

# **Jersey Shore Area School District**

Financial Statements and  
Supplementary Information

June 30, 2021

# Jersey Shore Area School District

---

Table of Contents  
June 30, 2021

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (Unaudited)</b>	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	21
Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund	22
Statement of Net Position (Deficit) - Proprietary Fund - Food Service	23
Statement of Revenues, Expenses and Change in Fund Net Position (Deficit) - Proprietary Fund - Food Service	24
Statement of Cash Flows - Proprietary Fund - Food Service	25
Statement of Fiduciary Net Position - Fiduciary Fund	26
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	27
Notes to Financial Statements	28

# Jersey Shore Area School District

---

Table of Contents

June 30, 2021

	<u>Page</u>
<b>Required Supplementary Information (Unaudited)</b>	
Schedule of the District's Proportionate Share of the PSERS Net Pension Liability	56
Schedule of the District's Pension Contributions	57
Schedule of the District's Proportionate Share of the PSERS OPEB Liability	58
Schedule of the District's PSERS OPEB Contributions	59
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	60
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	61
<b>Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance</b>	63
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	65
Notes to Schedule of Expenditures of Federal Awards	67
<b>Schedule of Findings and Questioned Costs</b>	68

## **Independent Auditors' Report**

To the Board of Directors of  
Jersey Shore Area School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Jersey Shore Area School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Jersey Shore Area School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Williamsport, Pennsylvania  
December 3, 2021

## **Jersey Shore Area School District**

---

### Management's Discussion and Analysis (Unaudited)

The Management's Discussion and Analysis of the Jersey Shore Area School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

### **Using the Single Audit Report**

The Single Audit consists of the management's discussion and analysis, the government-wide perspective financial statements, the fund perspective financial statements, the notes to the financial statements, and the Single Audit reports and schedules. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements illustrate how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For our District, this is the Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

## **Jersey Shore Area School District**

---

Management's Discussion and Analysis  
(Unaudited)

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Figure A-1**  
**Required Components of**  
**Jersey Shore Area School District's**  
**Financial Report**

# Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2  
Major Features of Jersey Shore Area School District's  
Government-Wide and Fund Financial Statements**

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Services	Instances in which the District is the trustee or agent to someone else's resources – private purpose trust funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, deferred outflows and deferred inflows, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, as well as certain deferred outflows and deferred inflows of resources; no capital assets included	All assets and liabilities, deferred outflows and deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid



# **Jersey Shore Area School District**

---

Management's Discussion and Analysis  
(Unaudited)

## **Overview of Financial Statements**

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the performance of the students.

The government-wide financial statements of the District are divided into two categories:

- **Governmental activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** - The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

# Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

---

## Fund Financial Statements

The District's fund financial statements, which begin on page 18, provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - These funds are used to account for District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activity we report in the government-wide statements, but provides more detail and additional information, such as cash flows.

Fiduciary funds - The District is the trustee, or fiduciary, for certain scholarship funds held as private purpose trust funds. Such activities are reported in separate Statements of Fiduciary Net Position on page 26. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

# Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

## Financial Analysis of the District as a Whole

The District's total net position (deficit) was \$(35,624,043) at June 30, 2021.

**Table A-1**  
**Fiscal Years Ended June 30, 2021 and 2020**  
**Net Position**

	Governmental Activities		Business-Type Activity		Total		Change
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 18,151,365	\$ 15,771,221	\$ (157,127)	\$ (74,642)	\$ 17,994,238	\$ 15,696,579	\$ 2,297,659
Capital assets	45,215,342	46,518,351	16,460	27,982	45,231,802	46,546,333	(1,314,531)
Deferred outflows of resources	10,872,102	8,751,216	185,710	173,136	11,057,812	8,924,352	2,133,460
Total assets and deferred outflow of resources	74,238,809	71,040,788	45,043	126,476	74,283,852	71,167,264	3,116,588
Current liabilities	8,066,198	7,856,003	73,043	102,349	8,139,241	7,958,352	180,889
Noncurrent liabilities	93,503,218	96,563,844	1,255,547	1,199,128	94,758,765	97,762,972	(3,004,207)
Deferred inflows of resources	6,938,449	4,549,443	71,525	113,634	7,009,974	4,663,077	2,346,897
Total liabilities and deferred inflow of resources	108,507,865	108,969,290	1,400,115	1,415,111	109,907,980	110,384,401	(476,421)
Net position:							
Net investment in capital assets	20,117,811	18,706,535	16,460	27,982	20,134,271	18,734,517	1,399,754
Unrestricted	(54,386,866)	(56,635,037)	(1,371,532)	(1,316,617)	(55,758,398)	(57,951,654)	2,193,256
Total net position	\$ (34,269,055)	\$ (37,928,502)	\$ (1,355,072)	\$ (1,288,635)	\$ (35,624,127)	\$ (39,217,137)	\$ 3,593,010

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position (deficit) is composed of committed and unassigned amounts, net of the District's net pension liability pursuant to GASB Statement No. 68 and other postemployment benefits liability pursuant to GASB Statement No. 75. The committed balances are amounts set-aside to fund future expenditures or capital projects as planned by the District.

# Jersey Shore Area School District

## Management's Discussion and Analysis (Unaudited)

The results of this year's operations as a whole are reported in the Statement of Activities on page 17. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues and expenses of both the Governmental Activities and the Business-type Activity of the District.

**Table A-2**  
**Fiscal Years Ended June 30, 2021 and 2020**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total		Change
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program revenues:							
Charges for services	\$ 63,177	\$ 80,443	\$ 72,712	\$ 320,373	\$ 135,889	\$ 400,816	\$ (264,927)
Operating grants and contributions	14,119,932	11,346,846	1,023,157	715,104	15,143,089	12,061,950	3,081,139
General revenues:							
Property taxes	13,654,273	13,582,039	-	-	13,654,273	13,582,039	72,234
Other taxes	4,973,798	4,235,966	-	-	4,973,798	4,235,966	737,832
Grants, subsidies and contributions, unrestricted	13,269,479	13,269,486	-	-	13,269,479	13,269,486	(7)
Other	<u>332,508</u>	<u>310,972</u>	<u>701</u>	<u>4,024</u>	<u>333,209</u>	<u>314,996</u>	<u>18,213</u>
Total revenues	<u>46,413,167</u>	<u>42,825,752</u>	<u>1,096,570</u>	<u>1,039,501</u>	<u>47,509,737</u>	<u>43,865,253</u>	<u>3,644,484</u>
Expenses:							
Instruction	28,405,146	26,978,377	-	-	28,405,146	26,978,377	1,426,769
Instructional student support	4,753,397	4,046,895	-	-	4,753,397	4,046,895	706,502
Administrative and financial support	2,804,666	3,025,738	-	-	2,804,666	3,025,738	(221,072)
Operation and maintenance of plant	4,150,938	4,075,424	-	-	4,150,938	4,075,424	75,514
Pupil transportation	1,556,193	1,580,424	-	-	1,556,193	1,580,424	(24,231)
Student activities	811,096	737,292	-	-	811,096	737,292	73,804
Refund of prior year revenues	-	548	-	-	-	548	(548)
Interest on long-term debt	470,716	587,628	-	-	470,716	587,628	(116,912)
Food services	<u>-</u>	<u>-</u>	<u>1,163,007</u>	<u>1,172,377</u>	<u>1,163,007</u>	<u>1,172,377</u>	<u>(9,370)</u>
Total expenses	<u>42,952,152</u>	<u>41,032,326</u>	<u>1,163,007</u>	<u>1,172,377</u>	<u>44,115,159</u>	<u>42,204,703</u>	<u>1,910,456</u>
Increase (decrease) in net position	<u>\$ 3,461,015</u>	<u>\$ 1,793,426</u>	<u>\$ (66,437)</u>	<u>\$ (132,876)</u>	<u>\$ 3,394,578</u>	<u>\$ 1,660,550</u>	<u>\$ 1,734,028</u>

## Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest on long term debt as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-3**  
**Fiscal Years Ended June 30, 2021 and 2020**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services		Changes in Net Cost of Services
	2021	2020	2021	2020	
Functions/Programs:					
Instruction	\$ 28,405,146	\$ 26,978,377	\$ 18,777,678	\$ 18,876,237	\$ (98,559)
Instructional student support	4,753,397	4,046,895	4,203,496	3,578,104	625,392
Administrative and financial support	2,804,582	3,025,738	2,518,413	2,728,747	(210,334)
Operation and maintenance of plant	4,150,938	4,075,424	3,798,812	3,750,561	48,251
Pupil transportation	1,556,193	1,580,424	184,842	196,094	(11,252)
Student activities	811,096	737,292	(561,434)	611,237	(1,172,671)
Refund of prior year revenues	-	548	-	548	(548)
Interest on long-term debt	470,716	587,628	(152,764)	(136,491)	(16,273)
 Total governmental activities	 <u>\$ 42,952,068</u>	 <u>\$ 41,032,326</u>	 28,769,043	 29,605,037	 (835,994)
 Less unrestricted grants, subsidies			 <u>13,269,479</u>	 <u>13,269,486</u>	 <u>7</u>
 Total needs from local taxes and other revenues			 <u>\$ 15,499,564</u>	 <u>\$ 16,335,551</u>	 <u>\$ (835,987)</u>

# Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-4**  
**Fiscal Years Ended June 30, 2021 and 2020**  
**Business-Type Activity**

2021	Total Cost of Services		Net Cost of Services		Changes in Net Cost of Services
	2021	2020	2021	2020	
Functions/Programs:					
Food services	\$ 1,163,007	\$ 1,172,377	\$ 67,138	\$ 136,900	\$ (69,762)
Less investment earnings			(701)	(4,024)	3,323
Total business-type activity			\$ 66,437	\$ 132,876	\$ (66,439)

The Statement of Revenues, Expenses and Changes in Fund Net Deficit for the proprietary fund will further detail the actual results of operations. This program should be self-supporting. Net cost of services decreased \$66,439.

## The District Funds

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$12,059,160 which is an increase of \$2,040,797. This includes a change in fund balance of \$1,842,365 from current activities and an increase of \$198,432 from the implementation of GASB Statement No. 84. The primary reason for this increase is expenditures being lower and revenue being better than expected.

