

Audit Presentation: Borough of State College

May 2, 2016

MaherDuessel
Certified Public Accountants

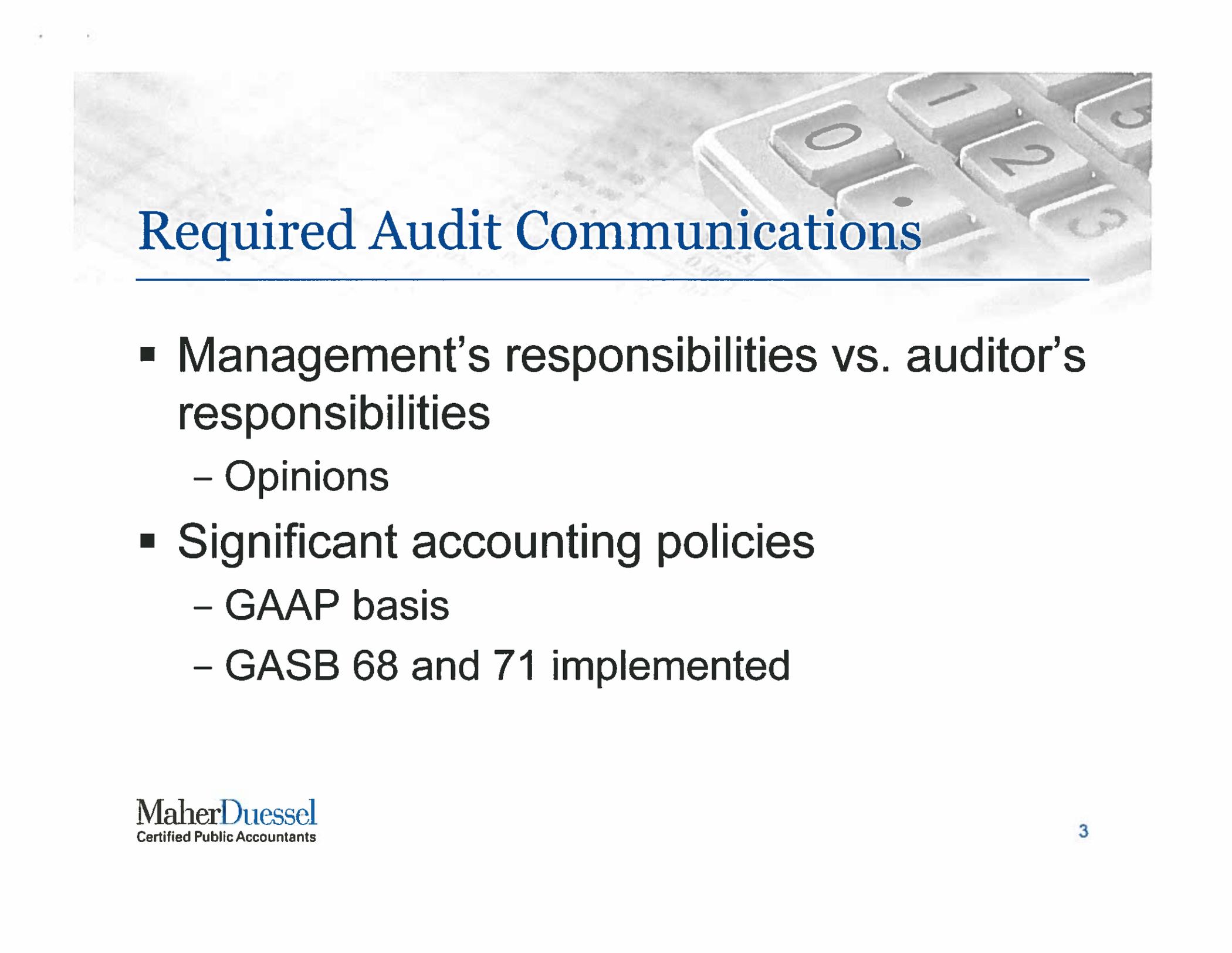
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2015 Reporting

