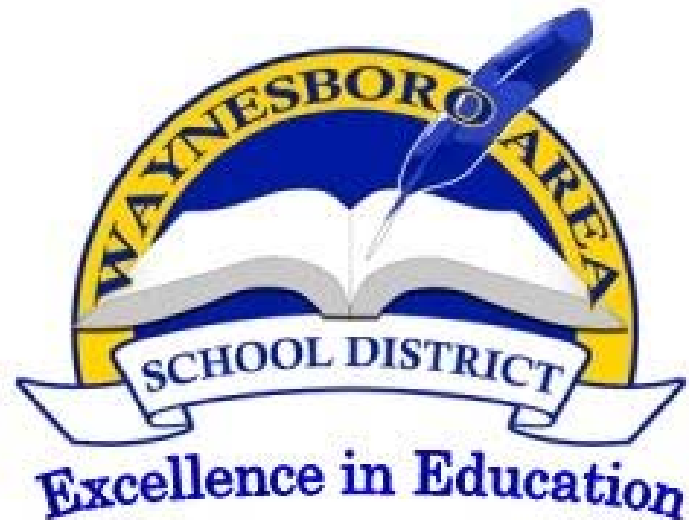


Waynesboro Area School District June 30, 2017 Audit Presentation



- Presentation by Smith Elliott Kearns & Company, LLC
– Kevin B. Stouffer, CPA

www.sek.com



Waynesboro School District

June 30, 2017

Audit Presentation

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



Waynesboro School District

June 30, 2017

Audit Presentation

- Summary

- Unmodified audit opinion.
- General Fund had a positive change in fund balance.
- No findings.



Waynesboro School District

June 30, 2017

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 or results of a fraud investigation.
- Management's Discussion and Analysis:
 - Unaudited information prepared by the District with comparative analysis.



Governmental Activities – Full Accrual

(Summary excerpt from financial statements)

	June 30, 2016	June 30, 2017
Current Assets	\$ 22,383,220	\$ 18,164,463
Noncurrent Assets	63,741,333	68,314,309
Deferred Outflows of Resources	7,434,496	17,609,042
Total Assets and Deferred Outflows of Resources	93,559,049	104,087,814
Current Liabilities	10,839,537	11,900,971
Noncurrent Liabilities	120,127,372	130,449,484
Deferred Inflows of Resources	987,296	1,171,060
Total Liabilities and Deferred Inflows of Resources	131,954,205	143,521,515
Net Position	(\$ 38,395,156)	(\$ 39,433,701)



Governmental Activities – Full Accrual

- Government-Wide Highlights:
 - Capital Assets increased due to the middle school project.
 - Deferred Outflow of Resources increased due to the activity related to the net pension obligation.
 - Noncurrent Liabilities increased due to the net pension obligation.
 - However, regular debt payments were made during the year.

General Fund Analysis

(Summary excerpt from financial statements)

	2015-2016	2016-2017	2016-2017 Final Budget	Variance with Final Budget
Local Revenues	\$ 28,516,115	\$ 30,136,596	\$ 29,251,237	\$ 885,359
State Revenues	23,109,875	24,271,009	22,864,722	1,406,287
Federal Revenues	990,184	1,194,850	1,186,273	8,577
Total Revenues	52,616,174	55,602,455	53,302,232	2,300,223
Instruction	34,846,988	35,819,559	35,251,974	(567,585)
Support Services	13,254,606	13,962,162	13,046,519	(915,643)
Operation of Noninstructional Services	927,420	942,422	925,654	(16,768)
Facilities Acquisition, Construction and Improvements	556,851	136,935	70,000	(66,935)
Debt Service	3,942,445	3,764,710	3,912,731	148,021
Total Expenditures	53,528,310	54,625,788	53,206,878	(1,418,910)
Fund Transfers & Other	917,466	566,412	500	565,912
Budgetary Reserve	0	0	(95,854)	95,854
Total Other Financing Uses	917,466	566,412	(95,354)	661,766
Change in Fund Balance	\$ 5,330	\$ 1,543,079	\$ 0	\$ 1,543,079



General Fund Analysis

- Revenues had the following fluctuations:
 - Local Revenue was more than budget due to additional collections of delinquent taxes.
 - State Revenue was more than budget due to the uncertainty of the state funding due to the state budget impasse.
- Expenditures had the following fluctuations:
 - Actual expenditures exceeded the budget by \$ 1.4 million due to offsetting revenues noted above.
 - Retirement expenditures increased approximately \$ 1.1 million due to the increased PSERS rate.



Food Service Fund

(Summary excerpt from financial statements)

	2015-2016	2016-2017
Operating Revenues	\$ 922,718	\$ 806,023
Non-operating Revenues	1,436,065	1,474,192
Transfers In(Out)	0	0
Revenues and Transfers	2,358,783	2,280,215
Food and Milk Purchases	933,839	910,193
Salaries and Benefits	1,056,913	1,189,657
Other Expenses	183,448	226,088
Total Expenses	2,174,200	2,325,938
Change in Net Position	\$ 184,583	\$ (45,723)



Food Service Fund Analysis

- Operating revenues decreased despite raising the meal prices.
- Subsidies (federal and state reimbursements) increased due to more free and reduced meals.
- Expenses increased due to:
 - Benefits (increase in PSERS rate and recording of the increase in the net pension obligation).
- Also, during the 2016-2017 fiscal year, the Food Service Fund partially repaid the General Fund for Middle School kitchen equipment as part of the renovations. The remaining amounts will be paid back in future years.



