



Connellsville Area School District

FINANCIAL STATEMENT AUDIT

FOR THE YEAR ENDING JUNE 30, 2016 AND UPDATE ON DISTRICT FINANCES

BY: ROBERT F. GELETKO, MS.ED., PRSBA

PHILIP MARTELL, SUPERINTENDENT

Connellsville Area School District Audited Financial Statements

- ❖ Audit is required by state and federal law
- ❖ Auditors work for the Board and the Public
- ❖ The Auditor's opinion is unmodified
- ❖ Audit covered the Financial Statements for the year ended June 30, 2016
- ❖ These Financial Statements are the responsibility of school district management
- ❖ The audit was conducted in accordance with U.S. governmental auditing standards

Connellsville Area School District Single Audit Reports

- ❖ Single Audit Act Amendments of 1996
- ❖ Compliance and internal controls at the Financial Statement level
- ❖ Compliance and internal controls at the Federal Program level
- ❖ No instances of non-compliance with laws and regulations
- ❖ No significant deficiencies

Connellsville Area School District Revenue Results

Revenue type	Actual amount
6000 – Local	\$18,439,544
7000 – State	\$47,733,188
8000 – Federal	\$2,679,484
9000 – Other Financing Sources	\$452,915
Total	\$69,305,131

Connellsville Area School District Expenditure Results

Expenditure type	Actual amount
1000 – Instruction	\$39,301,789
2000 – Support Services	\$19,998,169
3000 – Operations of Non-Instructional Services	\$1,079,946
4000 – Facilities Acquisition, Construction, Improvement	\$ -
5000 – Other Expenditures and Financing Uses	\$8,775,717
Total	\$69,155,621

Connellsville Area School District Budget vs. Actual Revenue

Category	Budget	Actual	\$ Difference	% Difference
6000 – Local	17,710,987	18,439,544	728,557	4.11%
7000 – State	48,630,245	47,733,188	(897,057)	-1.84%
8000 – Federal	2,538,453	2,679,484	141,031	5.56%
9000 – Other	510,378	452,915	(57,463)	-11.26%
Total	69,390,063	69,305,131	(84,932)	-0.12%

Connellsville Area School District Budget vs. Actual Expenditures

Category	Budget	Actual	\$ Difference	% Difference
100 – Salaries	27,714,701	27,510,237	(204,464)	-0.74%
200 – Benefits	16,381,285	16,871,380	490,095	2.99%
300 – Prof Svcs	2,439,417	2,477,866	38,449	1.58%
400 – Property Svcs	729,839	648,177	(81,662)	-11.19%
500 – Other Svcs	13,150,617	10,410,702	(2,739,915)	-20.83%
600 – Supplies	2,558,511	2,104,213	(454,298)	-17.76%
700 – Property	104,191	116,544	12,353	11.86%
800 – Other	3,046,781	3,298,978	252,197	8.28%
900 – Financing	3,264,721	5,717,452	2,452,731	75.13%
Total	69,390,063	69,155,549	(234,514)	-0.34%

Connellsville Area School District GASB(Government Accounting Standards Board) Statements



- ❖ Three Major Components
 - ❖ Management's Discussion & Analysis
 - ❖ Government Wide Financial Statements
 - ❖ Fund Financial Statements

Connellsville Area School District Management Discussion & Analysis



- ❖ Discussion by Superintendent and Business Manager
- ❖ Designed for the non-expert reader of the Financial Statement
- ❖ Presents illustrations of
 - ❖ Financial Highlights for the year
 - ❖ Overview of Financial Statements
 - ❖ Discussion of future economic factors

Connellsville Area School District Net Position



	Governmental Activities	Business-Type Activities	Total
Total Assets	116,543,774	(75,753)	116,468,021
Total Liabilities	216,251,313	4,217,363	220,468,676
Total Net Position (Deficit)	(99,707,539)	(4,293,116)	(101,000,655)