- Borough
 - DCED Annual Report
 - Single Audit
 - Management Letter
 - Communication to Those Charged with Governance
- Tax Office – Local Services Tax Account financial statements
- Centre Tax Agency – Tax Collector financial statements and related reports



Required Audit Communications

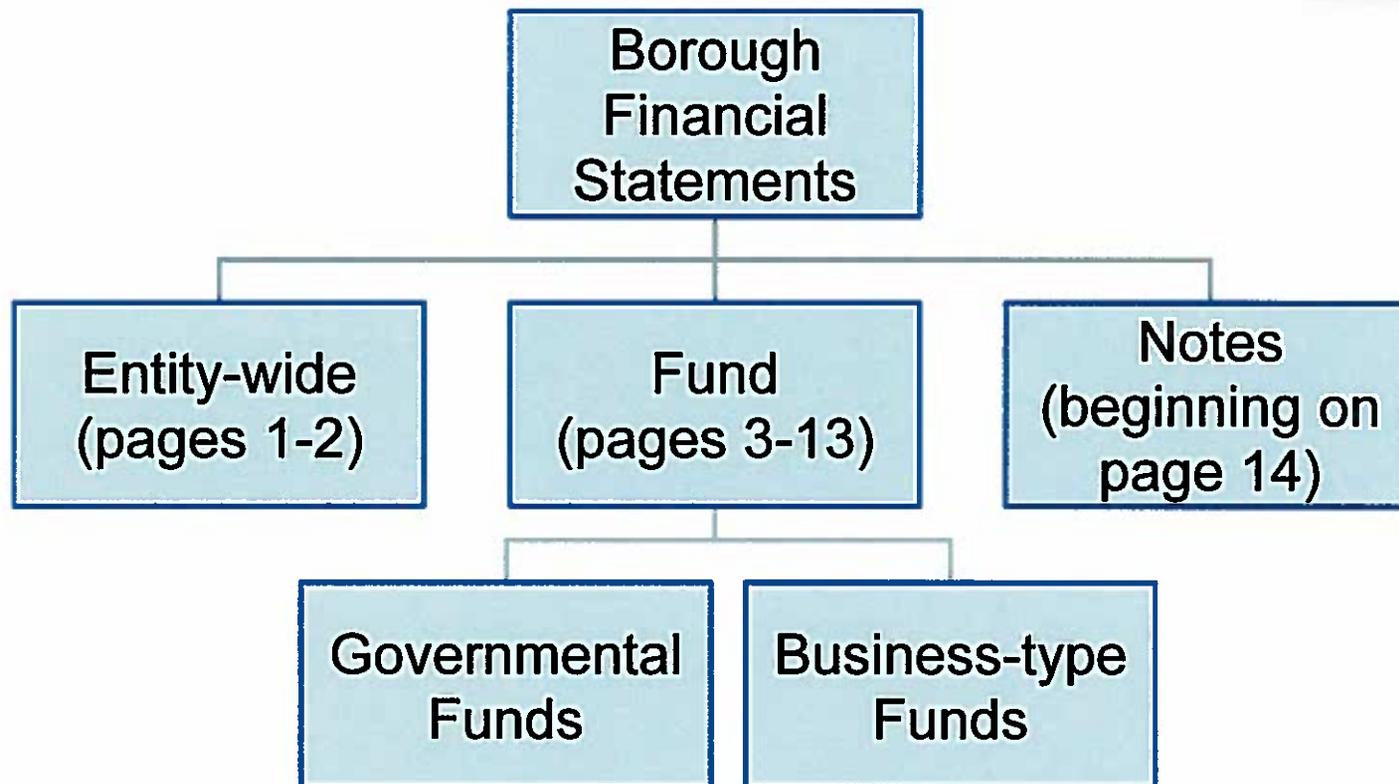
- Management's responsibilities vs. auditor's responsibilities
 - Opinions
- Significant accounting policies
 - GAAP basis
 - GASB 68 and 71 implemented



Required Audit Communications (cont.)

