
Jersey Shore Area School District

A Presentation of 2022 Audit Results to the Board of Directors



LEARNING | GROWING | SUCCEEDING



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Executive Summary...

- Unmodified (i.e., “clean”) opinion on the financial statements...
- Unmodified opinion on compliance as related to the District’s “major” federal award program;
- No “findings” related to federal program
- General Fund fund balance increased \$633K

Auditor Opinions

- We give two “opinions” in the audit...
- Page 1, 2nd paragraph – “unmodified” opinions on the financial statements (i.e., the various opinion units)...
- Page 64, 2nd paragraph - an “unmodified” opinion on District compliance with requirements applicable to your major federal award program (“Education Stabilization Fund”)

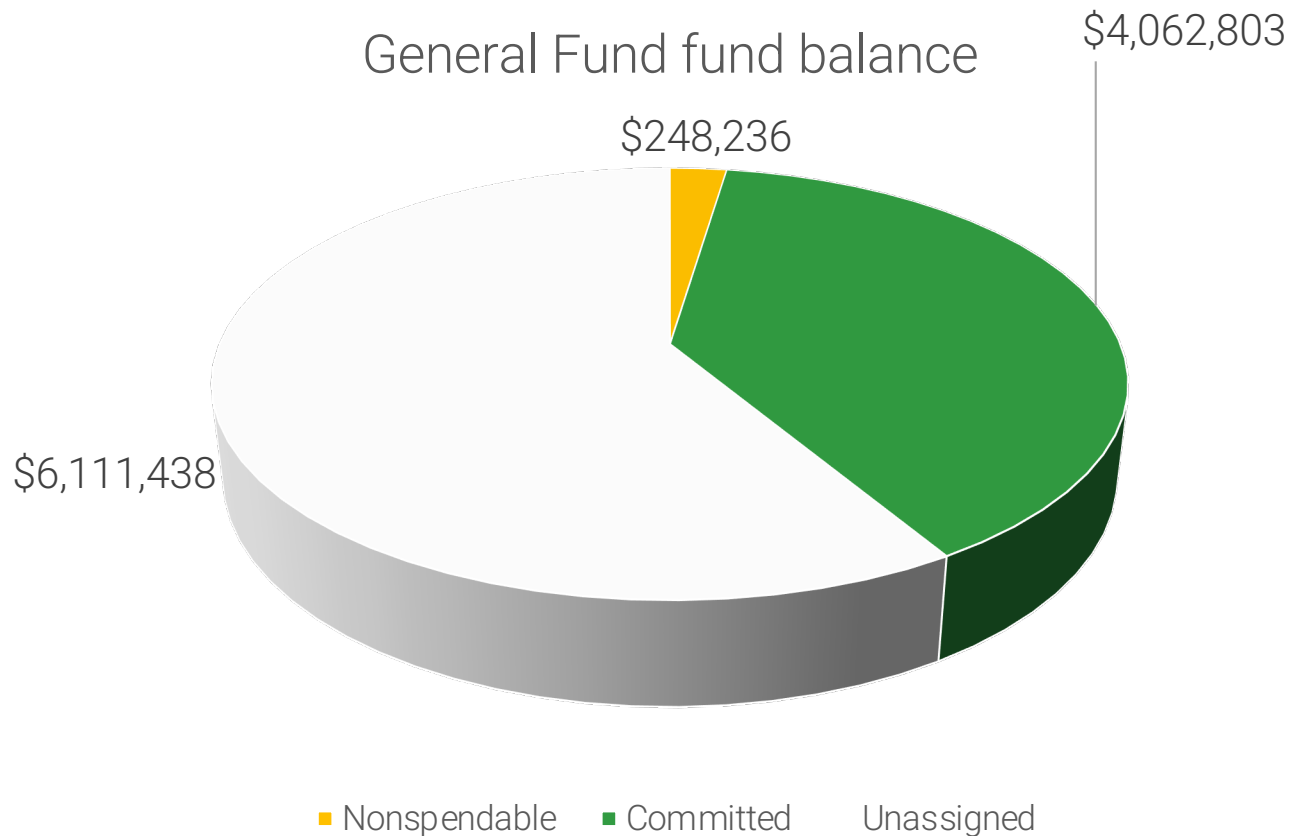
Financial Statement Analysis



Analysis - General Fund Balance

- See page 19 of GPFS
- At June 30, 2022, the total fund balance in the General Fund was \$10,422,477
 - This represents ~ 23.8% of the \$43.8M General Fund budgeted expenditures for FYE 6.30.22, which is sound, and slightly above recommended (GFOA) guidelines.
 - GFOA recommends two months' worth of operating expenditures (2 months of operating expenditures = \$7.3 million or ~ 16.7%)
- \$4,062,803 of the \$10,422,477 is "committed", primarily for future PSERS and health care increases