Medical Insurance Fund Analysis

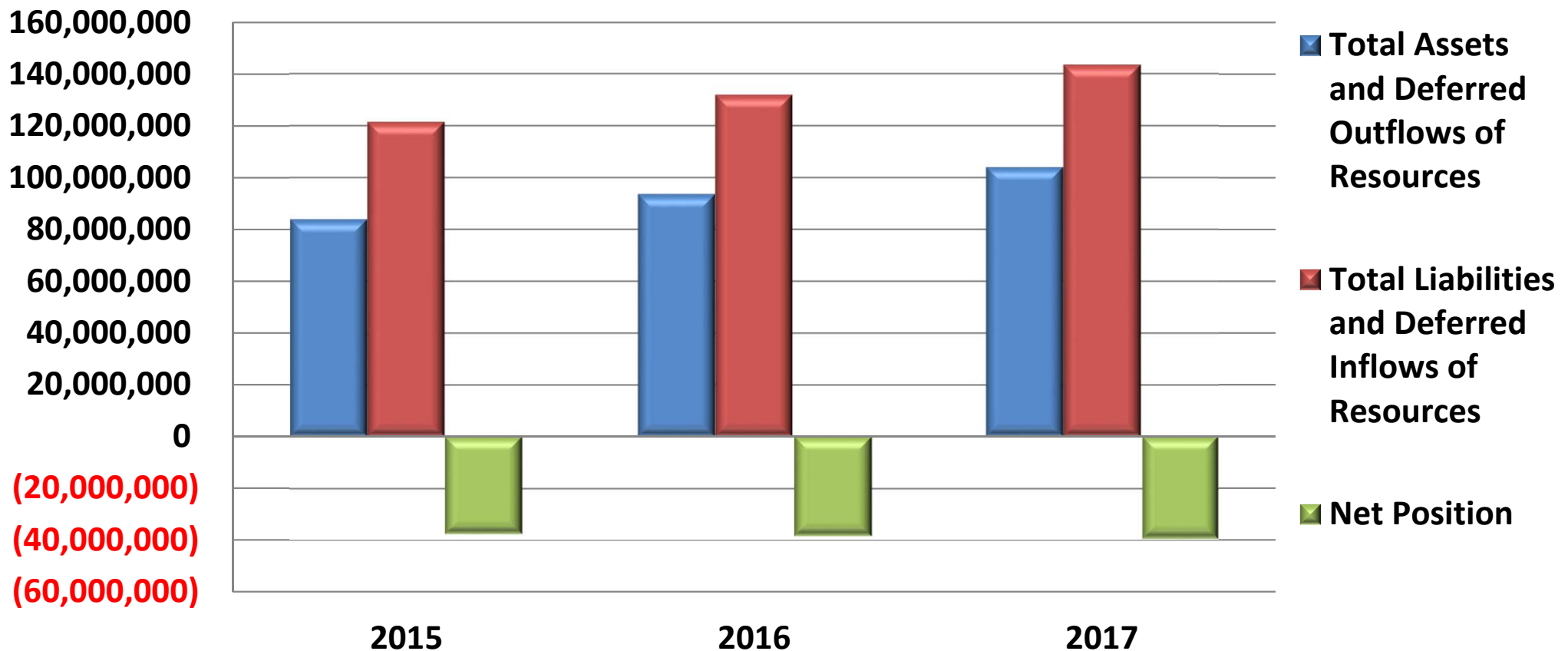
(Summary excerpt from financial statements)

	2015-2016	2016-2017
Operating Revenues	\$ 5,533,436	\$ 6,319,442
Non-operating Revenues	2,228	2,469
Total Revenues	5,535,664	6,321,911
Medical Insurance Claims	5,651,265	4,336,204
Stop Loss Premiums	478,810	414,536
Administrative Fee	376,599	371,665
Total Expenses	6,506,674	5,122,405
Change in Net Position	(\$ 971,010)	\$ 1,199,506