- Accounting estimates
 - Liabilities for pension and OPEBs
- No sensitive disclosures
- Corrected and uncorrected misstatements
- No disagreements/difficulties

Reporting Structure





GASB Statement No. 68

Employer Accounting for Pensions

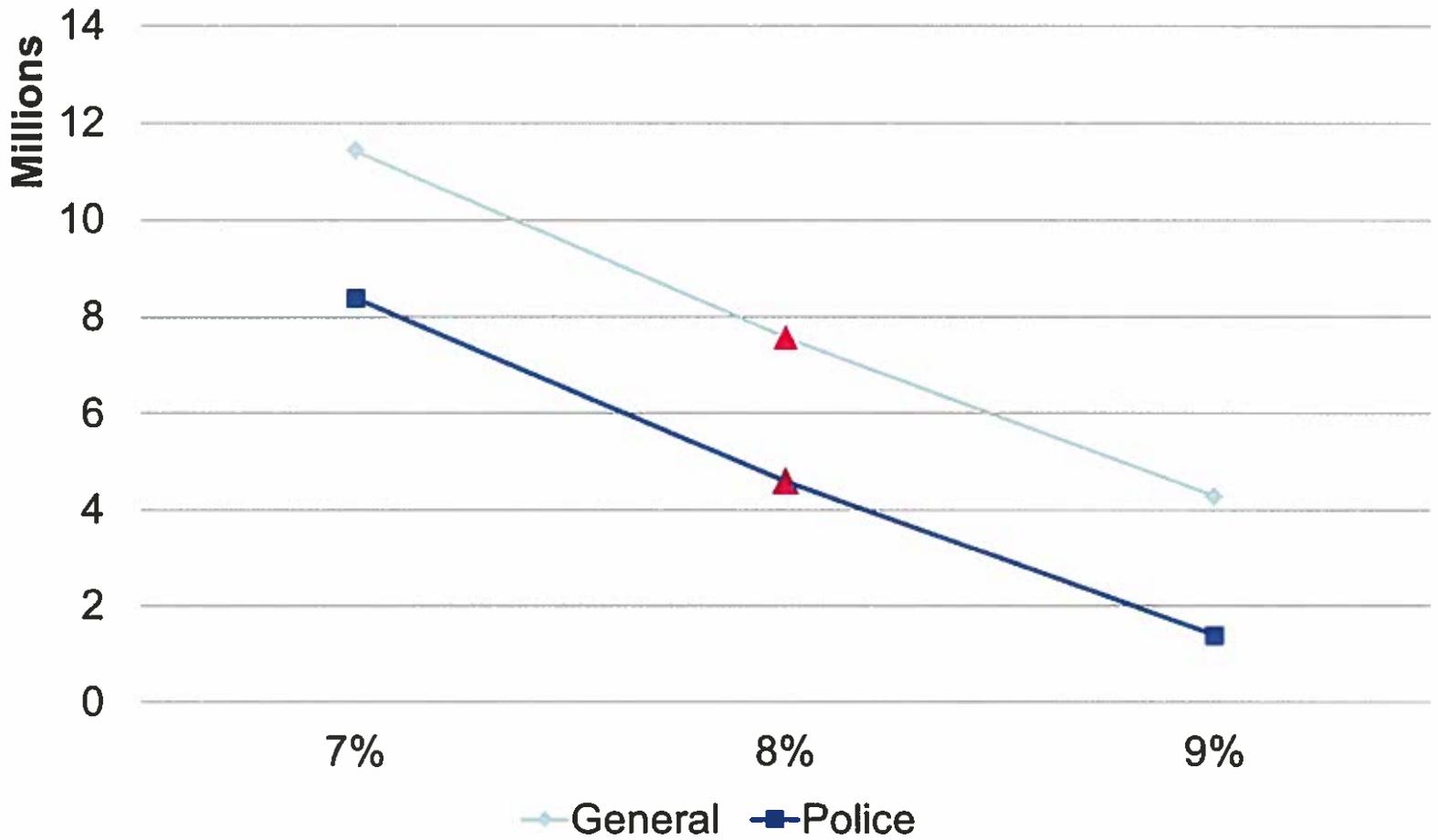
- Effective for the Borough's 2015 reporting year
 - Restatement of \$8.9 million
- Significant changes for defined benefit plans
 - Net Pension liability (NPL) is recorded on the Statement of Net Position
(Note: $NPL = Total\ Pension\ Liability\ (TPL) - Pension\ assets$)
(Previous guidance: Only difference between actual contributions and annual required contributions impacted the Statement of Net Position)
 - Plan assets must be accounted for at market
 - Market changes only partially recognized in current year – deferred and amortized over five years.
 - More expanded disclosures and required supplementary information