The General Fund had a beginning fund balance of \$9,345,847 and an ending fund balance of \$9,789,958 at June 30, 2021. Revenues and other financing sources increased from \$42,776,505 to \$45,137,317. Expenditures and other financing uses increased from \$40,669,577 to \$44,693,206.

## Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

Table A-5 shows a comparison of General Fund expenditures from 2019-20 to 2020-21. Most functions increased as a result of the settling of the contract with the Jersey Shore Area Education Association with retroactivity salary payments being paid to their proper function.

**Table A-5  
General Fund Expenditure  
Comparison**

Function	Expenditures		Variance	Percent Change
	2021	2020		
1100 Regular Education	\$ 20,285,178	\$ 18,063,647	\$ 2,221,531	12.30 %
1200 Special Education	6,219,271	6,013,339	205,932	3.42 %
1300 Vocational Education	1,107,358	1,035,844	71,514	6.90 %
1400 Other Instructional Programs	56,388	104,740	(48,352)	(46.16) %
1500 Nonpublic School Programs	11,446	6,654	4,792	72.02 %
1800 Pre-Kindergarten Programs	325,296	320,688	4,608	1.44 %
2100 Support Services Pupil	1,435,331	1,358,558	76,773	5.65 %
2200 Support Services Instructional Staff	1,811,412	1,106,142	705,270	63.76 %
2300 Support Services Administration	2,527,130	2,483,922	43,208	1.74 %
2400 Support Services Pupil Health	367,136	426,018	(58,882)	(13.82) %
2500 Support Services Pupil Business	820,760	836,503	(15,743)	(1.88) %
2600 Operation and Maintenance	3,697,619	3,116,825	580,794	18.63 %
2700 Student Transportation Services	1,881,163	1,849,903	31,260	1.69 %
2800 Support Services Pupil Central	22,770	20,149	2,621	13.01 %
3200 Student Activities	762,063	712,095	49,968	7.02 %
5100 Debt Service	3,037,885	3,199,040	(161,155)	(5.04) %
	<u>\$ 44,368,206</u>	<u>\$ 40,654,067</u>	<u>\$ 3,714,139</u>	

## Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

The District's General Fund revenues were \$45.1 million in 2020/21, which were up 5.5 percent from the previous year. General Fund revenues for the District come from three primary categories. Local sources approximately make up 44 percent of the total revenue, state sources make up 52 percent and federal sources are 4 percent. Most of the local revenue comes from tax levies set by School Code, fees, tuition and donations.

Local revenue variance is primarily driven by an increase in Earned Income Tax which was a result of healthcare being the primary industry within the district. Federal revenue increases were caused by stimulus monies received by the district in 20/21.

**Table A-6**  
**General Fund Revenue Comparison**

<b>Category</b>	<b>2021</b>	<b>2020</b>	<b>Variance</b>	<b>% Change</b>
Local sources 6000	\$ 19,751,663	\$ 18,596,072	\$ 1,155,591	6.21 %
State sources 7000	23,416,661	23,372,145	44,516	0.19
Federal sources 8000	1,938,675	780,447	1,158,228	148.41
Other Financing Sources 9000	30,318	27,841	2,477	8.90
<b>Total</b>	<b>\$ 45,137,317</b>	<b>\$ 42,776,505</b>	<b>\$ 2,360,812</b>	

### General Fund Budget

During the fiscal year, the Board of Directors may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on page 22. There were no budget revisions for 20/21.

The District applies for federal, state and local grants. These grants cannot always be anticipated in the budgeting process. Transfers between specific categories of expenditures/financing uses may occur during the year.



# Jersey Shore Area School District

Management's Discussion and Analysis  
(Unaudited)

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2021, the District invested in a broad range of capital assets, including land, buildings and furniture and equipment. At June 30, 2021, the investment in capital assets, net of depreciation, was \$45,215,342, a decrease of \$1,303,009. For details on the specific line-item changes, see Note 6 on page 37.

**Table A-7  
Governmental Activities  
Capital Assets**

	<u>2021</u>	<u>2020</u>
Land	\$ 13,692,781	\$ 13,692,781
Site improvements	3,488,033	3,488,033
Buildings	66,573,079	66,454,978
Furniture and equipment	15,053,047	14,250,943
Less accumulated depreciation	<u>(53,591,598)</u>	<u>(51,368,384)</u>
Capital assets, net	<u>\$ 45,215,342</u>	<u>\$ 46,518,351</u>

### Debt Administration

As of July 1, 2020, the District had total outstanding bond and note principal of \$27,195,000. The District made principal payments of \$10,544,000 during the year and borrowed \$8,069,000. The District ended the year with outstanding bond and note principal of \$24,720,000 as of June 30, 2021.

**Table A-8  
Outstanding Debt**

General Obligation Bonds and Notes	<u>2021</u>	<u>2020</u>
Series of 2012 GOB	\$ -	\$ 155,000
Series of 2015 GOB	-	6,570,000
Series A of 2015 GOB	-	105,000
Series AA of 2015 GON	2,101,000	3,931,000
Series AAA of 2015 GON	-	206,000
Series AAAA of 2015 GON	-	1,668,000
Series of 2019 GOB	4,575,000	4,585,000
Series of 2020 GOB	9,975,000	9,975,000
Series of 2021 GOB	<u>8,069,000</u>	<u>-</u>
	<u>\$ 24,720,000</u>	<u>\$ 27,195,000</u>

## **Jersey Shore Area School District**

---

Management's Discussion and Analysis  
(Unaudited)

Other obligations include capital leases, accrued vacation pay and sick leave for specific employees of the District, as well as other post-employment and pension obligations. More detailed information about our long-term liabilities is included in Notes 7 through 13 to the financial statements.

The District's general obligation bond rating is S&P A+/Stable (Underlying). Additional security is also provided for the bonds by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

### **Contacting the District Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Benjamin J. Enders, Business Manager/Board Secretary at Jersey Shore Area School District, 175 A & P Drive, Jersey Shore, PA 17740, (570) 398-5050.

**Jersey Shore Area School District**

 Statement of Net Position  
 June 30, 2021

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 13,155,377	\$ 238,048	\$ 13,393,425
Other receivables	75,971	-	75,971
Taxes receivable, net	1,066,276	-	1,066,276
Internal balances	551,248	(551,248)	-
Due from other governments	2,395,410	138,501	2,533,911
Inventories	26,205	17,572	43,777
Prepaid expenses	58,084	-	58,084
Total current assets	17,328,571	(157,127)	17,171,444
<b>Capital Assets</b>	45,215,342	16,460	45,231,802
<b>Assets Held for Capital Projects</b>	822,795	-	822,795
Total assets	63,366,708	(140,667)	63,226,041
<b>Deferred Outflows of Resources</b>			
Pension	8,922,903	185,710	9,108,613
Other postemployment benefits (OPEB)	1,914,798	-	1,914,798
Unamortized refunding charges	34,401	-	34,401
Total deferred outflows of resources	10,872,102	185,710	11,057,812
Total assets and deferred outflows of resources	\$ 74,238,810	\$ 45,043	\$ 74,283,853
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Current liabilities:			
Current portion of long-term debt	\$ 2,617,000	\$ -	\$ 2,617,000
Current portion of capital leases payable	145,323	-	145,323
Accounts payable	842,095	29,158	871,253
Accrued salaries and benefits	4,079,841	1,771	4,081,612
Payroll deductions and withholdings	181,315	-	181,315
Accrued interest	98,868	-	98,868
Unearned revenue	101,756	42,114	143,870
Total current liabilities	8,066,198	73,043	8,139,241
Noncurrent liabilities:			
Long-term debt	22,116,550	-	22,116,550
Capital leases payable	218,658	-	218,658
Compensated absences	751,754	1,280	753,034
Other postemployment benefits	13,371,523	-	13,371,523
Net pension liability	57,044,733	1,254,267	58,299,000
Total noncurrent liabilities	93,503,218	1,255,547	94,758,765
Total liabilities	101,569,416	1,328,590	102,898,006
<b>Deferred Inflows of Resources</b>			
Pension	4,395,357	71,525	4,466,882
Other postemployment benefits (OPEB)	2,543,092	-	2,543,092
Total deferred outflows of resources	6,938,449	71,525	7,009,974
<b>Net Position (Deficit)</b>			
Net investment in capital assets	20,117,811	16,460	20,134,271
Unrestricted	(54,386,866)	(1,371,532)	(55,758,398)
Total net position (deficit)	(34,269,055)	(1,355,072)	(35,624,127)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 74,238,810	\$ 45,043	\$ 74,283,853

See notes to financial statements

# Jersey Shore Area School District

## Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>						
Instruction	\$ (28,405,146)	\$ 28,209	\$ 9,599,259	\$ (18,777,678)		\$ (18,777,678)
Operation and maintenance of plant services	(4,150,938)	1,652	350,474	(3,798,812)		(3,798,812)
Instructional student support	(4,753,397)	-	549,901	(4,203,496)		(4,203,496)
Administration and financial support services	(2,804,666)	-	286,253	(2,518,413)		(2,518,413)
Student activities	(811,096)	33,316	1,339,214	561,434		561,434
Pupil transportation	(1,556,193)	-	1,371,351	(184,842)		(184,842)
Interest on bonds payable	(470,716)	-	623,480	152,764		152,764
Total governmental activities	(42,952,152)	63,177	14,119,932	(28,769,043)		(28,769,043)
<b>Business-Type Activity</b>						
Food service	(1,163,007)	72,712	1,023,157		\$ (67,138)	(67,138)
Total	\$ (44,115,159)	\$ 135,889	\$ 15,143,089		(67,138)	(28,836,181)
<b>General Revenues</b>						
Grants, subsidies and contributions not restricted				13,269,479	-	13,269,479
Property taxes levied for general purposes, net				13,654,273	-	13,654,273
Other taxes levied				4,973,798	-	4,973,798
Investment earnings				208,557	701	209,258
Miscellaneous income				99,355	-	99,355
Gain on disposal of capital assets				24,596	-	24,596
Total general revenues				32,230,058	701	32,230,759
Change in net position				3,461,015	(66,437)	3,394,578
<b>(Deficit) Net Position, Beginning</b>						
As previously reported				(37,928,502)	(1,288,635)	(39,217,137)
Effect of adoption of GASB No. 84 (Note 1)				198,432	-	198,432
As restated				(37,730,070)	(1,288,635)	(39,018,705)
<b>(Deficit) Net Position, Ending</b>						
				\$ (34,269,055)	\$ (1,355,072)	\$ (35,624,127)