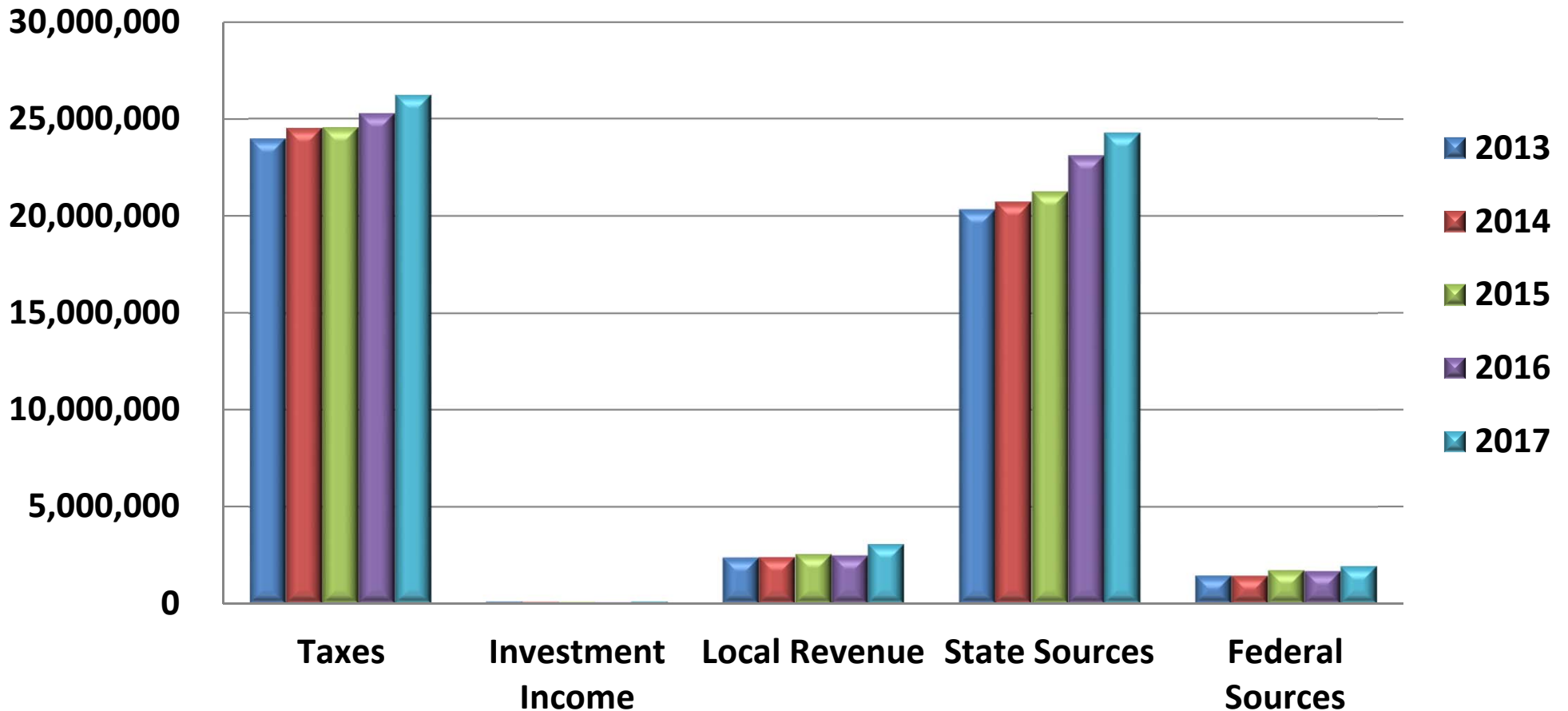
Graphical Analysis

Governmental Activities Assets, Liabilities, Net Position



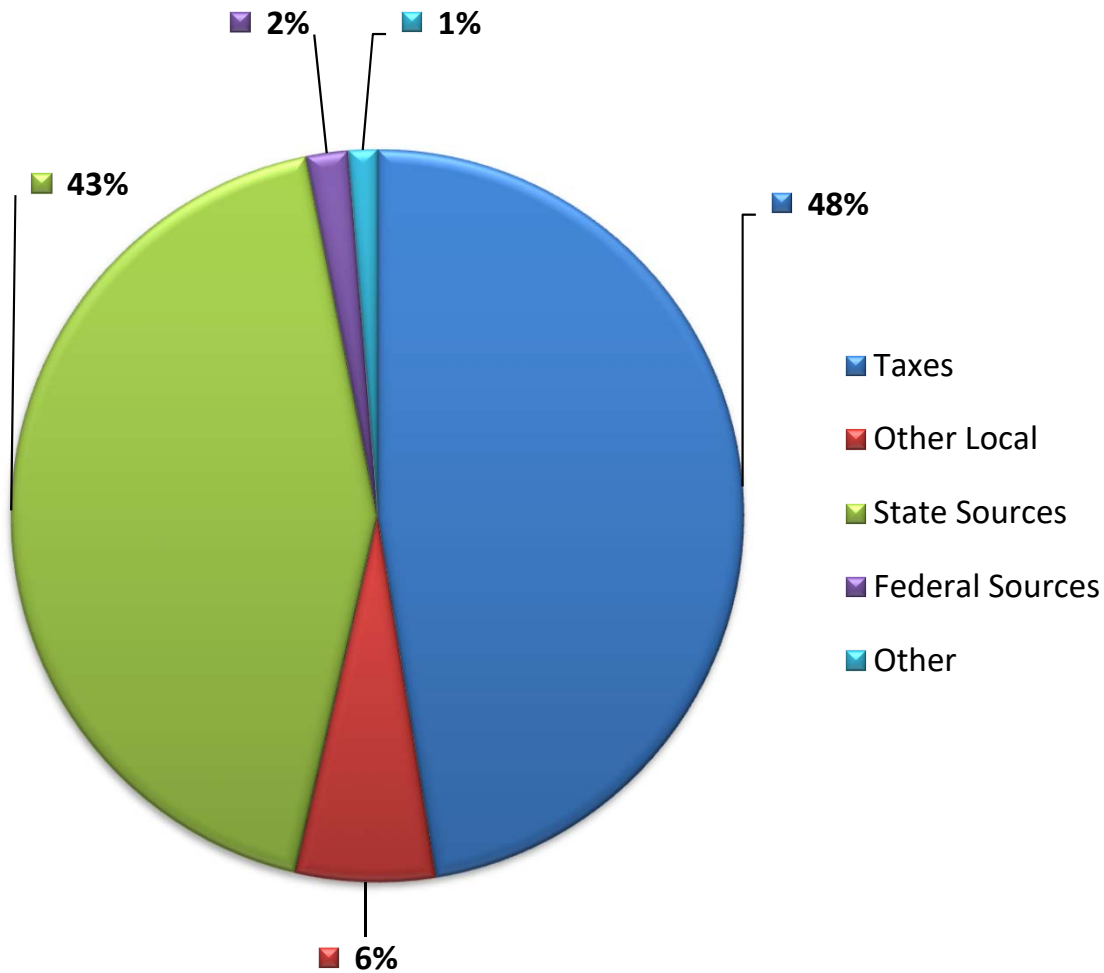
Graphical Analysis