GASB 68 Implementation

Net Pension Liability (Asset) by Plan (in 000s)

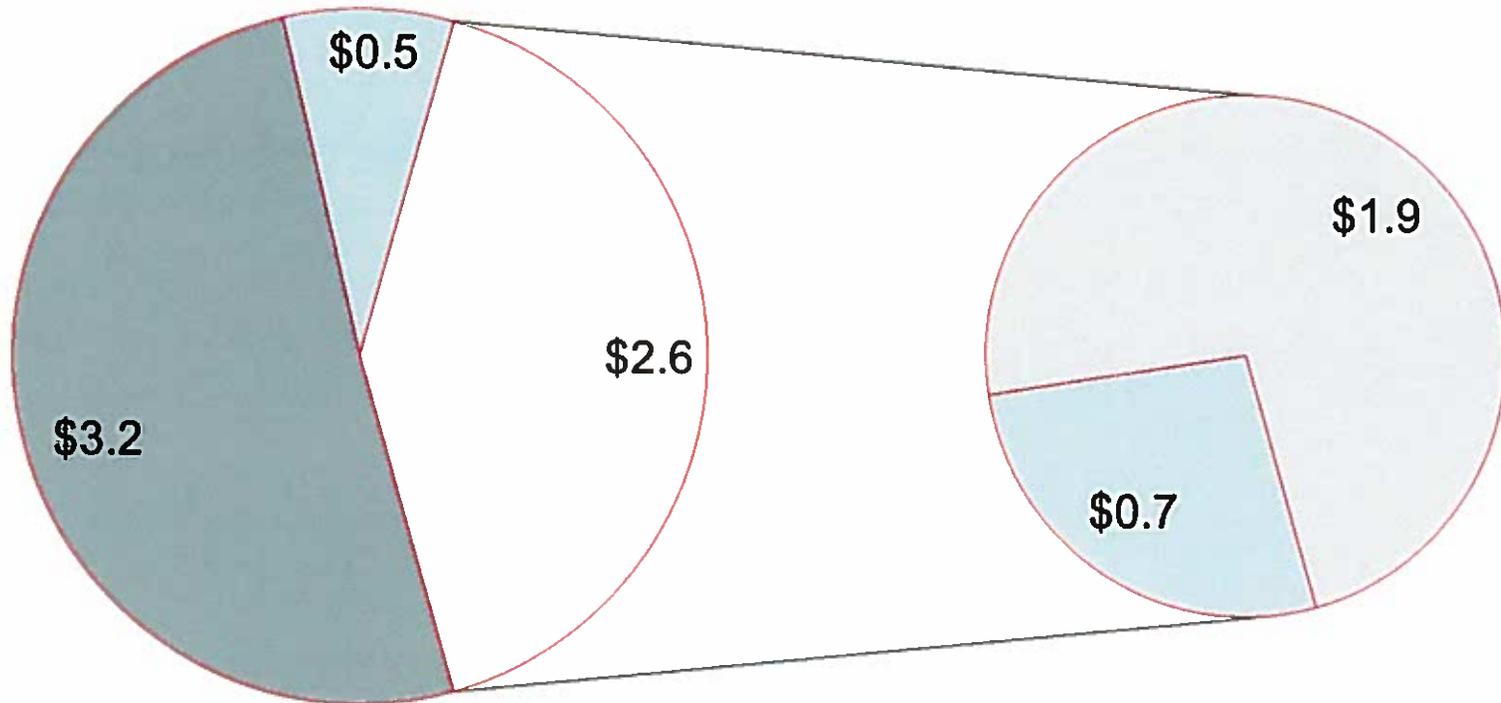
Plan	Ratio	TPL	Plan Position	NPL
Police	87%	\$ 34,998	\$ 30,410	\$ 4,588
General Government	77%	26,445	20,384	6,061
Total		<u>\$ 61,443</u>	<u>\$ 50,794</u>	<u>\$ 10,649</u>
New financial statement categories:			Deferred Outflows	Deferred Inflows
Projected vs. actual earnings on investments			\$ -	\$ 1,394
Projected vs. actual experience			3,484	-