Functional Expense	Total Cost Before Grants & Charges	Less: Direct Grants and Charges for Services	Net Cost of Service
Instruction	46,646,683	(14,150,673)	32,496,010
Instruction and Student Support	3,836,888	(890,897)	2,945,991
Administrative and Financial Support Services	5,764,202	(726,348)	5,037,854
Operation and Maintenance of Plant Services	6,953,006	(552,208)	6,400,798
Pupil transportation	5,753,368	(4,965,797)	787,571
Student Activities	1,093,127	(111,145)	981,982
Community Services	34,564	(25,564)	9,000
Capital Outlay	78,559	-	78,559
Interest on Long-Term Debt/Refunds	2,949,411	(15,982)	2,933,429
Food Service	2,913,254	(2,718,023)	195,231
Total	76,023,062	(24,718,023)	51,866,425
Less: Unrestricted Grants, Subsidies and Unrestricted Contributions (EBSE)			(29,729,026)
Connellsville Area SD Share of Costs			22,137,399
Local Share as a Percentage of Total Costs			29.12%

Connellsville Area School District Fund Level – Fund Balance



- ❖ Total Governmental Funds \$307,756
 - ❖ General Fund Unassigned \$210,266
 - ❖ Capital Project Fund Assigned \$83,576
 - ❖ Debt Service Fund Assigned \$13,914
 - ❖ Career and Technical Center \$0

Connellsville Area School District Fund Balance



Fund Balance	
June 30, 2015	\$501,163
Revenues	\$69,305,131
Expenditures	\$69,155,621
Change in Fund Balance	\$149,510
Prior Period Adjustment	(\$440,407)
June 30, 2016	\$210,266

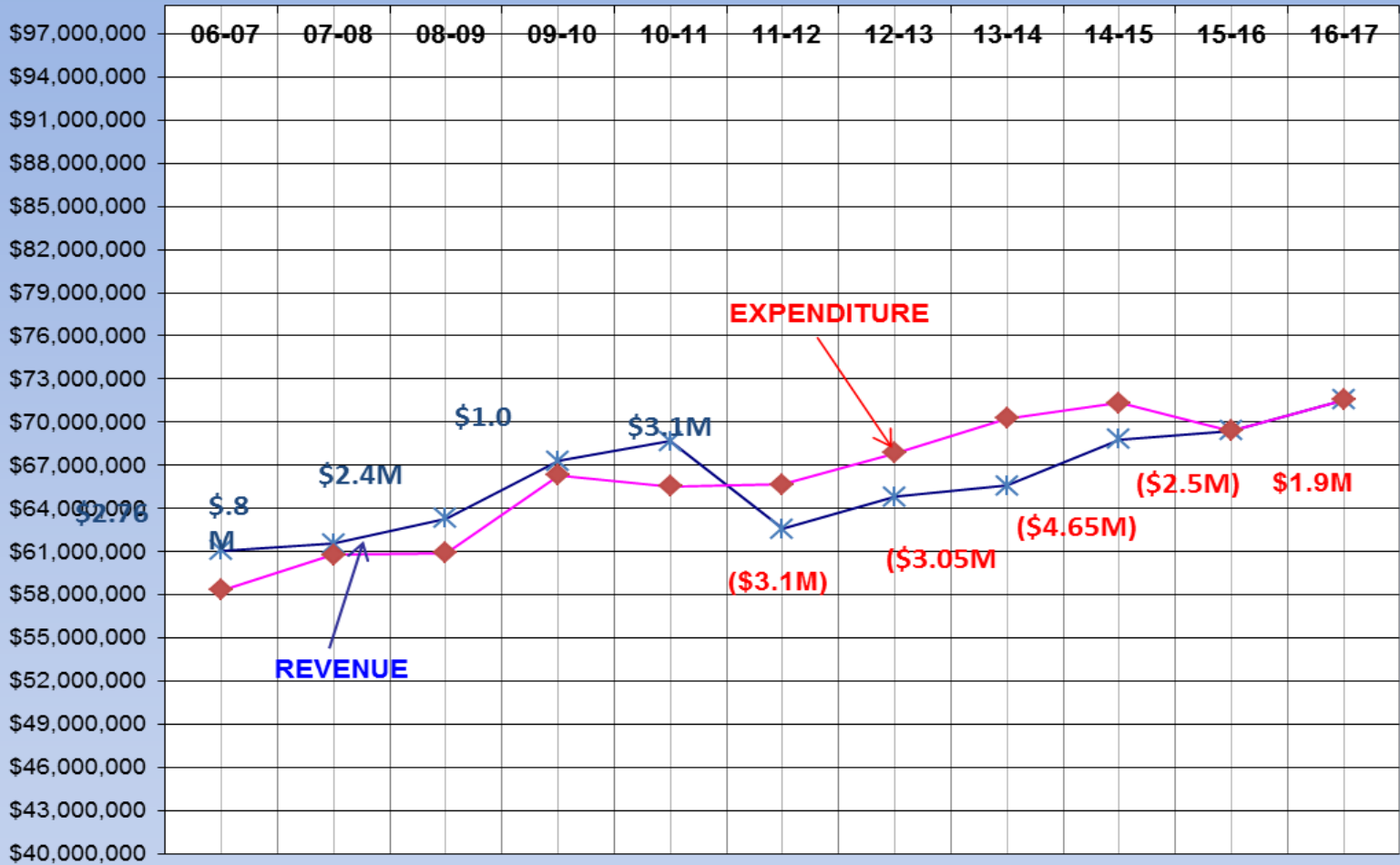
History that tells the story of the financial transformation of the Connellsville Area School District

