

Date: November 10, 2020

To: Dr. Carlton Jenkins, Superintendent of Schools

From: Kelly Ruppel, Chief Financial Officer for Business Services
Natalie Rew, Comptroller

Subject: 2019-20 Financial Audit Statement and Single Audit Summary

Wegner CPA's has delivered the district's financial audit statements, single audit statements, and communication letter with those charged with governance. These documents are attached to this memo via email. Following are some pertinent points:

- The auditors have issued an unmodified opinion on the District's financial statements as of June 30, 2020 and the year then ended. Which means the financial statements present fairly, in all material respects, the financial position of the District in accordance with accounting principles generally accepted in the United States of America. This is good.
- Our fund statements include an operating fund surplus of \$9,028,650. This surplus includes unspent TID funds in the amount of \$1,909,428, unspent self-funded dental insurance of \$1,134,721, transportation under budget \$1,643,593, retiree benefits under budget \$1,621,492, and Health insurance benefits under budget \$3,076,890. With the exception of the TID and transportation funds, the surplus was generated due to individual personal decision making related to their personal healthcare and retirement planning in the midst of a pandemic. As the pandemic begins to normalize, we expect retirement and healthcare visits to resume as normal.
- Governmental funds include a Capital Projects deficit of \$2,101,927 related to completion of the East High Field House, the White Horse Middle School kitchen remodel, and roof preplacement on Spring Harbor Elementary and Black Hawk Middle School and donation fund expenditures of \$1,109,969 related to the East High Field House construction. The Community Service fund finished the year with a surplus of \$335,940 due to a strong beginning of the 2019-20 school year.
- The fund balance \$70,196,961 as of June 30, 2020 is allocated according to generally accepted accounting principles and Board policy as follows:
 - Non-spendable prepaid assets and inventory, \$266,278
 - Restricted for self funded insurance, the Basset training endowment, student activity funds, and Common School Funds, \$3,322,114
 - Assigned for Holtzman remodeling project, TID 25 project schedule, school building formula carry over, Covid-19 response projects, and the safety and security projects, \$4,946,153
 - The general fund unassigned fund balance stands at \$61,662,416, or 14.80% of general fund expenditures. School Board policy calls for a general fund balance between ten percent (10%) and fifteen percent (15%) of annual general fund expenditures.
- The auditors' single audit report includes a significant deficiency resulting from two special education employees were not properly licensed per the Department of Public Instructions licensing requirements. These two individuals were employed by the District as short-term subs for less than one week and did not perform job duties involving students; therefore, were not captured during HR's process to identify employees not properly licensed for State Special Education Categorical Aid.
- The auditors' single audit report also includes a significant deficiency resulting the incorrect reporting of Days of Instruction for six incarcerated students for the five snow days incurred in fiscal year 2018-2019.

- In the past, the Board has asked Administration to state the status of our non-WRS post-employment long term obligations. As of June 30, 2020, the liability balances of these are:
 - Sick Leave – Currently Active Employees \$51,030,434 (actuarial value)
 - Sick Leave Escrow - Retirees \$28,590,003 (actual value)
 - Teacher Emeritus Retirement Program (TERP) and Administrative Retirement Plan- \$35,798,708 (actuarial value)
 - Other Post-Employment Benefits, OPEB (health and life) - \$37,672,456 (actuarial values)

Please let me know if you would like any additional information.