Sensitivity Analysis – Discount Rate

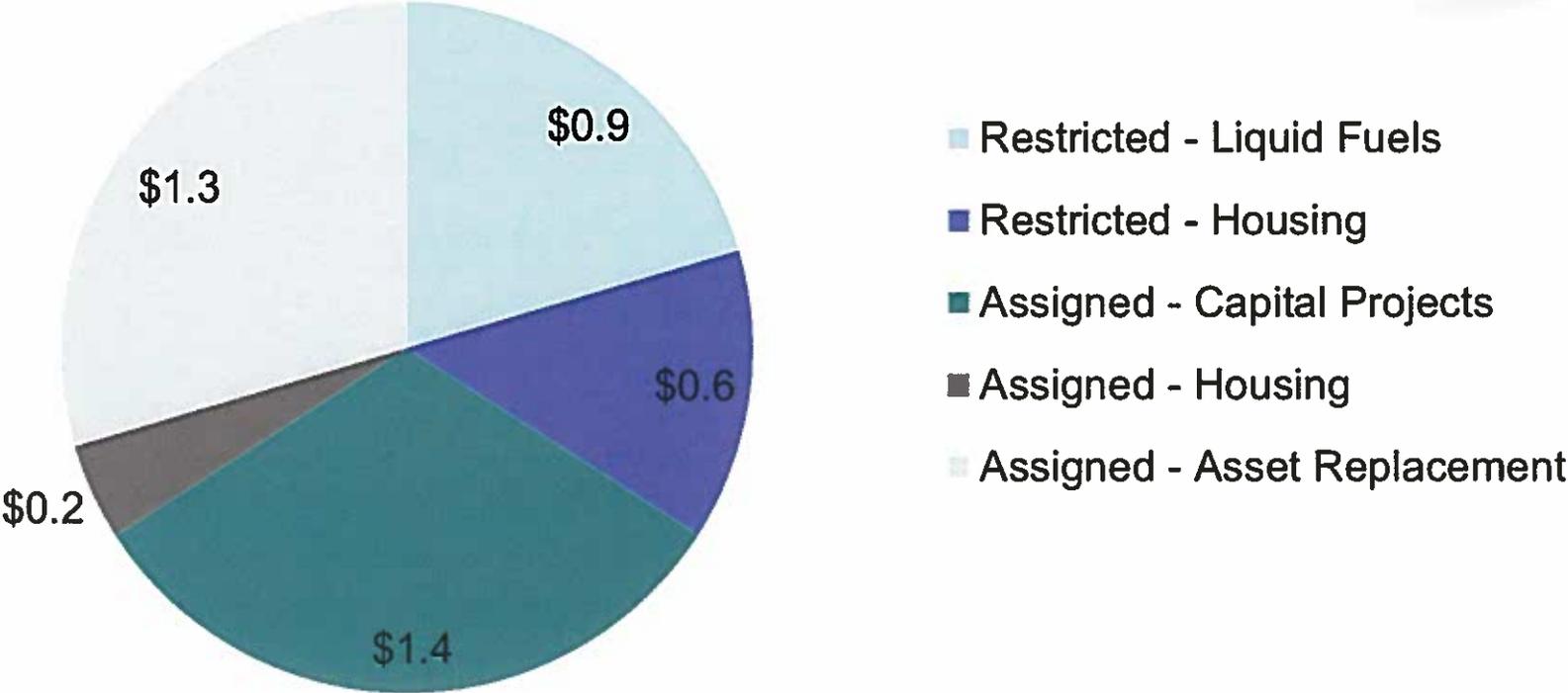


General Fund - 2015 Fund Balance \$6.3 Million (amounts presented in millions)