General Fund Revenue Breakdown

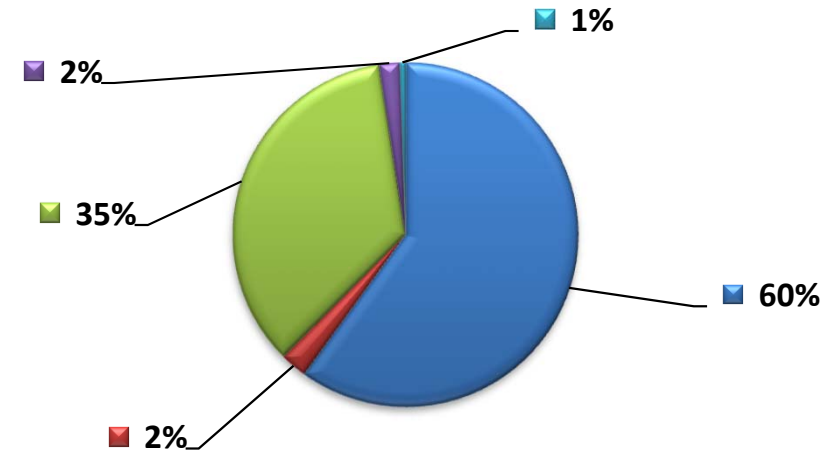


Graphical Analysis

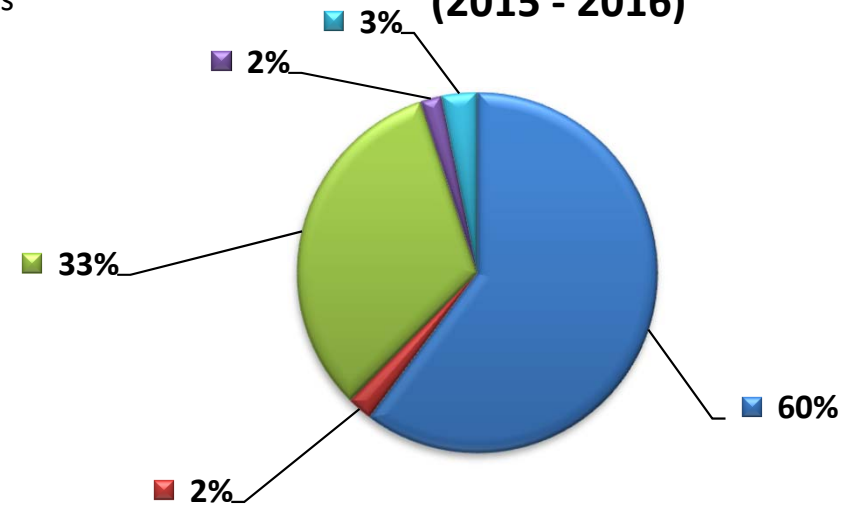
**Revenue Breakdown - WASD
(2015- 2016)**