See notes to financial statements

## Jersey Shore Area School District

Balance Sheet - Governmental Funds

June 30, 2021

	<u>Major Funds</u>			<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Non-major</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 11,708,970	\$ 822,795	\$ 1,446,407	\$ 13,978,172
Due from other funds	698,775	-	-	698,775
Other receivables	75,971	-	-	75,971
Taxes receivable, net	1,066,276	-	-	1,066,276
Due from other governments	2,395,410	-	-	2,395,410
Inventories	26,205	-	-	26,205
Prepaid expenses	58,083	-	-	58,083
	<u>16,029,690</u>	<u>822,795</u>	<u>1,446,407</u>	<u>18,298,892</u>
Total assets	<u>\$ 16,029,690</u>	<u>\$ 822,795</u>	<u>\$ 1,446,407</u>	<u>\$ 18,298,892</u>
<b>Liabilities</b>				
Accounts payable	\$ 842,095	\$ -	\$ -	\$ 842,095
Due to other funds	147,526	-	-	147,526
Accrued salaries and benefits	4,079,841	-	-	4,079,841
Unearned revenue	101,756	-	-	101,756
Payroll deductions and withholdings	181,315	-	-	181,315
	<u>5,352,533</u>	<u>-</u>	<u>-</u>	<u>5,352,533</u>
Total liabilities	<u>5,352,533</u>	<u>-</u>	<u>-</u>	<u>5,352,533</u>
<b>Deferred Inflows of Resources</b>				
Unearned revenue, taxes	887,199	-	-	887,199
	<u>887,199</u>	<u>-</u>	<u>-</u>	<u>887,199</u>
<b>Fund Balances</b>				
Nonspendable	84,288	-	-	84,288
Restricted	-	-	1,446,407	1,446,407
Committed	4,106,899	822,795	-	4,929,694
Unassigned	5,598,771	-	-	5,598,771
	<u>9,789,958</u>	<u>822,795</u>	<u>1,446,407</u>	<u>12,059,160</u>
Total fund balances	<u>9,789,958</u>	<u>822,795</u>	<u>1,446,407</u>	<u>12,059,160</u>
Total liabilities and fund balances	<u>\$ 16,029,690</u>	<u>\$ 822,795</u>	<u>\$ 1,446,407</u>	<u>\$ 18,298,892</u>

See notes to financial statements

## Jersey Shore Area School District

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

<b>Total Fund Balance, Governmental Funds</b>		\$ 12,059,160
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds. The cost of assets is \$98,806,940 and the accumulated depreciation is \$53,591,598.		45,215,342
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		887,199
Deferred resources, outflows and inflows, are not reported in governmental funds		
Deferred outflow of resources, pension	8,922,903	
Deferred outflow of resources, OPEB	1,914,798	
Deferred outflow of resources, Unamortized refunding charges	34,401	
Deferred inflow of resources, pension	(4,395,357)	
Deferred inflow of resources, OPEB	(2,543,092)	
		3,933,653
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable and notes	(24,733,550)	
Capital leases payable	(363,981)	
Accrued interest on bonds	(98,868)	
Compensated absences	(751,754)	
Other postemployment benefits	(13,371,523)	
Net pension liability	(57,044,733)	
		(96,364,409)
<b>Total Net Position, Governmental Activities</b>		<b>\$ (34,269,055)</b>

See notes to financial statements

**Jersey Shore Area School District**

 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 Year Ended June 30, 2021

	Major Funds			Other Non-Major	Totals
	General	Capital Projects	Debt Service		
<b>Revenues</b>					
Local sources	\$ 19,751,663	\$ 9,510	\$ -	\$ 1,302,253	\$ 21,063,426
State sources	23,416,661	-	-	-	23,416,661
Federal sources	1,938,675	-	-	-	1,938,675
Total revenues	45,106,999	9,510	-	1,302,253	46,418,762
<b>Expenditures</b>					
Instruction	28,004,937	-	-	-	28,004,937
Support services	12,563,321	-	-	-	12,563,321
Noninstructional services	762,063	-	-	54,278	816,341
Facilities acquisition, construction, and improvement services	-	184,231	-	-	184,231
Debt service	3,037,885	-	-	-	3,037,885
Total expenditures	44,368,206	184,231	-	54,278	44,606,715
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)</b>					
	738,793	(174,721)	-	1,247,975	1,812,047
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of refunding bonds	-	-	8,069,000	-	8,069,000
Payments to refunding bond escrow agent	-	-	(7,968,000)	-	(7,968,000)
Debt issuance costs	-	-	(96,495)	-	(96,495)
Transfers in	4,505	325,000	-	-	329,505
Proceeds from the sale of capital assets	24,596	-	-	-	24,596
Insurance recoveries	1,217	-	-	-	1,217
Transfers out	(325,000)	-	(4,505)	-	(329,505)
Total other financing sources (uses), net	(294,682)	325,000	-	-	30,318
Net changes in fund balances	444,111	150,279	-	1,247,975	1,842,365
<b>Fund Balances, Beginning</b>					
As previously reported	9,345,847	672,516	-	-	10,018,363
Effect of adoption of GASB Statement No. 84 (Note 1)	-	-	-	198,432	198,432
As restated	9,345,847	672,516	-	198,432	10,216,795
<b>Fund Balances, Ending</b>	<b>\$ 9,789,958</b>	<b>\$ 822,795</b>	<b>\$ -</b>	<b>\$ 1,446,407</b>	<b>\$ 12,059,160</b>

See notes to financial statements

**Jersey Shore Area School District**

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balance to the Statement of Activities  
Year Ended June 30, 2021

**Total Net Changes in Fund Balances, Governmental Funds** \$ 1,842,365

Amounts reported for governmental activities in the statement of net position are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	933,705	
Depreciation expense	<u>(2,236,714)</u>	(1,303,009)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred Inflows of resources - tax revenues increased by this amount this year. (31,404)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are capitalized and amortized in the statement of activities. During the fiscal year ended June 30, 2021, the following transactions factor into this reconciliation:

Issuance of long-term debt	(8,069,000)	
Retirement of principal of long-term debt	10,544,000	
Bond premium	1,694	
Deferred outflow of resources, amortization of refunding charges	(4,914)	
Issuance of capital leases	(55,620)	
Retirement of principal of capital leases	<u>293,211</u>	2,709,371

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest accrued in the statement of activities over the amount due is shown here. 55,523

Other postemployment benefits payable are considered long-term in nature, and are not reported as liabilities within the funds. Such liabilities are, however, reported within the statement of net position, and changes in these liabilities are reflected within the statement of activities. This amount represents the change in other postemployment benefits payable and associated deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2021. (572,829)

In the statement of activities, certain operating expenses, compensated absences (vacations and sick days), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (25,151)

The net pension liability is considered long-term in nature, and is not reported as a liability within the funds. Such liability is, however, reported within the statement of net position, and changes in this liability is reflected within the statement of activities. This amount represents the change in the net pension liability and associated deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2021. 786,149

**Change in Net Position of Governmental Activities** \$ 3,461,015



## Jersey Shore Area School District

Statement of Revenues, Expenditures and Change in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>			
Local sources	\$ 18,269,711	\$ 19,751,663	\$ 1,481,952
State sources	23,789,596	23,416,661	(372,935)
Federal sources	1,038,410	1,938,675	900,265
Total revenues	<u>43,097,717</u>	<u>45,106,999</u>	<u>2,009,282</u>
<b>Expenditures</b>			
Regular programs	18,036,601	20,285,178	(2,248,577)
Special programs	5,844,638	6,219,271	(374,633)
Vocational education programs	1,092,726	1,107,358	(14,632)
Other instructional programs	146,225	56,388	89,837
Nonpublic school programs	-	11,446	(11,446)
Pre-Kindergarten	315,000	325,296	(10,296)
Pupil personnel	1,467,280	1,435,331	31,949
Instructional staff	1,411,486	1,811,412	(399,926)
Administration	2,621,124	2,527,130	93,994
Pupil health	436,174	367,136	69,038
Business	912,903	820,760	92,143
Operation and maintenance of plant services	3,551,991	3,697,619	(145,628)
Student transportation services	1,888,357	1,881,163	7,194
Support services, central	11,096	22,770	(11,674)
Student activities	873,632	762,063	111,569
Debt service	3,038,392	3,037,885	507
Total expenditures	<u>41,647,625</u>	<u>44,368,206</u>	<u>(2,720,581)</u>
<b>Excess of Revenues Over Expenditures Before Other Financing Sources (Uses)</b>	<u>1,450,092</u>	<u>738,793</u>	<u>(711,299)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from the sale of capital assets	5,000	24,596	19,596
Insurance recoveries	-	1,217	1,217
Transfers in	-	4,505	4,505
Transfers out	-	(325,000)	(325,000)
Budgetary reserve	(2,528,630)	-	2,528,630
Total other financing sources (uses)	<u>(2,523,630)</u>	<u>(294,682)</u>	<u>2,228,948</u>
Net change in fund balances	(1,073,538)	444,111	1,517,649
<b>Fund Balance, Beginning</b>	<u>6,986,043</u>	<u>9,345,847</u>	<u>2,359,804</u>
<b>Fund Balance, Ending</b>	<u>\$ 5,912,505</u>	<u>\$ 9,789,958</u>	<u>\$ 3,877,453</u>

See notes to financial statements

# Jersey Shore Area School District

Statement of Net Position (Deficit) - Proprietary Fund - Food Service  
June 30, 2021

## Assets and Deferred Outflows of Resources

### Current Assets

Cash and cash equivalents	\$	238,048
Due from other funds		147,526
Due from other governments		138,501
Inventories		17,572