■ Unassigned ■ Nonspendable ■ Assigned - Pension ■ Assigned - Risk

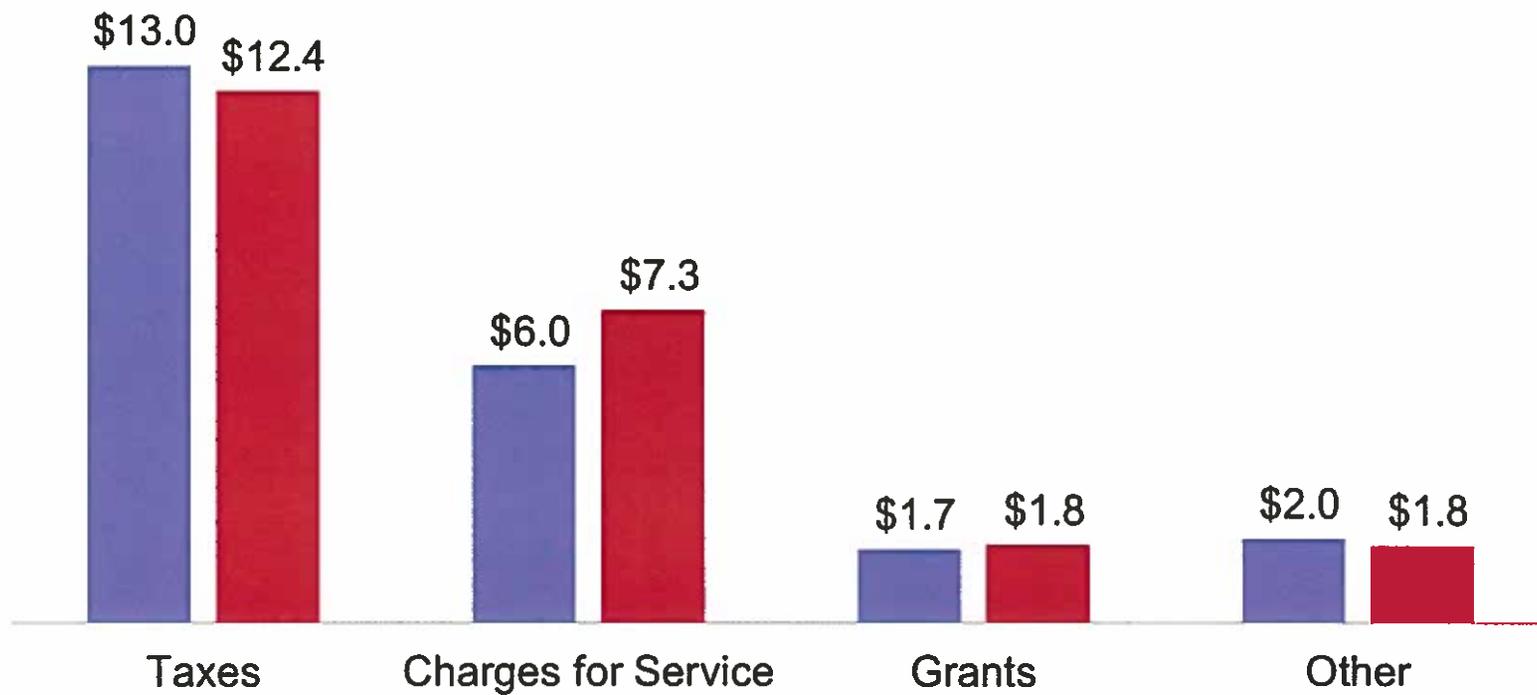


Other Governmental Funds - 2015 Fund Balance \$4.4 Million (amounts presented in millions)



