0	0.00%	0	0
Total	\$ 7,363,923	5.45%	\$ 2,877,989	\$ 2,126,293



General Fund - Fund Balance

- Restricted Fund Balance consists of:
 - Tax appeals - \$ 332,106
 - Unspent donations - \$ 42,989
- Committed Fund Balance consists of:
 - Future property tax relief - \$ 80,232
- Assigned Fund Balance consists of:
 - 2018-2019 budgeted use of fund balance \$ 5,000,000
 - Property tax assessment appeals \$ 595,002
 - Special education contingency funds \$ 1,000,000
 - Act 93 iPads \$ 8,300



Food Service Fund

(Summary excerpt from financial statements)

	2017-2018
Operating Revenues	\$ 1,650,712
Non-Operating Revenues/Subsidies	4,293,997
Transfers In (Out)	10,176
Revenues & Transfers	5,954,885
Salaries and Benefits	3,259,820
Food and Milk Purchases	2,373,911
Other Expenses	359,583
Total Expenses	5,993,314
Change in Net Position	\$ (38,429)



Food Service Fund

- Operating Revenues were consistent with previous year.
- Subsidies (federal and state) increased due to more free and reduced meals served.
- Expenses decreased due to the expense recorded with GASB 68 (net pension liability decreased during 2017-2018).



Medical Insurance Fund

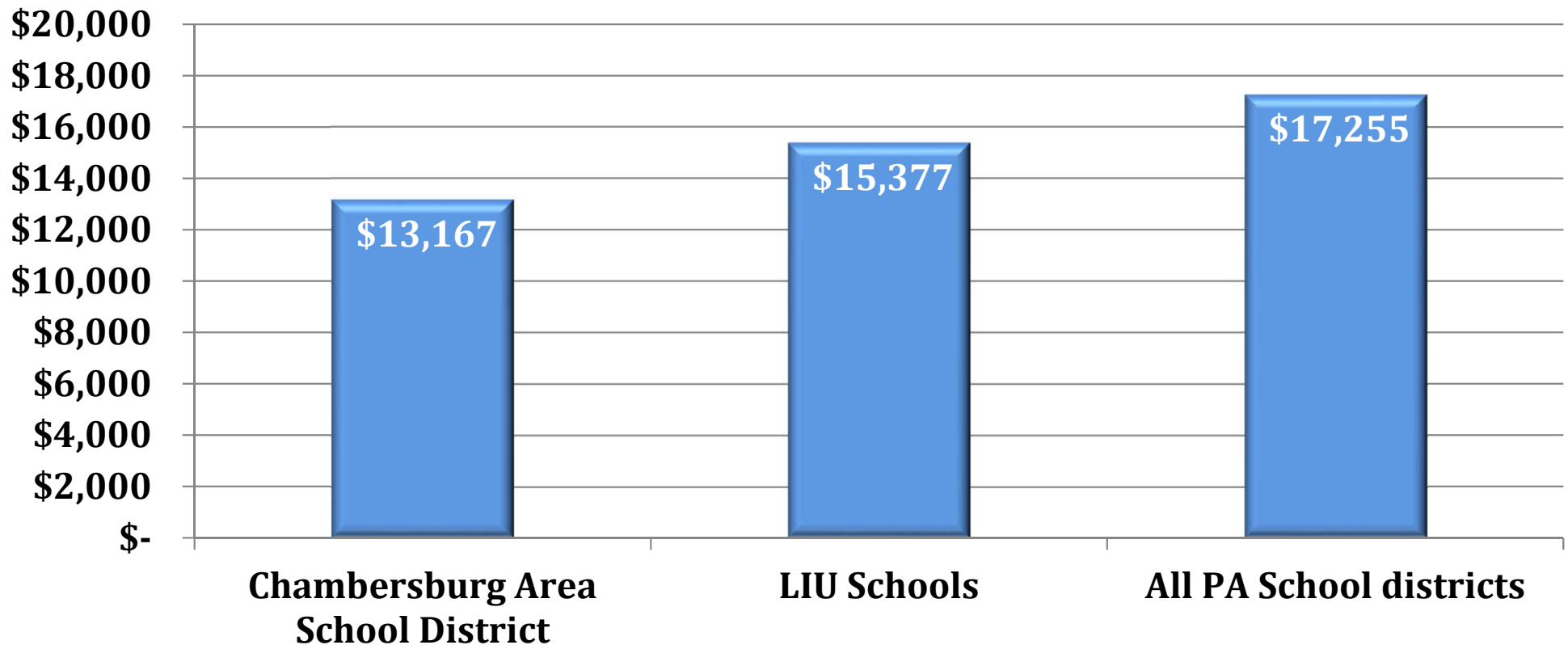
(Summary excerpt from financial statements)

	2017-2018
Charges for Insurance Premiums	\$ 14,633,761
Interest Income	45,211
Total Revenues	14,678,972
Insurance Claims	12,446,099
Fees and stop loss premium	933,838
Total Expenses	13,379,937
Interfund Transfers	(600,000)
Change in Net Position	699,035
Ending Net Position	\$ 4,912,757



Graphical Analysis

Expenditures per Average Daily Membership (2016-2017)



Schedule of Expenditures of Federal Awards

- Notes to Schedule of Expenditures of Federal Awards
 - Total Federal Expenditures \$ 8,651,894
 - Programs tested under Single Audit:
 - Child Nutrition Cluster



Schedule of Findings and Questioned Costs

- Findings – Financial Statement Audit
 - None
- Findings and Questioned Costs – Major Federal Award Programs Audit
 - None



Management Letter

- Purpose of Letter
 - Recommendations
 - Summary of new standards that will affect the District
 - Graphical Analysis
- The letter was reviewed in detail with management



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, a description of any disagreements with management.
 - Attached to the letter are the adjustments made for the audit, some prepared by management, others for the conversion to full accrual.
 - Also, addresses management representations, management consultations with other independent auditors, and other auditing findings or issues.



Summary

- Unmodified Audit Opinion
- General Fund had a reduction in fund balance
- No findings

- Questions?

