



Jefferson County Public Schools

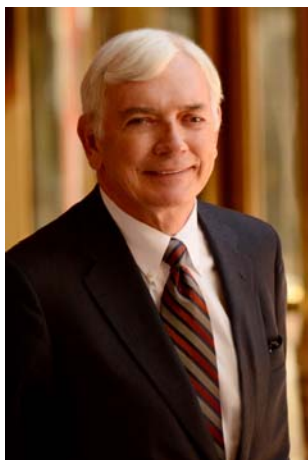
Presentation to the Finance Committee and the Audit Review and Risk Management Committee

November 8, 2018



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William G. Carroll

Engagement Partner

- Certified Public Accountant
- Over 40 years of experience
- Formerly at Deloitte Touche – 18 years
- Experience includes governments, not-for-profit organizations, manufacturing, distribution, transportation and healthcare industries
- Performs numerous Single Audits in accordance with federal Uniform Guidance
- Past President and Treasurer – Portland Museum
- Past President and Treasurer – Visually Impaired Preschool
- Past Chair – CPA Associates International Government Services Committee



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William G. Meyer III

Concurring Partner

- Managing Partner of Strothman+Co
- Certified Public Accountant
- Over 30 years of experience
- Formerly at PricewaterhouseCoopers
- Certified in Financial Forensics (CFF)
- Past President - Kentucky Society of Certified Public Accountants
- Board Member and President – Cabbage Patch Settlement House
- Board Member and Past Chair – Family and Children's Place



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Meaghan Reynolds

Senior Manager

Certified Public Accountant (CPA)

- Licensed in Kentucky
- Over 8 years of experience in auditing and accounting
- Previous experience includes EY
- AICPA and KyCPA member
- Experienced in:
 - Governmental
 - Not-for-profit organizations
 - Construction
 - Manufacturing



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Elements of the Comprehensive Annual Financial Report



- Introductory Section
- Independent Auditors' Report
- Management's Discussion and Analysis
- District-Wide Financial Statements (accrual basis)
- Governmental Fund Financial Statements (modified cash basis)
- Proprietary Fund Financial Statements (accrual basis)
- Fiduciary Funds – School Activity Funds



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Elements of the Comprehensive Annual Financial Report



- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Statistical Section



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Governmental Financial Reporting



- Governed by Governmental Accounting Standards Board ("GASB") pronouncements
- All elements of JCPS' Comprehensive Annual Financial Report are required by GASB standards



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Governmental Auditing Standards



1. American Institute of Certified Public Accountants
2. Government Auditing Standards ("GAS"), issued by the Comptroller General of the United States
3. Requirements prescribed by the Kentucky State Committee for School District Audits



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Voluntary GFOA Program

- Sponsored by the Government Finance Officers Association ("GFOA")
- Over 19,000 members
- Certificate of Achievement for Excellence in Financial Reporting Program
- Over 500 school districts participate in the U.S.
- JCPS is the only one in Kentucky or Indiana
- 11 consecutive years



Auditors' Opinion

- Management is responsible for the preparation and fair presentation of the financial statements
- Our responsibility is to express opinions based on our audit
- Opinions – financial statements present fairly, in all material respects, financial position and changes during the year (Unmodified)
- Adoption of GASB No. 75 – other postemployment benefits



Note: Summary only. See the actual auditor's report for complete information.

Management's Discussion and Analysis



- Required by GASB standards
- Comparison to prior year
- Has financial position improved or declined?
- Significant changes during the year
- Significant budget variances
- Capital asset and long term debt activity
- Other items expected to have significant financial impact



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District Wide Financial Statements



- Accrual basis
- Closer to for profit accounting standards
- Key differences between fund accounting:
 - Capital assets
 - Debt
 - Net pension liability
 - Post employment benefits liability (new)
 - Sick pay liability
 - Workers compensation liability



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District Wide Financial Statements



Key Numbers from Statement of Net Position

Total assets	\$ 1,125,084,301
Total liabilities	1,574,197,323
Net position - deficit	<u>\$ (328,775,125)</u>

Capital assets	
Gross	\$ 1,649,547,533
Accumulated depreciation	<u>(937,482,416)</u>
Net	<u>\$ 712,065,117</u>

School building revenue bonds \$ 403,907,963

Net pension liability (CERS only) \$ 453,555,175

Net postemployment benefit liability \$ 504,459,356



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District Wide Financial Statements



Key Numbers from Statement of Activities

Total revenues \$ 1,645,448,685

Total expenses 1,693,711,523

Change in net position \$ (48,262,838)



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Fund Financial Statements



- Modified cash basis
- Historical basis of governmental accounting
- Governmental funds:
 - General
 - Grants and awards
 - Construction
 - Other nonmajor funds



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Fund Financial Statements



Key Numbers – General Fund Balance Sheet

Total assets	\$ 357,235,750	
Total liabilities	215,688,266	
Fund balances:		
Nonspendable	6,113,779	
Assigned	15,843,169	
Unassigned	83,590,536	
Committed	36,000,000	
	<u>\$ 141,547,484</u>	
		\$ 119,590,536
		↑
		About 36 days of expenditures



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Fund Financial Statements

Key Numbers – Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund

Revenues:	
Property taxes	\$ 419,678,233
Occupational taxes	162,374,610
Other taxes	53,658,834
SEEK	248,012,271
Other state	300,232,367
All other	15,889,713
	<hr/>
	1,199,846,028
Expenditures:	
Instruction	670,151,842
Plant operations	117,642,222
Instructional staff support	112,598,595
School administrative support	98,100,041
Transportation	87,843,441
Student support	62,073,643
Business support	48,650,390
All other	9,883,118
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	1,206,943,292
Other financing uses	<hr/>
	(4,963,296)
Net change in fund balance	<hr/>
	\$ (12,060,560)



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Footnotes to the Financial Statements



- A. Summary of significant accounting policies – 7 pages
- B. Cash, cash equivalents and investments – 3
- C. Receivables – 1
- D. Capital assets – 3
- E. Long term liabilities – 6
- F. Retirement plans – 7
- G. Deferred compensation – 1
- H. Postemployment benefits – 10



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Footnotes to the Financial Statements



- I. Commitments – 1
- J. Contingencies – 2
- K. Insurance and risk financing related activities – 1
- L. Encumbrances - 1
- M. Recent GASB pronouncements – 1
- N. Deficit fund balance – 1
- O. Adoption of accounting principles and changes to beginning balances – 1
- P. Subsequent event - 1



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Other Reports Issued



- Single Audit of expenditures of federal funds
- School activity fund reports –
 - High school
 - Middle school
 - Elementary school



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Management Comments



- Inclusion of Jefferson County Public Education Foundation *
- Reporting of new personnel
- Recommendations related to electronic timekeeping
- Recommendations regarding documentation for capital asset disposals
- Technology related recommendations
- School activity fund recommendations



* Significant deficiency

Timetable



- October 29 and 31 – meetings with Board Members
- November 8 – meeting with your committee
- November 13 – submission to full Board
- November 15 – all reports due in Frankfort



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