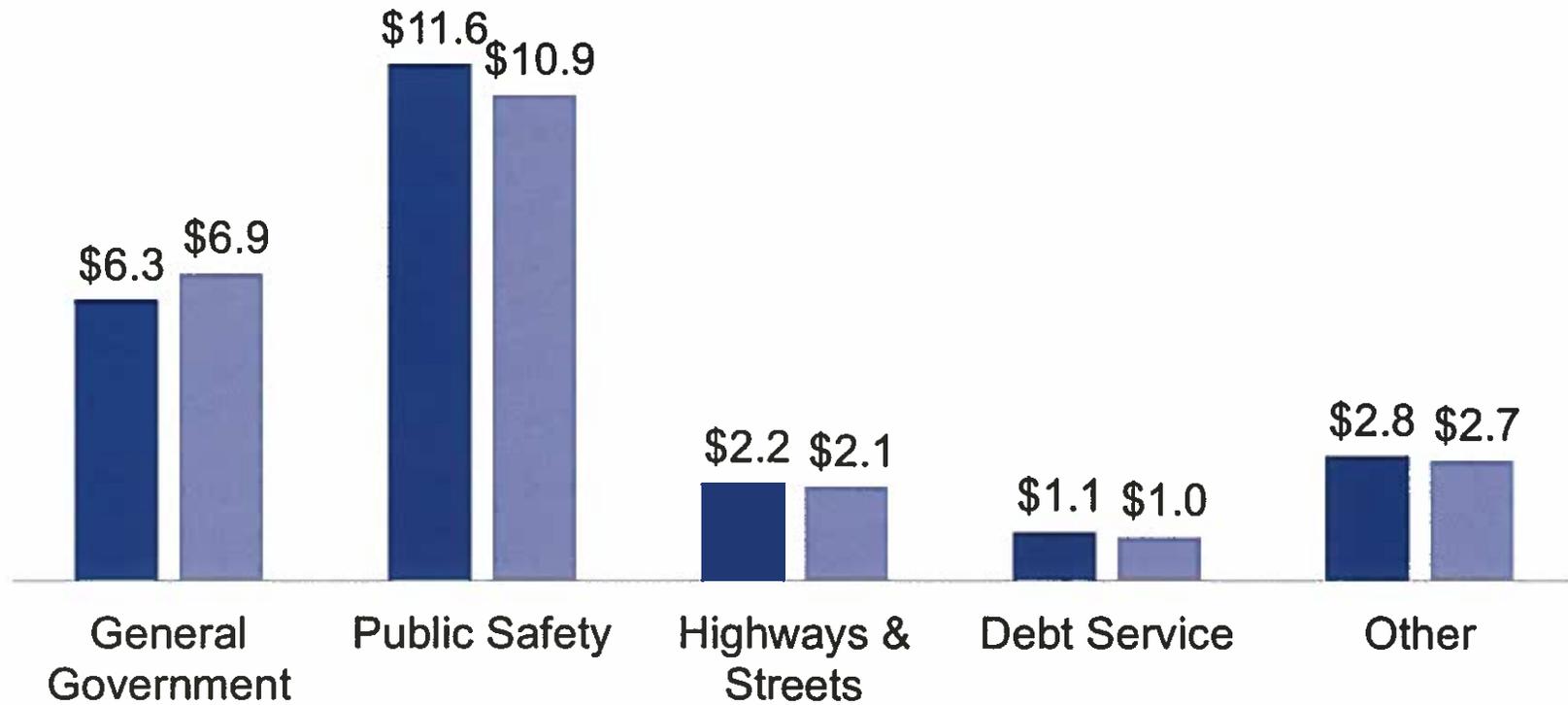
General Fund 2015 Revenue Budget vs. Actual (amounts presented in millions)

