

BOARDROOM REVIEW

Garrett County Board of Education

September 27, 2018

Prepared by: Public Information Office

Board of Education Members: Mr. Matthew Paugh, President; Dr. Nathan Sorber, Vice President; Mrs. Monica Rinker, Mrs. Charlotte Sebold, Mr. M. Thomas Woods, Associate Members; Ms. Katherine J. Catulle, Student Member; Ms. Barbara L. Baker, Superintendent; Mr. Brandon Hoover, Attorney

PUBLIC SESSION

FY2018 Financial Statements and Single Audit Results

- Mr. Daniel Porter, CPA for Rodeheaver Group, P.C. and Manager of the Board of Education audit; and Mr. Cody Brill, Associate; presented this action item to the Board of Education.
- Mr. Porter presented the financial report for the period ending June 30, 2018, including the Independent Auditors' Report.
- Mr. Porter explained in detail the Independent Auditors' Report and indicated that Rodeheaver Group, P.C. has issued an unmodified opinion on the financial statements for the period ending June 30, 2018.
- The ending net position for FY18 was \$12,856,818. There was a positive change in net position of \$1,070,074 in relation to the restated prior year net position. The positive change is a result of reductions in expenses, largely instructional, of \$1.5 million coupled with the reduction of state aid. The total statement of Net Position, which includes liabilities and deferred inflows of resources, is \$60,592,610.
- The Current Expense Fund balance increased \$1,756,862, which included \$113,417 increase restricted for Medical Assistance and \$1,653,445 restricted for subsequent years' budgets. The Food Service Fund balance increased \$13,125. Management worked diligently in FY2018 to increase food service program revenues while managing expenditures.
- Financial highlights included positive unrestricted total revenue budget variance of \$75,287 and a positive unrestricted total expenditure budget variance of \$2,968,388. The largest drivers of the positive budget variance were due to higher than anticipated staff turnover (Instructional Salaries & Fixed Charges), fewer non-public placements than budgeted (Special Education), fuel & utility variances (Transportation & Operation of Plant), and facility projects that were unable to be completed (Maintenance of Plant & Capital Outlay).
- GASB 75, Accounting & Financial Reporting for Postemployment Benefits other than Pensions was implemented in fiscal year 2018. This resulted in a restatement of the government-wide net position of the Board as of July 1, 2017, with an increase of \$24,509,832 of net OPEB liability for a restated Net Position of \$11,786,744.

- Mr. Porter reviewed the current balance of long-term liabilities of the Net OPEB (Other Post-Employment Benefits) obligation and Net Pension liability. In FY2018, Net OPEB obligation decreased by \$1,488,129 to \$29,057,512, and Net Pension liability decreased by \$196,275 to \$3,318,137.
- Mr. Brill reviewed the Single Audit Report. The major program tested was the Child Nutrition Cluster. The auditors' report on compliance for the major federal award programs of the Board expresses an unmodified opinion. He indicated there were no instances of non-compliance found. Mr. Brill also indicated that there were no deficiencies reported in internal controls over compliance. In the opinion of the auditors, the schedule of expenditures of federal awards was fairly stated in all material respects in relation to the basic financial statements as a whole.
- Mr. Brill reviewed the Single Audit Report.
- Mr. Brill provided the Board updates on two significant deficiencies from the previous year's audit. Through staff reorganization, implementation of a new accounting software system, and improved controls, these deficiencies no longer exist.
- The Board was determined to be a low-risk auditee.
- The FY18 audited financial report can be reviewed online at garrettcountyschools.org under Finance Department.
- The Board unanimously voted to accept the FY2018 Financial Report.

Next Meeting

- The next regular meeting of the Board of Education will be held on Tuesday, October 9, 2018. Details will be announced prior to the meeting.