<u>Year 1 /2</u>	<u>2015-16 Budget Cycle</u>
April 15, 2015	Philip Martell begins tenure as Business Manager
May 1, 2015	Determined that district had an actual deficit of \$5-7 Million. Developed Financial Recovery Plan for the Connellsville Area School District for the next three years.
May 15, 2015	Prepared/Passed Preliminary budget with a \$4.9 million expenditure to revenue deficit.
June 12, 2015	Board passed action to volunteer to PDE for Financial Recovery Act and full transparency with public and department.
June 30, 2015	Passed final balanced budget with PDE and reduced the budget expenses by \$4.9 Million. Projected Fund Balance Deficit from 2014-15(prior to arrival) of \$2.1 Million and submitted to PDE.
June 30, 2016	Balanced Budget Passed and District Continues downsizing expenses.
Sept-Dec 2016	Feasibility Meetings started and Town Hall Forums conducted.





REVENUE/EXPENDITURE RELATIONSHIP 2006-07 TO 2015-16



Final 2015-16 Budget

Purple = Expenditures
Navy = Revenue
Red = Deficit Difference



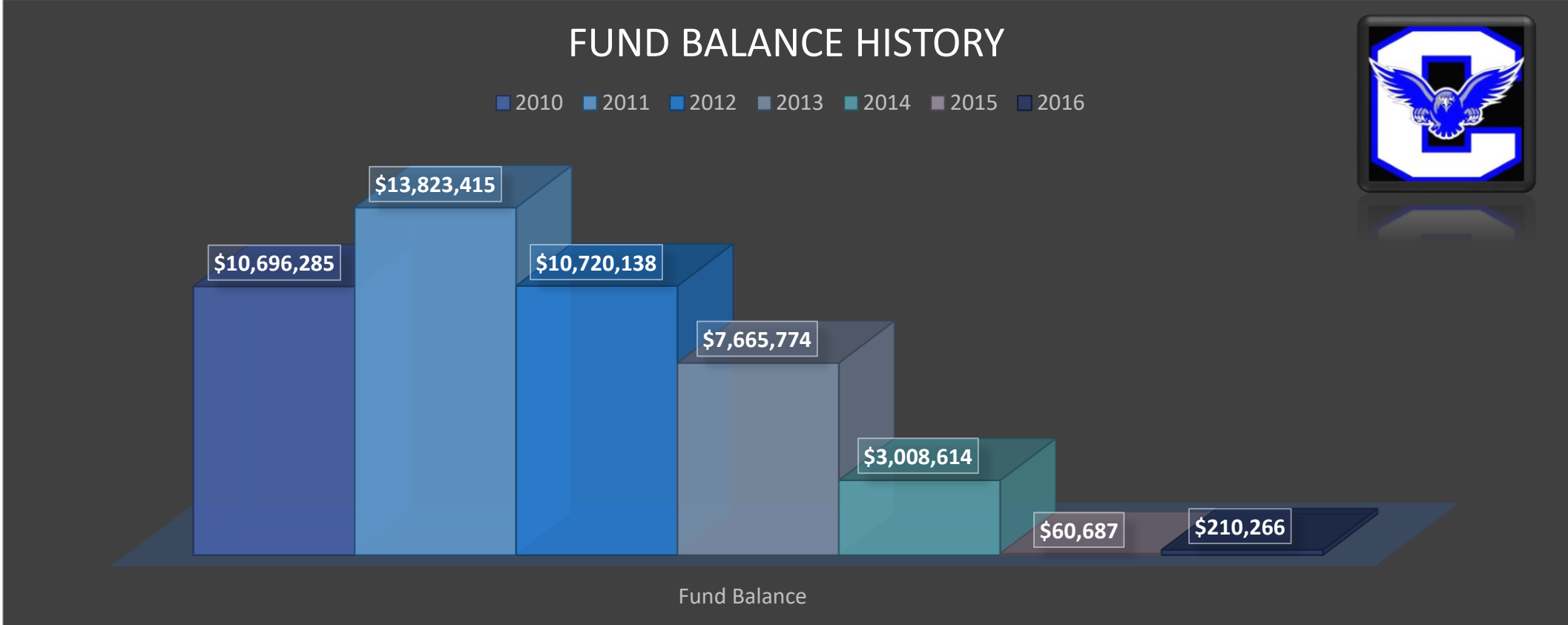


CASD ENROLLMENT SINCE 2000



Year	Total Enrollment	Decrease	Elementary	Elem. Decrease	Secondary	Sec. Decrease
2000	5998	-	3108	-	2890	-
2001	5888	110	3042	66	2846	44
2002	5851	37	3028	14	2823	23
2003	5765	86	2911	117	2854	-31
2004	5640	125	2843	68	2797	57
2005	5514	126	2739	104	2775	22
2006	5468	46	2763	-24	2705	70
2007	5371	97	2719	44	2652	53
2008	5337	34	2660	59	2677	-25
2009	5246	91	2694	-34	2552	125
2010	5112	134	2620	74	2492	60
2011	5064	48	2594	26	2470	22
2012	4951	113	2543	51	2408	62
2013	4775	176	2481	62	2294	114
2014	4682	93	2421	60	2261	33
2015	4630	-2	2402	12	2228	-14
2016	4552	78	2341	61	2211	17