■ Budget ■ Actual



General Fund 2015 Expenses Budget vs. Actual (amounts presented in millions)

■ Budget ■ Actual



Financial Trends: Proprietary Funds (amounts presented in millions)

— Revenue — Expense





Single Audit – Uniform Guidance

- \$900,000 in federal awards expended
- Community Development Block Grant considered major program
- Single audit reporting
 - Unmodified opinion on compliance
 - Internal control over compliance finding related to overdraw of administrative funds
 - Status of prior year findings: Internal control finding related to cash reconciliations resolved



Pending Pronouncements

- GASB 72 – Fair Value Measurement (2016)
- GASB 73 – Pensions (2016)
- GASB 74 – OPEBs, Plan (2017)
- GASB 75 – OPEBs, Employer (2018)
- GASB 76 – GAAP Hierarchy (2016)
- GASB 77 – Tax Abatement (2016)
- GASB 79 – External Investment Pools (2016)
- GASB 80 – Component Units (2017)
- GASB 81 – Split Interest (2017)

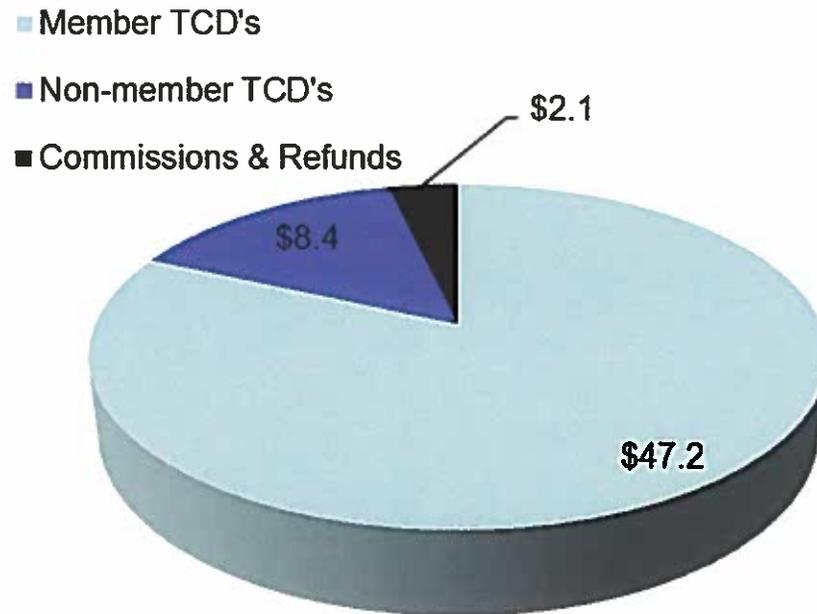
Centre Tax Agency

Unmodified opinion on financial statements

No significant deficiencies or material weaknesses noted

Unmodified opinion on compliance with PA Act 32

Collections - \$57.7 Million (amounts presented in millions)



Contact Information

Jeff Kent

Phone: 412-535-5539

Email: jkent@md-cpas.com



Joe Minich

Phone: 412-535-5510

Email: jminich@md-cpas.com



Dustin Starr

Phone: 412-535-5541

Email: dstarr@md-cpas.com



Pittsburgh

Three Gateway Center
Six West

Pittsburgh, PA 15222

Main 412.471.5500

Fax 412.471.5508

Harrisburg

3003 North Front Street
Suite 101

Harrisburg, PA 17110

Main 717.232.1230

Fax 717.232.8230

Butler

112 Hollywood Drive
Suite 204

Butler, PA 16001

Main 724.285.6800

Fax 724.285.6875

MaherDuessel
Certified Public Accountants