Total current assets 541,647

### Capital Assets

16,460

Total assets 558,107

### Deferred Outflows of Resources, Pension

185,710

Total assets and deferred outflows of resources \$ 743,817

## Liabilities, Deferred Inflows of Resources and Net Position (Deficit)

### Liabilities

#### Current liabilities:

Accounts payable	\$	29,159
Due to other funds		698,774
Accrued salaries and benefits		1,771
Unearned revenue		42,114

Total current liabilities 771,818

#### Noncurrent liabilities:

Compensated absences		1,280
Net pension liability		1,254,267

Total noncurrent liabilities 1,255,547

Total liabilities 2,027,365

### Deferred Inflows of Resources, Pension

71,525

### Net Position (Deficit)

Net investment in capital assets		16,460
Unreserved		(1,371,533)

Total net position (deficit) (1,355,073)

Total liabilities, deferred inflows of resources and net position (deficit) \$ 743,817

## Jersey Shore Area School District

Statement of Revenues, Expenses and Change in Fund Net Position (Deficit) -

Proprietary Fund - Food Service

Year Ended June 30, 2021

### Operating Revenues

Food service revenues	\$ 72,712
-----------------------	-----------

### Operating Expenses

Other purchased service	481,613
Salaries	340,111
Employee benefits	253,077
Supplies	77,552
Purchased property service	14,911
Depreciation	11,522

Total operating expenses	<u>1,178,786</u>
--------------------------	------------------

Operating loss	<u>(1,106,074)</u>
----------------	--------------------

### Nonoperating Revenues

Federal sources	924,212
State sources	114,724
Earnings on investments	701

Total nonoperating revenues	<u>1,039,637</u>
-----------------------------	------------------

Net loss	(66,437)
----------	----------

<b>Net Deficit, Beginning</b>	<u>(1,288,636)</u>
-------------------------------	--------------------

<b>Net Deficit, Ending</b>	<u><u>\$ (1,355,073)</u></u>
----------------------------	------------------------------

## Jersey Shore Area School District

Statement of Cash Flows - Proprietary Fund - Food Service  
Year Ended June 30, 2021

### Cash Flows From Operating Activities

Cash received from students, teachers and others	\$ 69,355
Cash paid to suppliers for goods and services	(558,977)
Cash paid to employees for service	(627,634)
Internal activity, payments from other funds	216,434

Net cash used in operating activities (900,822)

### Cash Flows From Noncapital Financing Activities

Federal sources	804,915
State sources	133,212

Net cash provided by noncapital financing activities 938,127

### Cash Flows From Investing Activities

Interest income	701
-----------------	-----

Increase in cash and cash equivalents 38,006

### Cash and Cash Equivalents, Beginning

200,042

### Cash and Cash Equivalents, Ending

\$ 238,048

### Supplemental Disclosure of Noncash Transactions

USDA donated commodities	<u>\$ 69,076</u>
--------------------------	------------------

### Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (1,106,074)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	11,522
Changes in assets, deferred outflows of resources, liabilities and deferred inflow of resources:	
Inventory	4,866
Deferred outflows of resources	(12,574)
Accounts payable	10,233
Due from (to) other funds, net	216,434
Accrued salaries and benefits	(36,182)
Compensated absences	255
Unearned revenue	(3,357)
Net pension liability	56,164
Deferred inflows of resources	(42,109)

Net cash used in operating activities \$ (900,822)

# Jersey Shore Area School District

Statement of Fiduciary Net Position - Fiduciary Fund  
June 30, 2021

---

	<u>Private Purpose Trusts</u>
<b>Assets</b>	
<b>Assets</b>	
Cash and cash equivalents	\$ 160,909
	<u>                    </u>
<b>Net Position</b>	
<b>Net Position</b>	
Restricted	\$ 160,909
	<u>                    </u>

## Jersey Shore Area School District

Statement of Changes in Fiduciary Net Position - Fiduciary Fund  
Year Ended June 30, 2021

	<b>Private Purpose Trusts</b>
<b>Additions</b>	
Local sources	\$ 30,033
<b>Deductions</b>	
Scholarships awarded	<u>24,633</u>
Increase in net position	5,400
<b>Net Position, Beginning</b>	
As previously reported	249,248
Effect of adoption of GASB Statement No. 84 (Note 1)	<u>(93,739)</u>
As restated	<u>155,509</u>
<b>Net Position, Ending</b>	<u><u>\$ 160,909</u></u>

See notes to financial statements

# Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

## 1. Nature of Operations and Summary of Significant Accounting Policies

The financial statements of the Jersey Shore Area School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

### Nature of Operations

The District provides elementary and secondary education to the residents of the Borough of Jersey Shore, the surrounding Boroughs of Avis and Salladasburg and the Townships of Anthony, Bastress, Brown, Crawford, Cummings, Limestone, McHenry, Mifflin, Nippenose, Piatt, Pine Creek, Porter and Watson, as located within the District's geographic bounds in Lycoming and Clinton Counties, Pennsylvania.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

### Reporting Entity

The reporting entity has been defined in accordance with the criteria established in GASB Statement 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

### Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic-resource basis. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and District general revenues from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General, Capital Projects, Debt Service Funds and Student Activities/Scholarship are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

# Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

## **Basis of Presentation - Fund Financial Statements**

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. Resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

### **Governmental Fund Types**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources, and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

#### **General Fund**

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund. The General Fund is a major fund.

#### **Capital Projects Fund**

The Capital Project Fund accounts for the financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund is a major fund.

#### **Student Activities Fund**

The Student Activities Fund accounts for the operations of the various student activity programs. The Student Activities Fund is a nonmajor fund.

#### **Scholarship Fund**

The Scholarship Fund accounts for the operations of the various scholarships programs that are not held under a trust arrangement. These scholarships are separate from those held under a trust arrangement, which are reported as private purpose trust funds. The Scholarship Fund is a nonmajor fund.

#### **Debt Service Fund**

The Debt Service Fund accounts for resources that are restricted, committed or assigned to expenditure for principal and interest on outstanding general long-term debt obligations. The Debt Service Fund is a major fund.

### **Proprietary Fund Type**

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund, which accounts for the Cafeteria operations of the District and is considered a major fund. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and are reported as nonoperating.



# Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

## Fiduciary Fund Type

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The fund included in this category is:

### Private Purpose Trust Fund

Private Purpose Trust Funds are used to account for assets administered through a trust in which the District staff is not a beneficiary, whose assets are dedicated to providing benefits to student recipients in accordance with the benefit terms, and are legally protected from the creditors of the District. This fund has a net position of \$160,909 at June 30, 2021 that is restricted for school awards.

## Measurement Focus

### Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's net total assets.

### Fund Financial Statements

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are also accounted for using the economic resources measurement focus.

## Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

### Accrual Basis

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. For exchange transactions, revenues are recognized when earned, and expenses are recognized when incurred (i.e., when each party gives and receives essentially equal value when the exchange takes place). Nonexchange transactions, in which the District receives value without directly giving equal value in return, requires tax revenues to be recognized in the year levied while grant revenue, entitlements, and appropriations are recognized when grantor eligibility requirements are met.

## Modified Accrual Basis

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures, other than principal and interest on bonds and notes payable, compensated absences and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds and notes payable, compensated absences and claims and judgments are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue on its fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

## Allocation of Indirect Expenses

The District allocates certain building-related costs to the proprietary fund.

## Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to have the budget printed, or otherwise made available for public inspection, at least twenty (20) days prior to the date set for the adoption of the budget. Final action may not be taken on any proposed budget in which the estimated expenditures exceed two thousand dollars (\$2,000) until after ten (10) days public notice.
- The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the Board is required.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported as reservations of fund balances.
- Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding these programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.

# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

- Capital budgets are implemented for capital improvements and capital projects in the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the Board prior to commitment, thereby constructively achieving budgetary control.
- An Enterprise Fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

## Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cash management liquid asset funds that are carried at cost. The District considers all investments purchased with an original maturity of three months or less (excluding certain short-term instruments which are classified as investments) to be cash equivalents.

## Inventories

Inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used. Food commodities donated by the federal government are valued at an estimated market value. Textbooks and instructional and custodial supplies are generally charged to expense upon acquisition.

## Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets used by the proprietary fund are reported both in the business-type activity of the government-wide Statement of Net Position and in the fund financial statements.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their acquisition value at date of receipt. The District maintains a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets except land and construction in progress are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class, and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>
Land improvements	15 - 20 years	N/A
Buildings and improvements	20 - 40 years	N/A
Furniture and equipment	5 - 20 years	5 - 10 years

The District does not have any infrastructure capital assets.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

# Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

## Assets Held for Capital Projects

Assets held for capital projects represent cash and investments held by the District's Capital Projects Fund.

## Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the District will sometimes report a separate section for deferred outflows (inflows) of resources. This separate financial statement element represents a consumption (acquisition) of net position that applies to a future period and so will not be recognized as an outflow (inflow) of resources until that time.

## Compensated Absences

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are generally provided similar benefits. The agreements generally provide for payment of accumulated sick leave, at retirement, based upon years of service and days accumulated. The rate paid varies by position. Vacation leave is available only to administrative and twelve month support employees. Vacation pay is earned in the year in which the service has been performed. Employees are entitled to accrue an annual designated number of vacation days, which carry over from year to year.

## Pension

The District provides eligible employees with retirement benefits through the Public School Employer's Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PSERS and the Jersey Shore Area School District Postemployment Benefits Plan (the Jersey Shore OPEB Plan) and additions to/deductions from PSERS and the Jersey Shore OPEB plans' fiduciary net position have been determined on the same basis as they are reported by PSERS and the Jersey Shore OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Governmental Fund Balance Classification/Policies and Procedures

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its governmental fund balances as follows:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints, such as inventory.

## Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the District's "highest level of decision-making authority" which do not lapse at year-end.
  - The School Board of the District is its highest level of decision-making authority, and
  - The School Board commits funds through a formal board motion.
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District.
  - The School Board of the District authorized the District Business Manager to assign funds to specific purposes.
  - The School Board passed a board motion authorizing assignments for activities as contemplated by the Board.
- *Unassigned* - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

In governmental funds, when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to apply the expenditure toward restricted resources first and then to unrestricted resources.