**Revenue Breakdown - LIU Schools
(2015- 2016)**

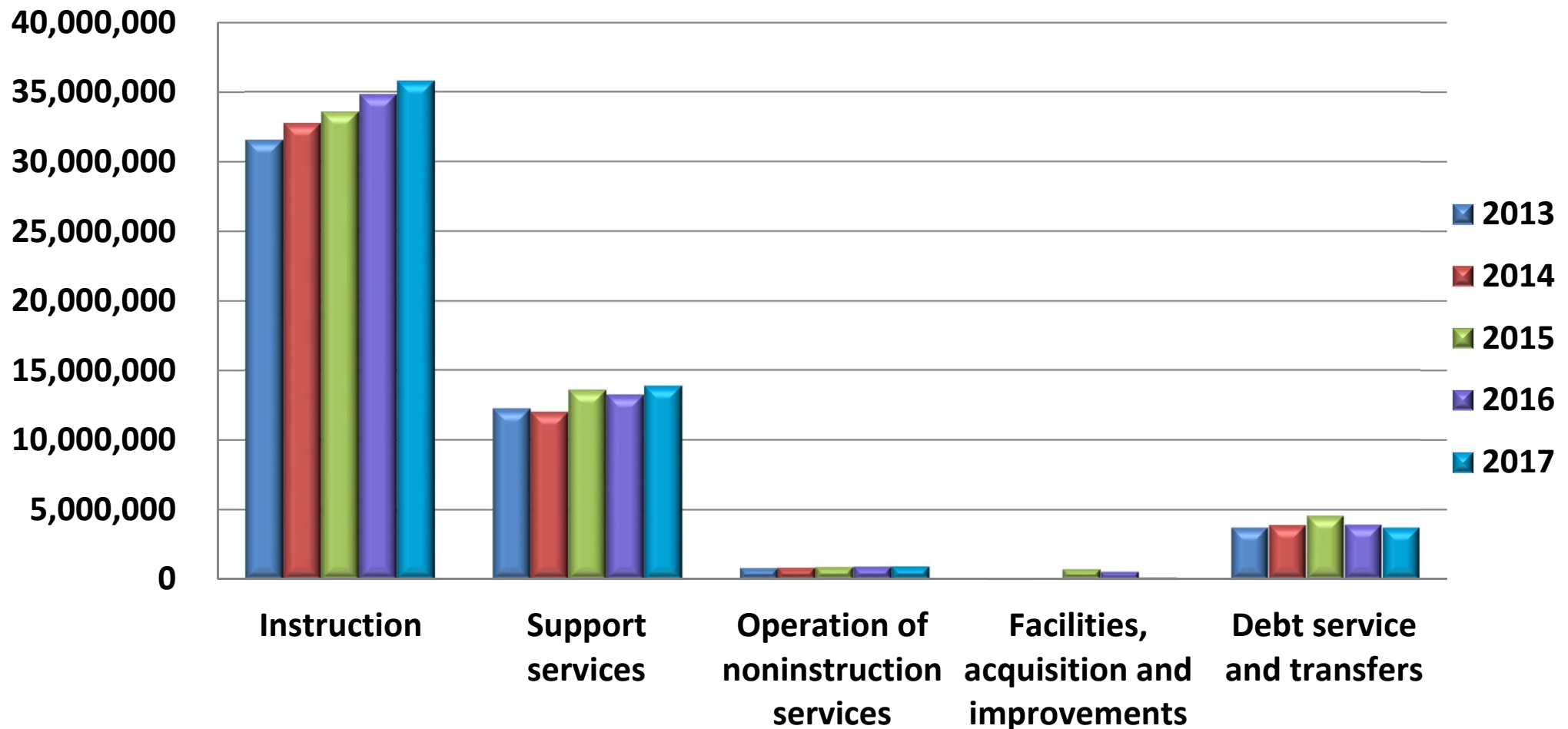


**Revenue Breakdown - Schools with
\$51 - \$75 Million of Revenue
(2015 - 2016)**



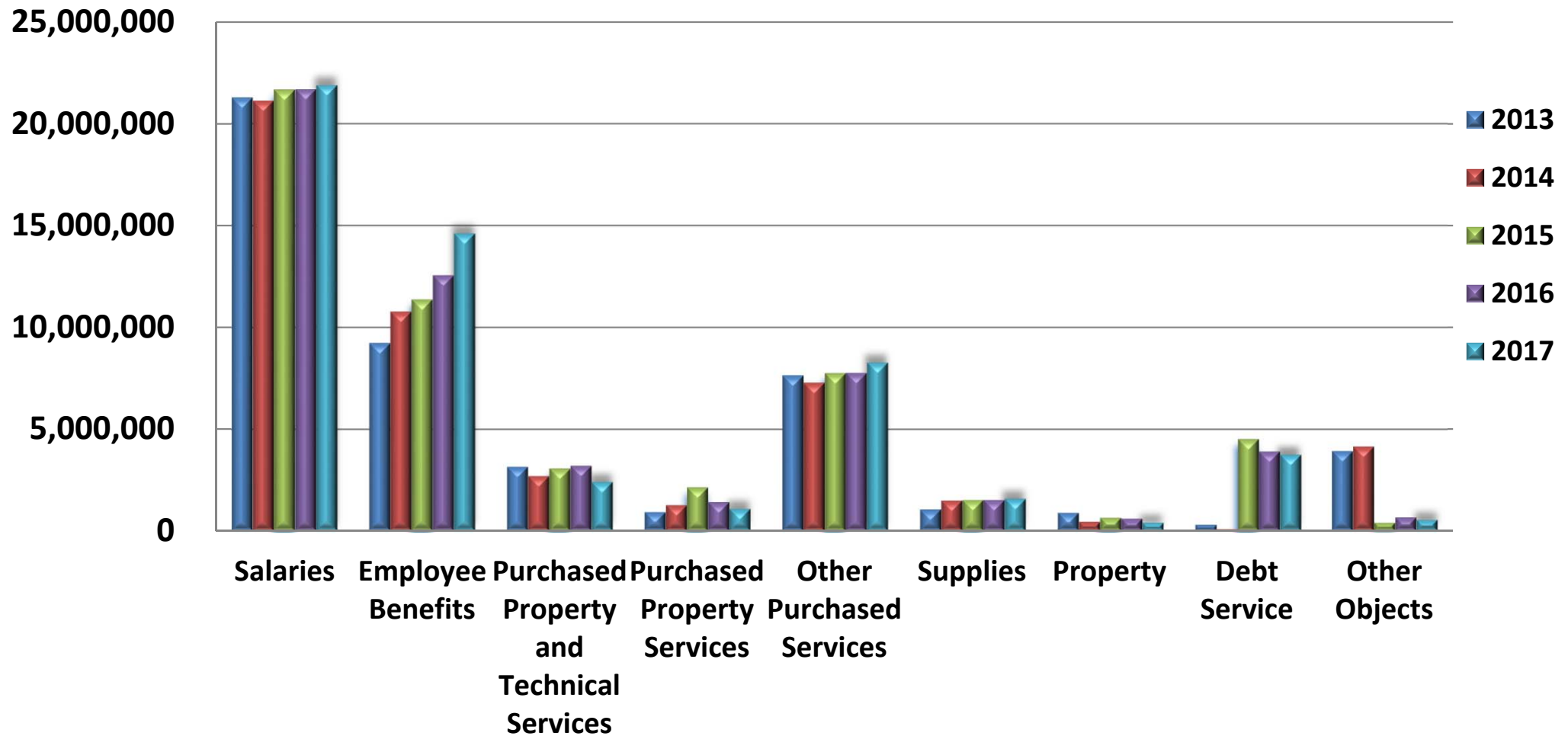
Graphical Analysis

General Fund Expenditure Breakdown