	Totals	1392		760		632

Connellsville Area School District Fund Balance History



Connellsville Area School District

How did we get here?



	6-30-12	6-30-13	6-30-14	6-30-15	6-30-16
Fund Balance	\$13,823,415	\$10,720,138	\$7,664,774	\$3,008,614	\$60,687
Revenues	\$62,586,910	\$64,795,046	\$68,378,295	\$68,378,295	\$69,305,128
Expenditure	\$65,690,187	\$67,849,410	\$71,326,222	\$71,326,222	\$69,155,549
Change	(\$3,103,277)	(\$3,054,364)	(\$4,657,160)	(\$2,947,927)	\$149,579
Fund Balance	\$10,720,138	\$7,665,774	\$3,008,614	\$60,687	\$210,266
Percent Change	-22.4%	-28.5%	-60.8%	-98.0%	246.5%

Connellsville Area School District

Where we could have gone without the Plan

	6-30-12	6-30-13	6-30-14	6-30-15	6-30-16	6-30-17
Fund Balance	\$13,823,415	\$10,720,138	\$7,664,774	\$3,008,614	\$60,687	(\$2,888,724)
Revenues	\$62,586,910	\$64,795,046	\$68,378,295	\$68,378,295	\$68,378,295	\$68,378,295
Expenditure	\$65,690,187	\$67,849,410	\$71,326,222	\$71,326,222	\$71,326,222	\$71,326,222
Change	(\$3,103,277)	(\$3,054,364)	(\$4,657,160)	(\$2,947,927)	(\$2,947,927)	(\$2,947,927)
Fund Balance	\$10,720,138	\$7,665,774	\$3,008,614	\$60,687	(\$2,888,724)	(\$5,836,651)



Connellsville Area School District

How did we stop it? The Plan in Action

Object	2014-2015	2015-2016	Increase (Decrease)
100-Salaries	\$29,316,011	\$27,510,230	(\$1,805,781)
400-Purchased Property	\$757,940	\$648,172	(\$109,767)
500-Purchased Services	\$10,912,119	\$10,410,700	(\$501,419)
600-Supplies	\$2,733,808	\$2,104,216	(\$629,592)
700-Equipment	\$200,878	\$116,545	(84,333)
Total	\$43,920,756	\$40,789,862	(\$3,130,893)

Connellsville Area School District

Where are we going?