When an expenditure is incurred that can be paid using either committed, assigned or unassigned amounts, the District's policy is generally to apply the expenditure to committed resources, then to assigned resources, and then to unassigned resources.

### **Restricted Net Position**

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, and then unrestricted resources as needed.

### **Eliminations and Internal Balances**

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental activities and the business-type activity are labeled "internal balances" on the statement of net position.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

## New Accounting Pronouncements

The District adopted GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented July 1, 2020 and resulted in a restatement of government-wide net position and the Student Activity Fund and certain non-trusted scholarship activities fund balance increasing beginning balances by \$198,432.

## 2. Joint Ventures

The District and other surrounding educational agencies created a joint venture, the Lycoming County Insurance Consortium Pooled Trust (the Trust). The District self-insures through the Trust for certain health care benefits it provides to current and former employees. The Trust has purchased an excess policy which covers employee health benefit claims in excess of \$250,000. Claims are recognized as an expense when paid (cash basis), which management believes is not materially different from the accrual basis for the year ended June 30, 2021. The District made payments for health care benefit claims approximating \$4,500,000 to the Trust during the fiscal year ended June 30, 2021. Audited financial statements of the Trust are available in the District's Business Office.

## 3. Cash and Cash Equivalents

At June 30, 2021, the District's cash and cash equivalents include deposits with local financial institutions, the Pennsylvania Local Government Investment Trust, the Pennsylvania School District Liquid Asset Fund and various petty cash balances \$2,219 held throughout the School District.

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes. Act 72 requires all governmental (public funds) deposits not insured by the Federal Depository Insurance Corporation (FDIC) to be collateralized by the financial institution.

The Pennsylvania Local Government Investment Trust (PLGIT) is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similarly to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. Shares may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. PLGIT/PLGIT PLUS have received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. At June 30, 2021, the carrying amount of the District's deposits with PLGIT was \$2,531,165 and the bank balance was \$2,983,151.

# Jersey Shore Area School District

## Notes to Financial Statements

June 30, 2021

The Pennsylvania School District Liquid Asset Fund (PSDLAF) is a common law trust organized to provide Pennsylvania school districts with a convenient method of pooling their cash for temporary investment. Assets with PSDLAF are invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PSDLAF, which invests the pooled assets. Such assets are not considered deposits pursuant to GASB Nos. 3 and 40, and as such are not subject to custodial credit risk. Due to the short-term nature and liquidity of the investments held within these pools, the fair value of the underlying investments approximates amortized cost. Shares with PSDLAF may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. At June 30, 2021, the carrying amount of the District's deposits with PSDLAF was \$52,680 and bank balance of the District's deposits with PSDLAF was \$52,680.

Custodial Credit Risk is the risk that in the event of a bank failure, the District will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2021, the carrying amount of the District's deposits with local financial institutions was \$10,539,497 and the bank balance was \$11,791,647. Of the bank balance, \$3,264,757 was exposed to custodial credit risk, as these deposits were not covered by depository insurance but rather were collateralized with securities held by the pledging financial institution, but not in the District's name.

#### 4. Property Taxes

Real estate taxes for the District, which is comprised of a two-county area, are collected from the Borough of Jersey Shore and surrounding municipalities and townships. The tax on real estate by county, as levied by the board, for public school purposes for fiscal 2020 is as follows:

Clinton County	13.5010 mills	(\$13.5010 per \$1,000 of assessed valuation)
Lycoming County	18.3139 mills	(\$18.3139 per \$1,000 of assessed valuation)

Assessed valuations of property are determined by each County and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - June 30	10% penalty period
July 30	Lien date

Estimated collectible delinquent real estate taxes at June 30, 2021 were as follows:

<u>Outstanding Balance</u>	<u>Estimated Uncollectible</u>	<u>Estimated Collectible</u>
\$ 1,093,199	\$ 26,923	\$ 1,066,276

#### Tax Abatement Program

The District provides property tax abatements under the Clean and Green Program (Pennsylvania Farmland and Forest Land Assessment Act). The Clean and Green Program is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in a tax savings for landowners. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland and open spaces. A property must be ten acres in size and in Agricultural Use, Agricultural Reserve or Forest Reserve. Agricultural Use applications may be less than 10 acres in size if the property is capable of generating at least \$2,000 annually in farm income. The amount of District real estate taxes abated under this program during the fiscal year ended June 30, 2021 was approximately \$799,000.

# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

## 5. Due From Other Governments

The amount reported in the General Fund at June 30, 2021 as due from other governments is summarized below:

	<u>General Fund</u>	<u>Food Service</u>	<u>Total</u>
Local source revenues	\$ 413,744	\$ -	\$ 413,744
State source revenues	1,558,973	5,262	1,564,235
Federal source revenues	422,693	133,239	555,932
Total	<u>\$ 2,395,410</u>	<u>\$ 138,501</u>	<u>\$ 2,533,911</u>

Amounts due from the federal and state government are primarily federal grants and state subsidies receivable from the Commonwealth of Pennsylvania, Department of Education at June 30, 2021. The amount due from local governments represents miscellaneous taxes collected by other governments on the District's behalf, but not remitted to the District as of June 30, 2021.

## 6. Capital Assets

The changes in the District's capital assets in 2021 are summarized as follows:

	<u>Balance July 1, 2020</u>	<u>Acquisitions</u>	<u>Dispositions/ Transfers</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 13,692,781	\$ -	\$ -	\$ 13,692,781
Capital assets, being depreciated:				
Land improvements	3,488,033	-	-	3,488,033
Buildings and improvements	66,454,978	118,101	-	66,573,079
Furniture and equipment	14,250,943	815,604	(13,500)	15,053,047
Total capital assets, being depreciated	84,193,954	933,705	(13,500)	85,114,159
Less accumulated depreciation:				
Land improvements	(2,852,467)	(73,007)		(2,925,474)
Buildings and improvements	(35,942,286)	(1,561,830)		(37,504,116)
Furniture and equipment	(12,573,631)	(601,877)	13,500	(13,162,008)
Total accumulated depreciation	(51,368,384)	(2,236,714)	13,500	(53,591,598)
Total capital assets, being depreciated	32,825,570	(1,303,009)	-	31,522,561
Governmental activities capital assets, net	<u>\$ 46,518,351</u>	<u>\$ (1,303,009)</u>	<u>\$ -</u>	<u>\$ 45,215,342</u>
<b>Business-Type Activity</b>				
Furniture and equipment	\$ 846,577	\$ -	\$ -	\$ 846,577
Less accumulated depreciation	(818,595)	(11,522)	-	(830,117)
Business-type activity capital assets, net	<u>\$ 27,982</u>	<u>\$ (11,522)</u>	<u>\$ -</u>	<u>\$ 16,460</u>



# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

Governmental activities depreciation expense is allocated among the District's functional expenses as follows:

Instruction	\$ 1,278,560
Operation and maintenance of plant services	860,259
Instructional student support	74,665
Student activities	9,278
Administration and financial support services	12,930
Pupil transportation	<u>1,022</u>
Total	<u>\$ 2,236,714</u>

## 7. Long-Term Debt

### General Obligation Bonds

In 2012, the District issued a \$9,995,000 General Obligation Bond, Series of 2012, due in varying annual installments plus interest at rates ranging from 1.25 percent to 2.875 percent through maturity in 2029. The proceeds from the issuance of the bond were used for the purpose of paying the costs of acquiring, designing, constructing, furnishing and equipping alterations, additions, renovations and other improvements to the Jersey Shore Elementary School building and other facilities of the District, and to pay the costs of issuing and insuring the bonds. This bond was partially currently refunded in 2018 through the issuance of the District's General Obligation Note, Series of 2017.

The remaining bond balance was currently refunded in 2021 through the issuance of the District's General Obligation Bond, Series of 2021.

In 2015, the District issued a \$7,340,000 General Obligation Bond, Series of 2015, due in varying annual installments plus interest at rates ranging from 2.0 percent to 2.25 percent through maturity in 2026. The proceeds from the issuance of the bond were used for the purpose of refunding \$7,225,000 of the District's General Obligation Bonds, Series of 2010, and to pay the costs of issuing the bonds. This bond was currently refunded in 2021 through the issuance of the District's General Obligation Bond, Series of 2021.

In 2015, the District issued a \$2,555,000 General Obligation Bond, Series A of 2015, due in varying annual installments plus interest at a fixed rate of 2.0 percent through maturity in 2024. The proceeds from the issuance of the bond were used for the purpose of refunding the District's General Obligation Bonds, Series A of 2010, and to pay the costs of issuing the bonds. This bond was currently refunded in 2021 through the issuance of the District's General Obligation Bond, Series of 2021.

In 2019, the District issued a \$4,585,000 General Obligation Bond, Series of 2019, due in varying annual installments plus interest rate ranging from 2.0 percent to 5.0 percent per annum, with the final maturity in September 2029. The proceeds from the issuance of the bond were used for the purpose of refunding the District's General Obligation Bonds, Series of 2013, and to pay the costs of issuing the bonds.

### Direct Borrowings - General Obligation Bonds/Notes

In 2015, the District issued a \$6,102,000 General Obligation Note, Series AA of 2015, due in varying annual installments plus interest at a fixed rate of 1.66 percent through maturity in 2022. The proceeds from the issuance of the note were used for the purpose of refunding \$5,955,000 of the District's General Obligation Bonds, Series AA of 2010, and to pay the costs of issuing the note.

In 2015, the District issued a \$3,898,000 General Obligation Note, Series AAA of 2015, due in varying annual installments plus interest at a fixed rate of 1.13 percent through maturity in 2021. The proceeds from the issuance of the note were used for the purpose of refunding the District's General Obligation Bonds, Series AAA of 2010, and to pay the costs of issuing the note. This borrowing was repaid during the fiscal year ended June 30, 2021.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

In 2016, the District issued a \$3,147,000 General Obligation Note, Series AAAA of 2015, due in varying annual installments plus interest at a fixed rate of 2.17 percent through maturity in 2024. The proceeds from the issuance of the note were used for the purpose of currently refunding the District's General Obligation Bonds, Series of 2011, and to pay the costs of issuing the note. This bond was currently refunded in 2021 through the issuance of the District's General Obligation Bond, Series of 2021.