Graphical Analysis

General Fund Expenditure Object Breakdown

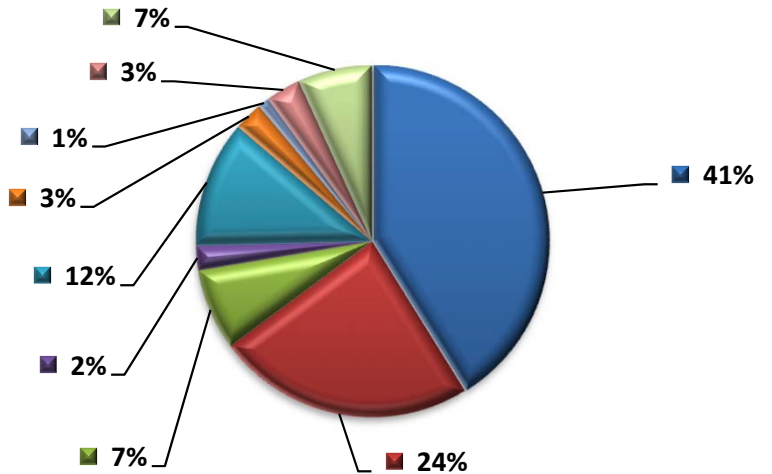
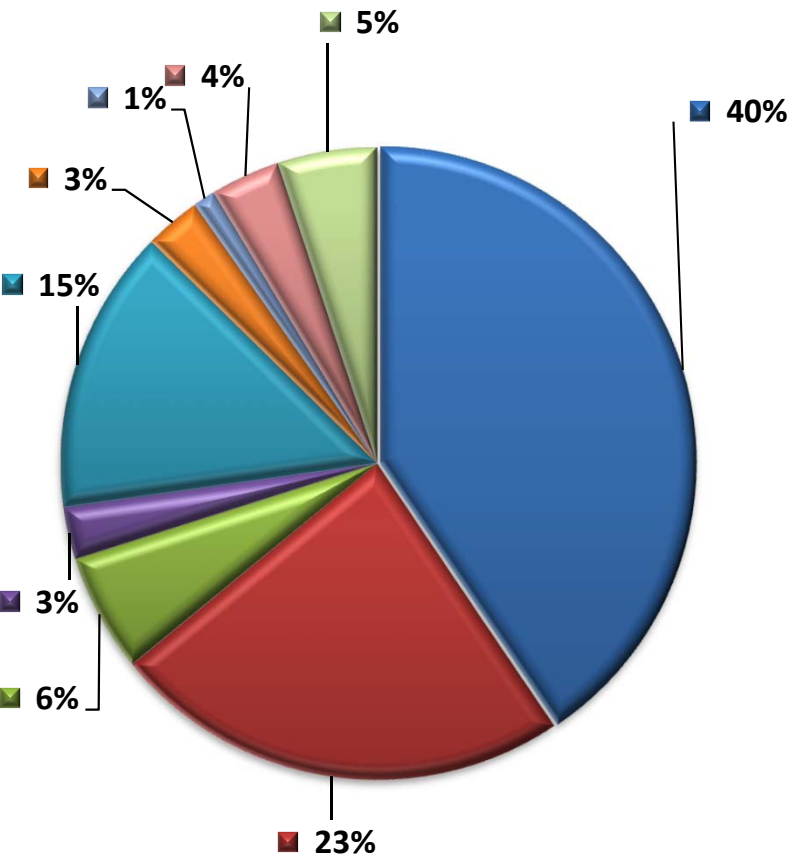


Graphical Analysis

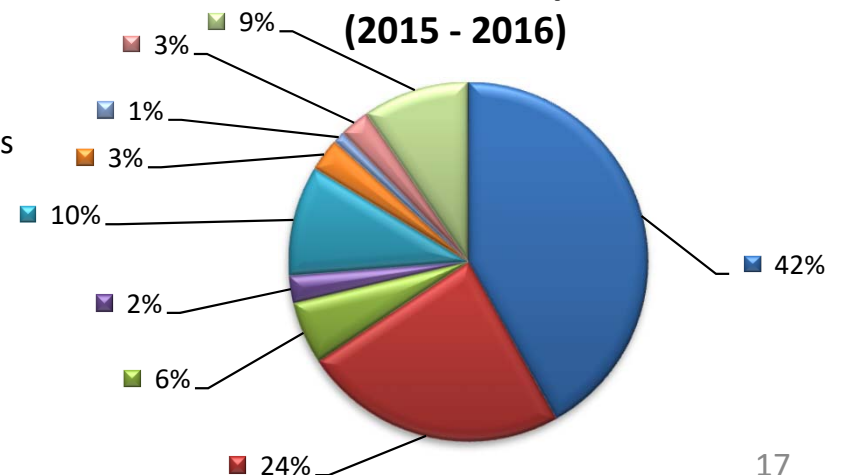
**Expenditure Breakdown - WASD
(2015- 2016)**