	2014-2015 Audited	2015-2016 Audited	2016-2017 Budget	2017-2018 Budget Preliminary Budget
Revenues	\$68,378,364	\$69,305,131	\$71,572,955	\$73,361,369
Expenditures	\$71,326,222	\$69,155,621	\$71,572,955	\$76,438,335
Rev. over Exp.	(\$2,947,858)	\$149,510	\$-	(\$3,076,966)
Fund Balance	\$60,756	\$210,266	\$210,266	(\$2,866,700)

Connellsville Area School District

How to balance?



- ❖ Tax Increases?
- ❖ A New revenue source that can be sustained?
- ❖ Reduction in debt service by refinancing?
- ❖ Employee compensation?
- ❖ New employee benefit options?
- ❖ Energy efficiency?

Connellsville Area School District YTD Revenue Comparison

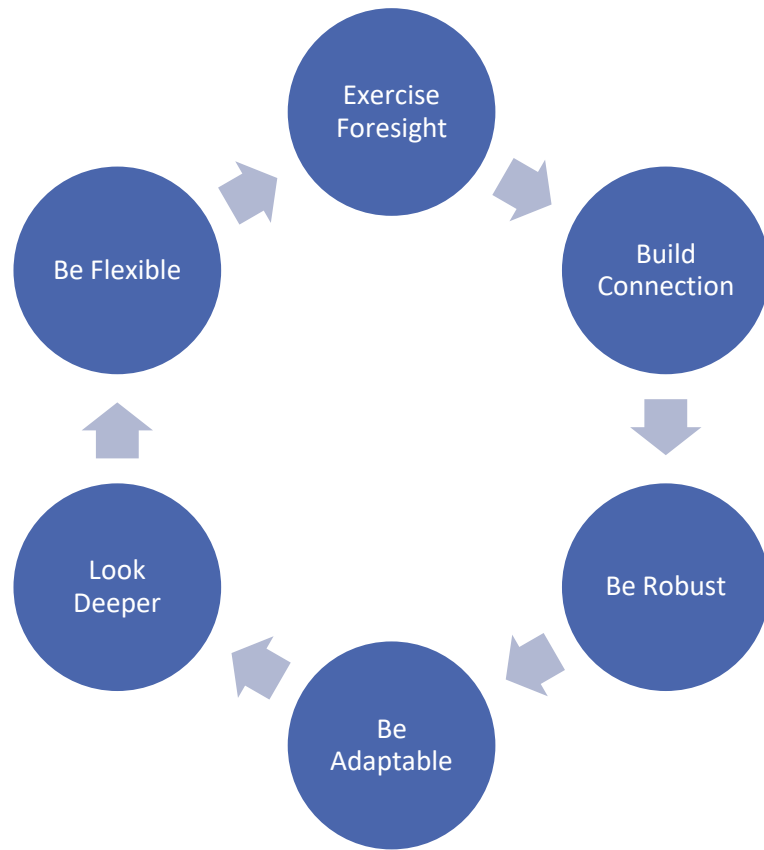


Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
6000-Local	14,756,820	14,671,525	15,350,981	17,862,868	14,208,252	15,859,230
7000-State	24,665,434	25,469,316	26,279,314	28,193,991	22,539,299	32,659,287
8000-Federal	2,865,352	2,184,171	1,611,992	2,113,787	1,607,864	1,637,186
Total	42,287,607	42,325,011	43,242,287	48,170,646	38,355,416	50,404,203

Connellsville Area School District YTD Expense Comparison



Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
100-Salaries	17,868,864	17,754,261	18,121,751	18,086,664	16,675,243	14,289,008
200-Benefits	8,665,641	9,363,678	9,664,334	13,379,577	9,668,558	10,497,482
300-ProServ	957,923	266,061	1,381,373	1,223,769	392,339	541,416
400-Utilities	340,283	375,676	419,950	478,084	375,068	557,121
500-Transportation	4,185,240	4,064,782	4,501,437	6,084,871	4,592,705	5,051,475
600-Supplies	2,413,635	2,374,008	2,189,625	1,961,527	1,261,767	1,809,259
700-Equipment	89,646	484,366	337,761	199,943	80,800	667,483
800 & 900-Other	4,939,426	5,672,001	5,599,268	5,437,700	6,237,904	5,886,079
Total	39,460,657	40,354,833	42,215,498	46,852,035	39,284,382	39,299,323



“TO BE A SUCCESS IN BUSINESS, BE DARING, BE FIRST, BE DIFFERENT.”