In 2020, the District issued a \$9,975,000 General Obligation Bond, Series of 2020, due in varying annual installments plus interest at a fixed rate of 1.688 percent through maturity in September 2028. The proceeds from the issuance of the bond were used for the purpose of refunding the District's General Obligation Notes, Series of 2017, and to pay the costs of issuing the bonds.

In 2021, the District issued a \$8,069,000 General Obligation Bond, Series of 2021, due in varying annual installments plus interest at a fixed rate of 0.80 percent through maturity in 2026. The proceeds from the issuance of the bond were used to currently refund the District's outstanding General Obligation Bonds Series of 2012, General Obligation Bonds, Series of 2015, General Obligation Bonds, Series A of 2015 and General Obligation Notes, Series AAAA of 2015, and pay the costs associated with issuing the Bond.

This current refunding transaction resulted in an economic gain (the difference between the present value of the debt service requirements for the refunded debt and the present value of the debt service requirements of the refunding debt) of approximately \$203,000, and a reduction of the District's debt service (cash flow) requirements over the next five years of approximately \$200,000.

The changes in long-term debt during fiscal 2021, by debt instrument, are as follows:

	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021	Current Portion June 30, 2021
Series of 2012 GOB	\$ 155,000	\$ -	\$ 155,000	\$ -	\$ -
Series of 2015 GOB	6,570,000	-	6,570,000	-	-
Series A of 2015 GOB	105,000	-	105,000	-	-
Series AA of 2015 GON	3,931,000	-	1,830,000	2,101,000	2,101,000
Series AAA of 2015 GON	206,000	-	206,000	-	-
Series AAAA of 2015 GON	1,668,000	-	1,668,000	-	-
Series of 2019, GOB	4,585,000	-	10,000	4,575,000	10,000
Series of 2020, GOB	9,975,000	-	-	9,975,000	55,000
Series of 2021, GOB	-	8,069,000	-	8,069,000	451,000
Total Debt	<u>27,195,000</u>	<u>8,069,000</u>	<u>10,544,000</u>	<u>24,720,000</u>	<u>\$ 2,617,000</u>
Bond premium	15,244	-	1,694	13,550	
Total long-term debt	<u>\$ 27,210,244</u>	<u>\$ 8,069,000</u>	<u>\$ 10,545,694</u>	<u>\$ 24,733,550</u>	

Total interest expense on long-term debt in 2021 was \$470,716. No interest was capitalized (i.e., added to the carrying value of capital assets) in 2021. No interest is reported as a direct expense in the statement of activities.

# Jersey Shore Area School District

## Notes to Financial Statements

June 30, 2021

Debt service to maturity on the general obligation bonds and direct borrowings at June 30, 2021 is summarized as follows:

	General Obligation Bonds		Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
Years Ending June 30:					
2022	\$ 10,000	\$ 93,350	\$ 2,607,000	\$ 234,472	\$ 2,944,822
2023	20,000	92,600	2,302,000	218,897	2,633,497
2024	20,000	91,600	2,324,000	199,794	2,635,394
2025	20,000	90,600	2,346,000	180,470	2,637,070
2026	20,000	89,900	3,041,000	148,887	3,299,787
2027-2031	4,485,000	249,650	7,525,000	139,218	12,398,868
Total	<u>\$ 4,575,000</u>	<u>\$ 707,700</u>	<u>\$ 20,145,000</u>	<u>\$ 1,121,738</u>	<u>\$ 26,549,438</u>

## 8. Capital Leases

The District has entered into certain lease agreements which are accounted for as capital leases. Following is a schedule of changes in capital leases for the year ended June 30, 2021, as well as a schedule, by year, of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2021, as related to the District's governmental activities:

	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
Capital leases, various	\$ 601,572	\$ 55,620	\$ 293,211	\$ 363,981
Years ending June 30:				
2022			\$ 145,323	
2023			145,323	
2024			52,943	
2025			11,124	
2026			9,268	
Total minimum lease payments			363,981	
Current portion			145,323	
Long-term portion			<u>\$ 218,658</u>	

## 9. Compensated Absences

### Vacation

District employees who are required to work on a twelve-month schedule are credited with vacation at rates that vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits and is paid prior to retirement or termination at the employee's current rate of pay.

### Sick Leave

Most District employees are credited with ten to twelve days of sick leave and may accumulate such days based on employee classifications. Sick leave (for most employee categories) may be taken or accumulated within certain limits and is paid prior to retirement or termination at the contractual or Board-approved rate.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

The changes in the District's compensated absences in 2021 are summarized as follows:

Governmental activities:	
Balance, July 1, 2020	\$ 726,603
Increase	364,651
Decrease	<u>(339,500)</u>
Balance, June 30, 2021	<u>\$ 751,754</u>
Business-type activity:	
Balance, July 1, 2020	\$ 1,025
Increase	800
Decrease	<u>(545)</u>
Balance, June 30, 2021	<u>\$ 1,280</u>

### 10. Accrued Salaries and Benefits

Accrued salaries and benefits in the General Fund totaling \$4,079,841 represent salaries of \$1,787,444, the District's share of Social Security taxes of \$89,597 for teachers' services during the 2020-2021 school term, which are paid during July and August 2021, retirement plan expense of \$2,143,142, and other benefits expense of \$59,658 applicable to the accrued salaries at June 30, 2021.

### 11. Other Post-Employment Benefits (OPEB)

#### Jersey Shore Area School District Postemployment Benefits Plan

##### General Information About the OPEB Plan

##### Plan Description and Benefits Provided

The District's defined benefit OPEB plan, Jersey Shore Area School District Postemployment Benefits Plan, provides full coverage in health care benefits for teachers who retire at age 50 or later, up to age 65, who have 15 or more years credited service with the District. The District also provides full coverage in individual health care benefits for administrators who retire at age 53 or later, up to age 65, and who have at least 7 years of service with the District. The retiree pays the cost for dependent coverage. The cost of such coverage for retirees and spouses is primarily funded through annual appropriations from the District's General Fund. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Retired employees who are ineligible under the above requirements and choose to participate in the medical plan must pay 100 percent of the fixed rate cost of such coverage. The Jersey Shore Area School District OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

### Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>280</u>
Total	<u><u>303</u></u>

### Total OPEB Liability

The District's total OPEB liability as of June 30, 2021 was \$10,815,523, was measured as of July 1, 2020, and was determined by an actuarial valuation as of that date.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest rate	1.86%
Salary increases	2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
Discount rate	1.86%
Healthcare cost trend rates	5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.

For mortality rates, separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period May 2017.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2020	\$ 10,513,885
Changes for the year:	
Service cost	601,685
Interest	367,902
Changes of benefit terms	-
Differences between expected and actual experience	(1,506,515)
Changes in assumptions or other inputs	1,145,216
Benefit payments	<u>(306,650)</u>
Net changes	<u>301,638</u>
Balance at June 30, 2021	<u>\$ 10,815,523</u>

Changes in assumptions or other inputs reflect a change in the discount rate from 3.36 percent in 2020 to 1.86 percent in 2021.

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.86 percent) or 1-percentage-point higher (2.86 percent) than the current discount rate:

	<u>1% Decrease (0.86%)</u>	<u>Discount Rate (1.86%)</u>	<u>1% Increase (2.86%)</u>
Total OPEB Liability	\$ 11,582,540	\$ 10,815,523	\$ 10,079,359

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 9,514,918	\$ 10,815,523	\$ 12,340,360

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$858,518. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Benefit payments subsequent to the measurement date (July 1, 2020)	\$ 257,016	\$ -
Differences between expected and actual experience	267,836	1,369,559
Changes of assumptions or other inputs	<u>1,057,739</u>	<u>937,533</u>
Total	<u>\$ 1,582,591</u>	<u>\$ 2,307,092</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2022	\$ (111,069)
2023	(111,069)
2024	(111,069)
2025	(111,069)
2026	(111,069)
Thereafter	<u>(426,172)</u>
Total	<u>\$ (981,517)</u>

### PSERS Health Insurance Premium Assistance Program

#### General Information About the PSERS Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

#### Premium Assistance Eligibility Criteria

Retirees of PSERS can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

## Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were \$138,207 for the year ended June 30, 2021.

## OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$2,556,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1184 percent, which was a decrease of .0075 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$110,000.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 104,000	\$ 56,000
Difference between expected and actual experience	24,000	-
Net differences between projected and actual investment earnings	4,000	-
District contributions subsequent to the measurement date	138,207	-
Changes in proportion	62,000	180,000
	<u>\$ 332,207</u>	<u>\$ 236,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2022	\$ (11,000)
2023	(12,000)
2024	(12,000)
2025	4,000
2026	5,000
Thereafter	<u>(16,000)</u>
Total	<u>\$ (42,000)</u>



## Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return - 2.66 percent - S&P 20 Year Municipal Bond Rate
- Salary growth - Effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50 percent
  - Eligible retirees will elect to participate Post age 65 at 70 percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset valuation method: Market Value
- Participation rate: 63 percent of eligible retirees are assumed to elect premium assistance
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25 percent males and 75 percent females is used to determine actuarial equivalent benefits).

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3 %	(1.0) %
US Core Fixed Income	46.5	(0.1)
Non-US Developed Fixed	3.2	(0.1)
	100.0 %	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

### Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66 percent. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66 percent which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

### Sensitivity of PSERS Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents PSERS' net OPEB liability for June 30, 2020 calculated using current Healthcare cost trends as well as what PSERS' net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
PSERS Net OPEB Liability	\$ 2,556,000	\$ 2,556,000	\$ 2,556,000

# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

## Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current rate:

	<b>1% Decrease 1.66%</b>	<b>Current Discount Rate 2.66%</b>	<b>1% Increase 3.66%</b>
District's proportionate share of the net OPEB liability	\$ 2,914,000	\$ 2,556,000	\$ 2,259,000

## OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

## 12. Termination Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and their dependents. Requirements are outlined by the federal government for this coverage. The premium plus a 2 percent administrative fee is paid in full by the eligible participant. This program is offered up to a period of 18 months (36 months for an employee with dependents) after an employee's termination date. At June 30, 2021, there was one participant under dental COBRA benefits.