**Expenditure Breakdown - LIU Schools
(2015- 2016)**

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

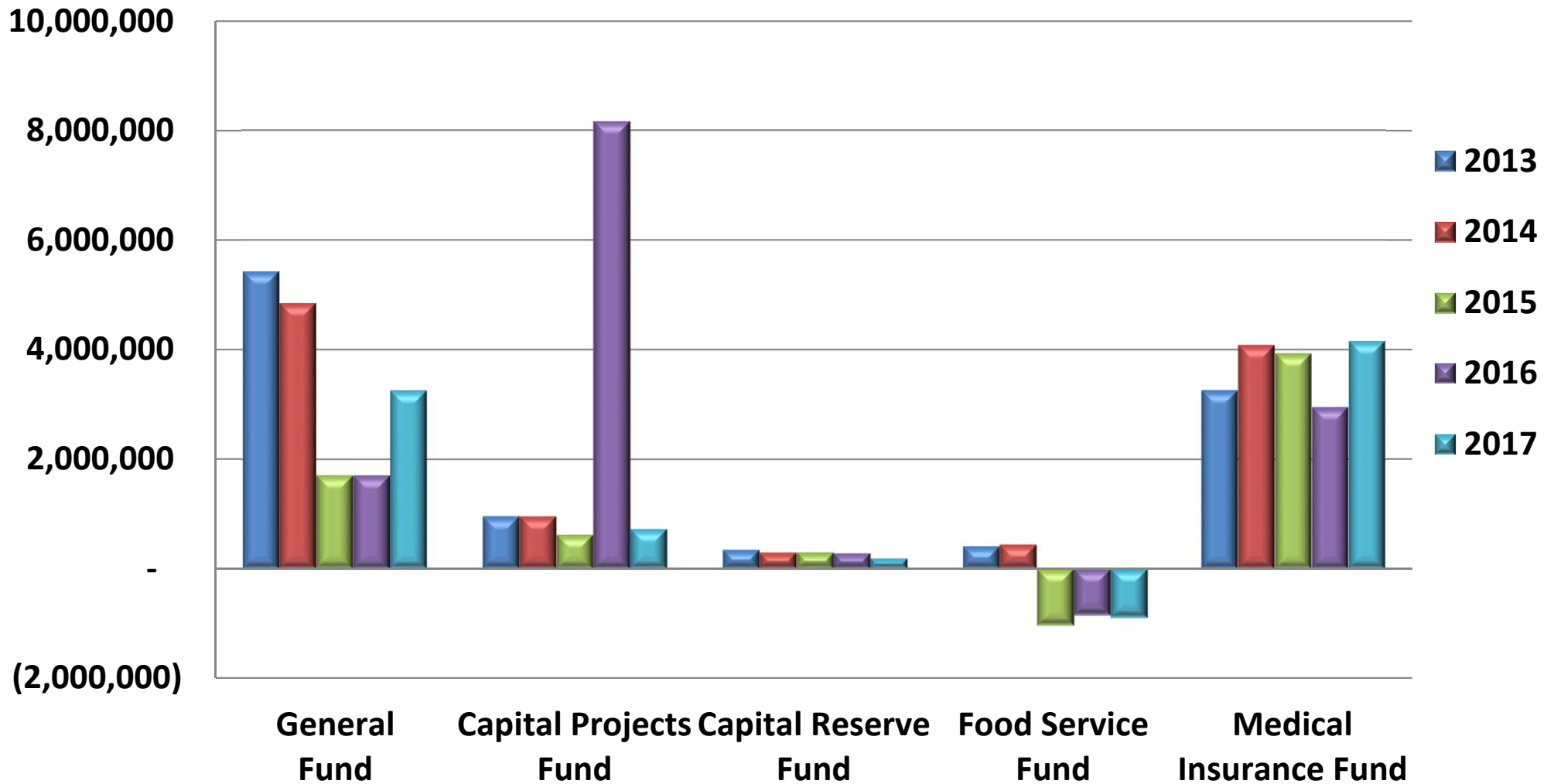


**Expenditure Breakdown by Object - Schools with \$51 - \$75 Million of Expenditures
(2015 - 2016)**



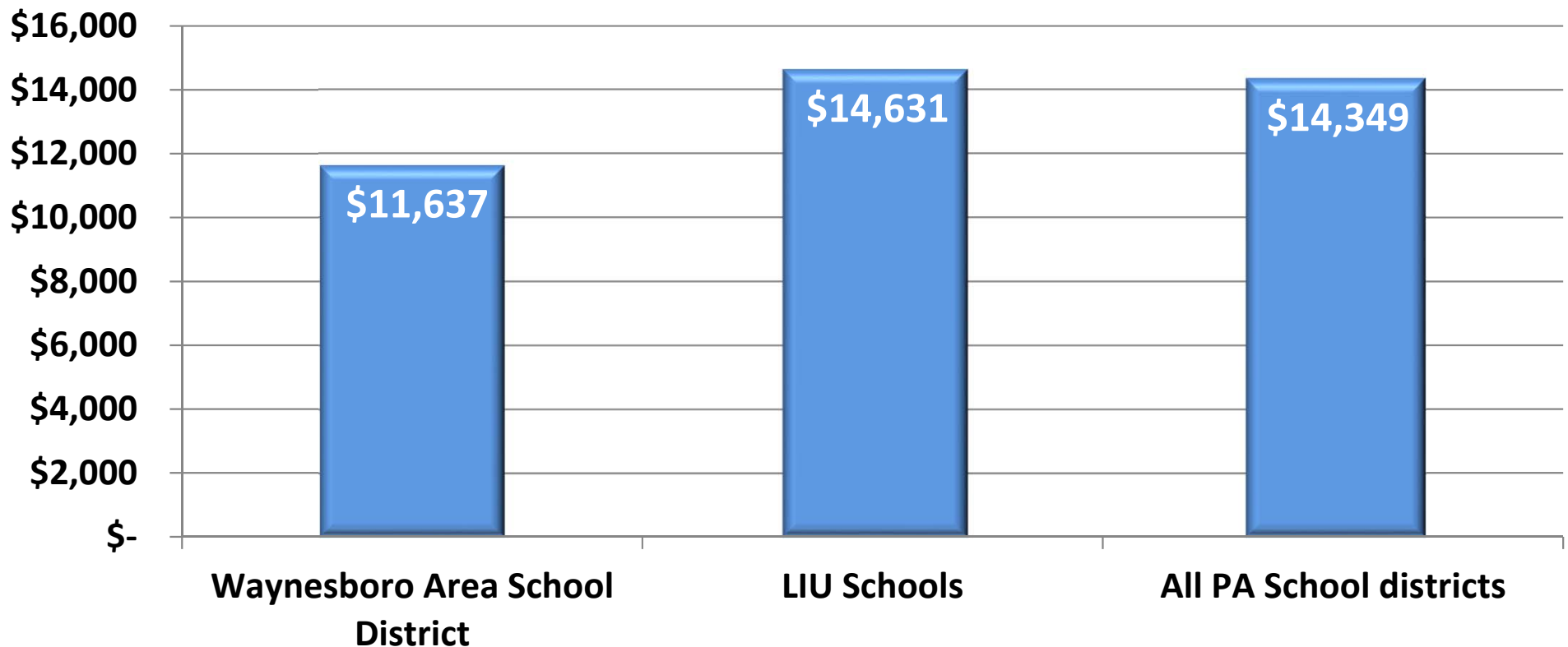
Graphical Analysis

Fund Balance and Net Position Comparison



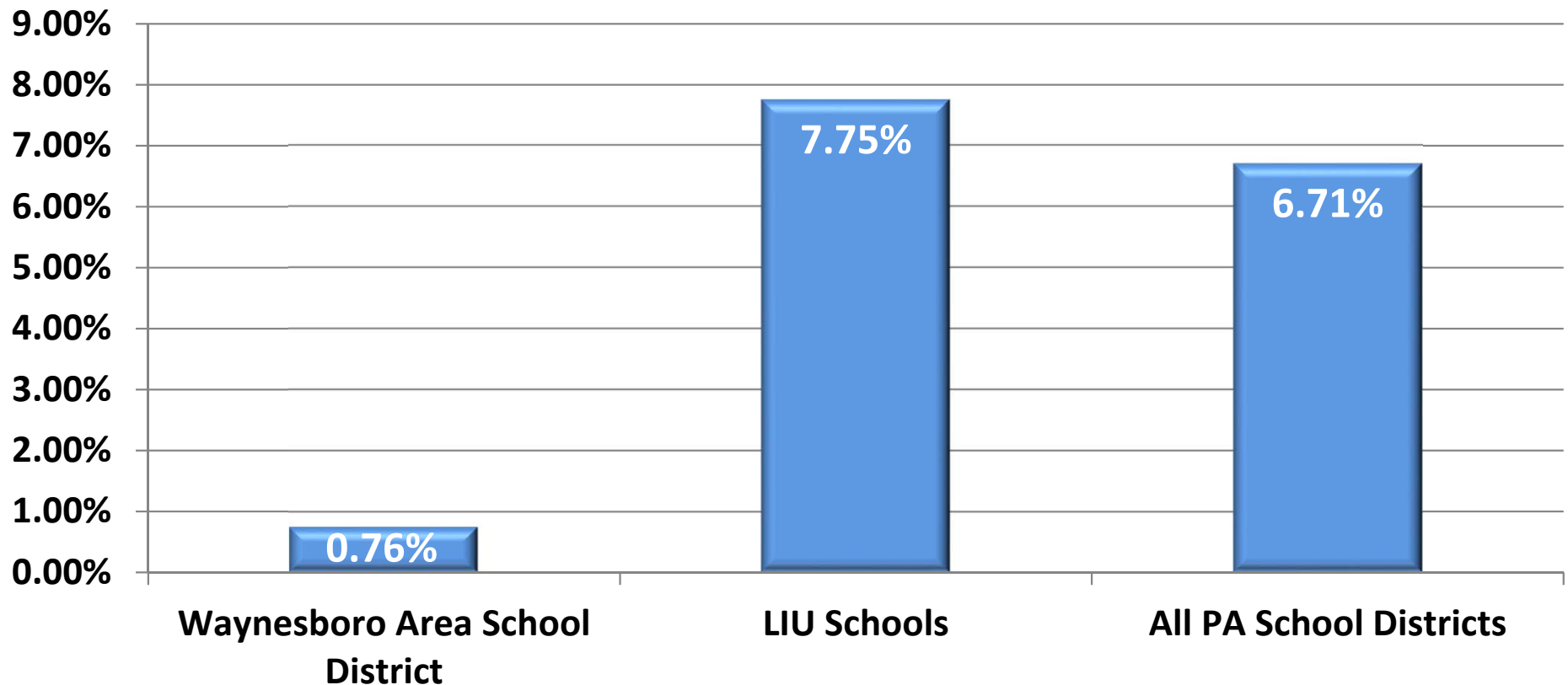
Graphical Analysis

Expenditures per Average Daily Membership (2015-2016)



Graphical Analysis

Unassigned Fund Balance as a Percentage of Expenditures (2015-2016)



Schedule of Expenditures of Federal Awards

- Notes to Schedule of Expenditures of Federal Awards.
 - Total Federal Expenditures \$ 3,057,391.
 - Program tested under Single Audit was the 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 and best practice ideas.
 - Proper Reconciliation of Food Service Revenues.
 - Proper Recording of Federal Revenue.
 - Proper Reporting of Audit Adjustments.
 - IT Access – Administrative Rights to Accounting Software.
 - Summary of new standards that will affect the District.
 - Recently Released GASB's.
 - Uniform Grant Guidance – Procurement.
 - Auditor Involvement with Exempt Offerings.
 - Graphical Analysis.



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 for financial statement presentation.
 - Also, addresses management representations, management consultations with other independent auditors, and other audit findings or issues.

Summary

- Unmodified audit opinion
- General Fund had a positive change in fund balance
- No findings

- Questions