Annually, the District provides for a retirement stipend of \$5,000 for teachers who voluntarily retire after having reached at least 53 years of age and 15 or more years of credited service. Such stipends are payable in the year the employee officially retires. The cost of this benefit is recognized on a "pay as you go" basis, and amounted to \$10,000 covering two participants for the year ended June 30, 2021.

The District provides a retirement stipend for administrators retiring with at least 7 years of service and having reached 55 years of age. The maximum retirement stipend is \$14,000. There were no benefits paid to administrators during the year ended June 30, 2021.

## 13. Retirement Plan

As of June 30, 2021, the District reported the following amounts in the accompanying financial statements related to their participation in the Public School Employees' Retirement System (PSERS):

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
Deferred Outflow of Resources	\$ 8,922,903	\$ 185,710	\$ 9,108,613
Net Pension Liability	57,044,733	1,254,267	58,299,000
Deferred Inflow of Resources	4,395,357	71,525	4,466,882

# Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

## Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

## Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

## Member Contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

## Jersey Shore Area School District

---

Notes to Financial Statements

June 30, 2021

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3 percent (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5 percent and 9.5 percent and Membership Class T-F contribution rate to fluctuate between 10.3 percent and 12.3 percent.

### **Act 5 of 2017**

Act 5 of 2017 created additional classes of service (Class T-G, T-H and DC) that reduce the defined benefit formula but add a defined contribution component to the employee benefit. These plans are effective for employees who join PSERS on or after July 1, 2019. Total member contributions between the two plans range from 7.5 percent to 8.25 percent, depending on the class selection. The employer contribution to the defined contribution plan ranges from 2.0 percent to 2.25 percent, with the balance of the contractually required PSERS contribution rate paid to the defined benefit plan. The defined contribution component of a PSERS retirement benefit will be based on the amount of contributions made by the member and the District and the investment performance on those contributions. Contributions have the potential to grow based on investment earnings but are not guaranteed against loss in declining investment markets.

Since pension liabilities are determined based upon the District's proportion of the overall liability measured as of the PSERS valuation date, additional details will be provided by PSERS with the actuarial valuation for June 30, 2021 which will be incorporated in the District's June 30, 2022 financial statements.

### **Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 33.69 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were \$5,482,731 for the year ended June 30, 2021.

### **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2021, the District reported a liability of \$58,299,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1184 percent, which was an increase from its proportion measured as of June 30, 2020 of .0075 percent.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of approximately \$4,668,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion between Governmental and Business-Type Activities	\$ (25,118)	\$ (25,118)
Difference between expected and actual experience	152,000	1,397,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	2,562,000	-
Changes in proportion	937,000	3,095,000
District contributions subsequent to the measurement date	<u>5,482,731</u>	<u>-</u>
Total	<u>\$ 9,108,613</u>	<u>\$ 4,466,882</u>

\$5,482,731 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2022	\$ (1,109,000)
2023	(355,000)
2024	(137,000)
2025	<u>760,000</u>
Total	<u>\$ (841,000)</u>

### Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay.
- Investment return - 7.25 percent, includes inflation at 2.75 percent.
- Salary growth - Effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2015.

## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0 %	5.2 %
Private equity	15.0	7.2
Fixed income	36.0	1.1
Commodities	8.0	1.8
Absolute return	10.0	2.5
Risk parity	8.0	3.3
Infrastructure/MLPs	6.0	5.7
Real estate	10.0	5.5
Cash	6.0	(1.0)
Financing (LIBOR)	(14.0)	(0.7)
	100.0 %	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 72,128,000	\$ 58,299,000	\$ 46,584,000

# Jersey Shore Area School District

Notes to Financial Statements  
June 30, 2021

## Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

## 14. Internal Balances/Interfund Balances and Transfers

At June 30, 2021, various operating funds owed amounts to and were due amounts from other funds. These amounts, which represent short-term borrowings that are expected to be repaid within the next fiscal year, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Food Service Fund	\$ 698,775	\$ 147,526
Food Service Fund:		
General Fund	<u>147,526</u>	<u>698,775</u>
Total	<u>\$ 846,301</u>	<u>\$ 846,301</u>

The following summarizes interfund transfers made during the year ended June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Capital Projects Fund	\$ -	\$ 325,000
Debt Service Fund	4,505	-
Capital Projects Fund:		
General Fund	325,000	-
Debt Service Fund:		
General Fund	<u>-</u>	<u>4,505</u>
Total	<u>\$ 329,505</u>	<u>\$ 329,505</u>

Transfers were made from the General Fund to the Capital Projects Fund for current and future capital projects and to General Fund from Debt Service Fund for debt interest payments.



## Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

### 15. Fund Balance Classifications

The District presents its governmental fund balances by level of constraint in the aggregate on its balance sheet - governmental funds. The individual specific purposes of each constraint are presented below:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Nonspendable for:				
Inventory	\$ 26,205	\$ -	\$ -	\$ 26,205
Prepaid expenses	58,083	-	-	58,083
Total nonspendable	<u>\$ 84,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,288</u>
Restricted for:				
Student activities and scholarships	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446,407</u>	<u>\$ 1,446,407</u>
Committed for:				
Medical reserves	\$ 850,000	\$ -	\$ -	\$ 850,000
PSERS	2,780,000	-	-	2,780,000
Future PlanCon J approvals	380,303	-	-	380,303
Legal matters	96,596	-	-	96,596
Capital Projects	-	822,795	-	822,795
Total committed	<u>\$ 4,106,899</u>	<u>\$ 822,795</u>	<u>\$ -</u>	<u>\$ 4,929,694</u>

### 16. Significant Group Concentrations of Credit Risk

The District's operations are located in Clinton and Lycoming Counties of Pennsylvania. Its service area is located within the geographic bounds of the District. The District assesses taxpayers within its service area based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting its taxpayers.

### 17. Commitments and Contingencies

#### Grant Programs

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures.

#### Environmental

The District maintains heating and fuel storage and sewage treatment facilities. The District is potentially liable for any expenditure associated with compliance to mandated regulations and any disallowance of program expenditures.

#### Litigation

The District from time to time has been named as a defendant in various lawsuits that relate to its day-to-day operations. In the opinion of management and legal counsel, the resolution of these lawsuits will not have a material adverse effect on the District's financial position or results of operations.

# Jersey Shore Area School District

Notes to Financial Statements

June 30, 2021

## Contingency

In January 2020, an outbreak of a new strain of coronavirus disease, COVID-19, was identified. The World Health Organization declared COVID-19 a public health emergency on March 11, 2020. In response, all public schools in the Commonwealth were closed on March 13, 2020 and remained closed through the remainder of the 2019/2020 school year, with District students, staff and faculty transitioned to remote operations. The 2020/2021 school year was held with in-person, hybrid and virtual learning model operations available to its students. To the date, the majority of the 2021/2022 school year has been operating with in-person learning. While this disruption is anticipated to be temporary, the extent of the impact of COVID-19 on District's operational and financial performance will depend on the ongoing pandemic, including the duration and spread of the outbreak and the ongoing impact on students, employees and vendors, all of which are uncertain and cannot be reasonably predicted at the current time. The District's Board of Directors and management are monitoring the outbreak and potential financial impact, which remains uncertain.

## 18. Nonmonetary Transactions

The District receives USDA Donated Commodities in the Food Service Fund (Enterprise Fund), which is a proprietary fund type. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total revenue recognized by the District in connection with this program amounted to \$73,943 for the year ended June 30, 2021.

## 19. Transactions With Other LEA's

The District is a member of B.L.A.S.T. Intermediate Unit 17. Through the membership, the District is able to secure various special services, including special education.

## 20. Pending Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*
- Statement No. 98, *The Annual Comprehensive Financial Report*

District management is in the process of evaluating these standards. When they become effective, application of these standards may restate portions of these financial statements.

**Jersey Shore Area School District**Schedule of the District's Proportionate Share of the PSERS Net Pension Liability  
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.1184%	0.1259%	0.1222%	0.1257%	0.1250%	0.1307%	0.1313%
District's proportionate share of the net pension liability	\$ 58,299,000	\$ 58,899,000	\$ 58,662,000	\$ 62,081,000	\$ 61,946,000	\$ 56,613,000	\$ 51,969,000
District's covered-employee payroll	\$ 16,602,426	\$ 17,362,941	\$ 16,458,273	\$ 16,742,204	\$ 16,182,935	\$ 16,816,298	\$ 16,460,732
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	351.15%	339.22%	356.43%	370.81%	382.79%	336.66%	315.71%
PSERS Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54%	51.84%	50.84%	54.36%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, for the year ended June 30, 2015 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting.

**Jersey Shore Area School District**

## Schedule of the District's Pension Contributions

June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,482,731	\$ 5,807,904	\$ 5,365,429	\$ 5,313,975	\$ 4,725,417	\$ 4,204,075	\$ 3,374,450
Contributions in relation to the contractually required contribution	<u>(5,482,731)</u>	<u>(5,807,904)</u>	<u>(5,365,429)</u>	<u>(5,313,975)</u>	<u>(4,725,417)</u>	<u>(4,204,075)</u>	<u>(3,374,450)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,602,426	\$ 17,362,941	\$ 16,458,273	\$ 16,742,204	\$ 16,182,935	\$ 16,816,298	\$ 16,460,732
Contributions as a percentage of covered-employee payroll	33.02%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, for the year ended June 30, 2015 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting.

**Jersey Shore Area School District**Schedule of the District's Proportionate Share of the PSERS OPEB Liability  
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability	0.1184%	0.1259%	0.1222%	0.1257%	0.1250%
District's proportionate share of the OPEB liability	\$ 2,556,000	\$ 2,678,000	\$ 2,548,000	\$ 2,561,000	\$ 2,692,000
District's covered-employee payroll	\$ 16,602,426	\$ 17,362,941	\$ 16,458,273	\$ 16,742,204	\$ 16,182,935
District's proportionate share of the OPEB liability as a covered-employee payroll	15.40%	15.42%	15.48%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Information for years prior to 2017 is not available for reporting.

**Jersey Shore Area School District**Schedule of the District's PSERS OPEB Contributions  
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 136,140	\$ 145,849	\$ 136,604	\$ 138,960	\$ 134,318
Contributions in relation to the contractually required contribution	<u>(136,140)</u>	<u>(145,849)</u>	<u>(136,604)</u>	<u>(138,960)</u>	<u>(134,318)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,602,426	\$ 17,362,941	\$ 16,458,273	\$ 16,742,204	\$ 16,182,935
Contributions as a percentage of covered-employee payroll	0.82%	0.84%	0.83%	0.83%	0.83%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Information for years prior to 2017 is not available for reporting.

**Jersey Shore Area School District**Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 601,685	\$ 600,252	\$ 647,286	\$ 647,657
Interest cost	367,902	316,952	332,450	251,396
Changes of benefit terms	-	-	(2,626)	-
Differences between expected and actual experience	(1,506,515)	-	368,276	-
Changes in assumptions	1,145,216	(299,788)	(951,844)	24,954
Benefit payments, including refunds of member contributions	<u>(306,650)</u>	<u>(303,843)</u>	<u>(365,204)</u>	<u>(437,761)</u>
Net change in total OPEB liability	301,638	313,573	28,338	486,246
<b>Total OPEB Liability, Beginning</b>	<u>10,513,885</u>	<u>10,200,312</u>	<u>10,171,974</u>	<u>9,685,728</u>
<b>Total OPEB Liability, Ending</b>	<u>10,815,523</u>	<u>10,513,885</u>	<u>10,200,312</u>	<u>10,171,974</u>
<b>Covered-Employee Payroll</b>	<u>\$ 15,994,724</u>	<u>\$ 16,143,911</u>	<u>\$ 16,143,911</u>	<u>\$ 16,486,846</u>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<u>67.62%</u>	<u>65.13%</u>	<u>63.18%</u>	<u>61.70%</u>

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Information for years prior to 2018 is not available for reporting.

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors of  
Jersey Shore Area School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Jersey Shore Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Jersey Shore Area School District's basic financial statements, and have issued our report thereon dated December 3, 2021. Our report indicated that the District implemented GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. Our opinions were not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2020 Baker Tilly US, LLP



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Williamsport, Pennsylvania  
December 3, 2021

**Independent Auditors' Report on Compliance  
for Each Major Federal Program and Report on  
Internal Control Over Compliance Required  
by the Uniform Guidance**

To the Board of Directors of  
Jersey Shore Area School District

**Report on Compliance for Each Major Federal Program**

We have audited Jersey Shore Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Baker Tilly US, LLP*

Williamsport, Pennsylvania  
December 3, 2021

**Jersey Shore Area School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor Program Title	Source Code	FAIN	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue at July 1, 2020	Revenue Recognized	Total Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients June 30, 2021
<b>U.S. Department of Education</b>											
Passed through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	I	84.010	013-210203	7/01/20-9/30/21	\$ 495,780	\$ 495,780	\$ -	\$ 495,780	\$ 495,780	\$ -	\$ -
Improving Teacher Quality State Grants	I	84.367	020-210203	7/01/20-9/30/21	90,525	90,525	-	90,525	90,525	-	-
Student Support and Academic Enrichment Program	I	84.424	144-210203	7/01/20-9/30/21	36,845	31,932	-	28,109	28,109	(3,823)	-
Student Support and Academic Enrichment Program	I	84.424	144-200203	7/01/19-9/30/20	36,824	4,910	4,910	-	-	-	-
Total, Student Support and Academic Enrichment Program						36,842	4,910	28,109	28,109	(3,823)	-
Career and Technical Education - Basic Grants to States (Perkins IV)	I	84.048	380-210065	7/01/20-9/30/21	39,408	32,840	-	38,949	38,949	6,109	-
Twenty-First Century Community Learning Centers	I	84.287	S287C200038	7/1/20-6/30/21	276,972	138,569	-	220,172	220,172	81,603	-
Twenty-First Century Community Learning Centers	I	84.287	S287C180038	7/1/19-6/30/20	276,972	26	26	-	-	-	-
Total, Twenty-First Century Community Learning Centers						138,595	26	220,172	220,172	81,603	-
Continuity of Education Equity Grant - GEER	I	84.425C	253-200203	3/13/20-9/30/22	16,708	2,638	-	-	-	(2,638)	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-20-0203	3/13/20-9/30/22	399,044	399,044	-	325,808	325,808	(73,236)	-
COVID-19 Elementary and Secondary School Emergency Relief Fund - ESSER II	I	84.425D	200-21-0203	3/13/20-9/30/24	1,871,138	174,059	-	463,248	463,248	289,189	-
Passed through the Pennsylvania Commission on Crime and Delinquency:											
COVID-19 School Health and Safety Grant II	I	84.425D	2020-ES-01 35461	3/13/20-9/30/22	65,560	45,875	-	46,097	46,097	222	-
Total, COVID-19 Elementary and Secondary School Emergency Relief Fund						618,978	-	835,153	835,153	216,175	-
Passed through the Pennsylvania Department of Education:											
COVID-19 Governor's Emergency Education Relief Fund - Special Education	I	84.027	252-200203	7/1/20-9/30/22	12,135	4,045	-	1,741	1,741	(2,304)	-
Passed through BLAST IU 17,											
Special Education Cluster (IDEA)											
Special Education - Grants to States (IDEA, Part B)	I	84.027	N/A	7/01/19-6/30/20	419,888	419,888	419,888	-	-	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	N/A	7/01/20-6/30/21	428,263	400,000	-	428,263	428,263	28,263	-
Preschool/Early Intervention Funds (619)	I	84.173	FA 131-200017	7/1/20-6/30/21	7,308	-	-	7,308	7,308	7,308	-
Preschool/Early Intervention Funds (619)	I	84.173	FA 131-190017	7/1/19-6/30/20	6,894	6,894	6,894	-	-	-	-
Passed through Lancaster-Lebanon IU 13,											
Special Education Cluster (IDEA)											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-20-0-033	7/01/19-6/30/20	25,000	25,000	25,000	-	-	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-21-0-033	7/01/20-6/30/21	10,000	-	-	10,000	10,000	10,000	-
Total, Special Education Cluster						851,782	451,782	445,571	445,571	45,571	-
Total U.S. Department of Education						2,272,025	456,718	2,156,000	2,156,000	340,693	-
<b>U.S. Department of Treasury</b>											
Passed through Pennsylvania Commission on Crime and Delinquency:											
COVID-19 School Safety and Security Grant	I	21.019	2020-CS-01 33468	3/1/20-10/30/20	217,950	217,950	-	217,950	217,950	-	-
Passed through the Lycoming County Commissioners:											
COVID-19 School Safety and Security Grant	I	21.019	C000073983	3/1/20-12/30/20	328,600	328,600	-	328,600	328,600	-	-
Passed through Pennsylvania Department of Education:											
COVID CARES ACT 19 - Pre-K Counts Head Start Supplemental	I	21.019	161-190071	3/1/20-11/30/21	10,296	10,296	-	10,296	10,296	-	-
Total U.S. Department of Treasury						556,846	-	556,846	556,846	-	-

See notes to schedule of expenditures of federal awards

**Jersey Shore Area School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

**U.S. Department of Agriculture**

Passed through the Pennsylvania Department of Education,  
Child Nutrition Cluster:

National School Lunch Program	I	10.555	N/A	7/1/19-6/30/20	N/A	\$ 8,561	\$ 8,561	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	I	10.555	N/A	7/1/20-6/30/21	N/A	562,490	-	664,105	664,105	101,615	-
School Breakfast Program	I	10.553	N/A	7/1/19-6/30/20	N/A	5,381	5,381	-	-	-	-
School Breakfast Program	I	10.553	N/A	7/1/20-6/30/21	N/A	154,541	-	186,165	186,165	31,624	-

Passed through the Pennsylvania Department of Agriculture,  
Child Nutrition Cluster,

Value of USDA donated Commodities	I	10.555	N/A	7/1/20-6/30/21	N/A	<u>69,076</u> (A)	<u>(22,438)</u> (B)	<u>73,943</u>	<u>73,943</u> (C)	<u>(17,571)</u> (D)	-
-----------------------------------	---	--------	-----	----------------	-----	-------------------	---------------------	---------------	-------------------	---------------------	---

Total Child Nutrition Cluster/Total US  
Department of Agriculture

<u>800,049</u>	<u>(8,496)</u>	<u>924,213</u>	<u>924,213</u>	<u>115,668</u>	-
----------------	----------------	----------------	----------------	----------------	---

Total Expenditures of Federal Awards

<u>\$ 3,628,920</u>	<u>\$ 448,222</u>	<u>\$ 3,637,059</u>	<u>\$ 3,637,059</u>	<u>\$ 456,361</u>	<u>\$ -</u>
---------------------	-------------------	---------------------	---------------------	-------------------	-------------

Source Codes D = Direct Funding  
I = Indirect Funding

Legends (A) Total Amount of Commodities Received from Department of Agriculture  
(B) Beginning Inventory at July 1  
(C) Total Amount of Commodities Used  
(D) Ending Inventory at June 30

See notes to schedule of expenditures of federal awards

# Jersey Shore Area School District

---

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Jersey Shore Area School District (the District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or modified accrual basis of accounting, as described below. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs, primarily those involving governmental activities (i.e., General Fund), are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs, including those involving business-type activities (i.e., Food Service Fund), are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

## 3. Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# Jersey Shore Area School District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

---

## Section I - Summary of Auditors' Results

### Financial Statements

Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

### Federal Awards

Internal control over major federal program:

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        X   no

Identification of major federal programs:

<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Education Stabilization Fund
10.553/10.555	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u>  X  </u> yes      _____ no

## **Jersey Shore Area School District**

---

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

### **Section II - Findings - Financial Statement Findings**

None.

### **Section III - Federal Award Findings and Questioned Costs**

None.

### **Section IV - Summary Schedule of Prior Audit Findings**

There were no findings or questioned costs noted in the June 30, 2020 Single Audit.