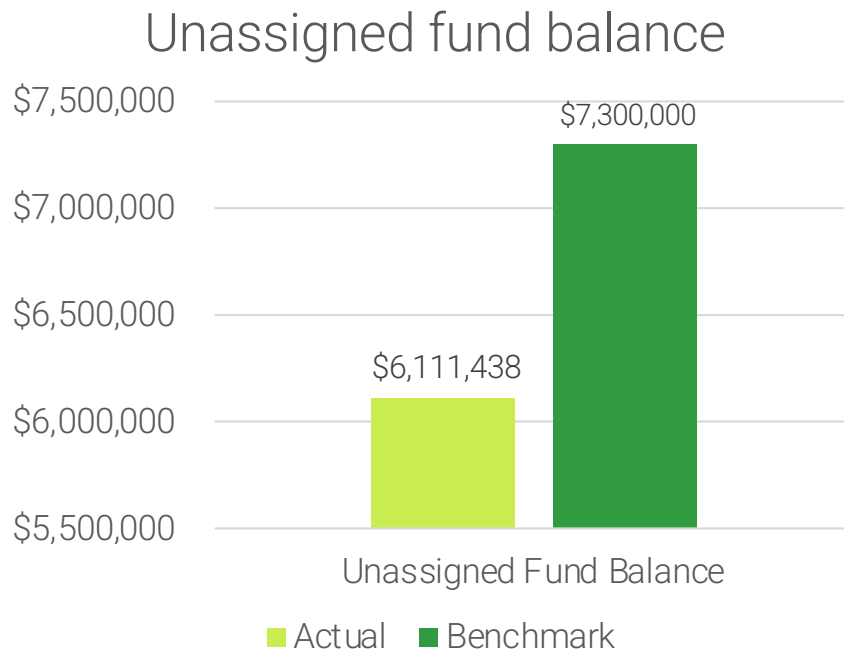
General Fund fund balance composition



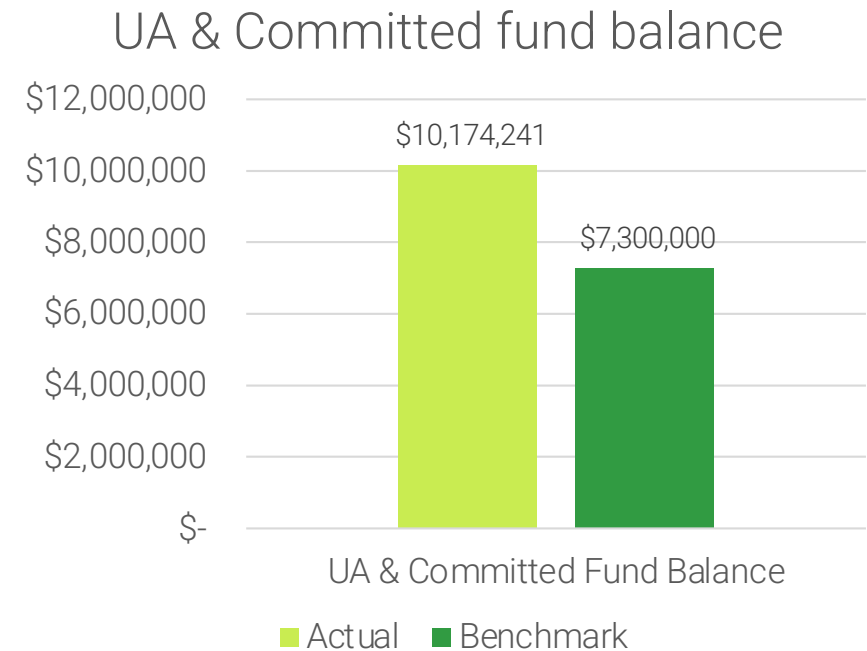
Total JSASD General Fund fund balance was \$10,422,477 at 6.30.22

Analysis – General Fund fund balance

Unassigned General Fund fund Balance vs. 2 month operating expense benchmark



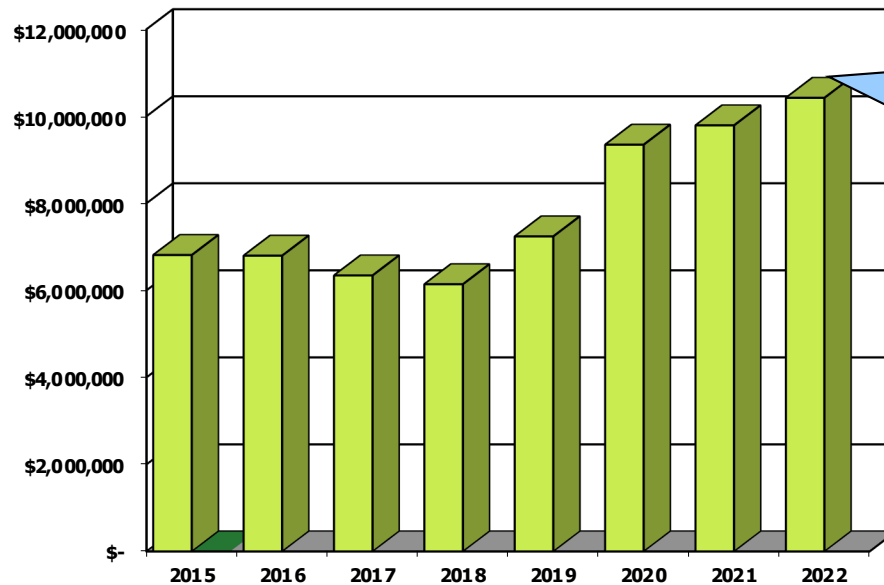
Unassigned and Committed Fund Balance vs. 2 month operating expense benchmark





General Fund fund balance

Total Fund Balance



At 6.30.22, the District is slightly above GFOA guidelines (23.8% vs 16.7%)

$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}$$

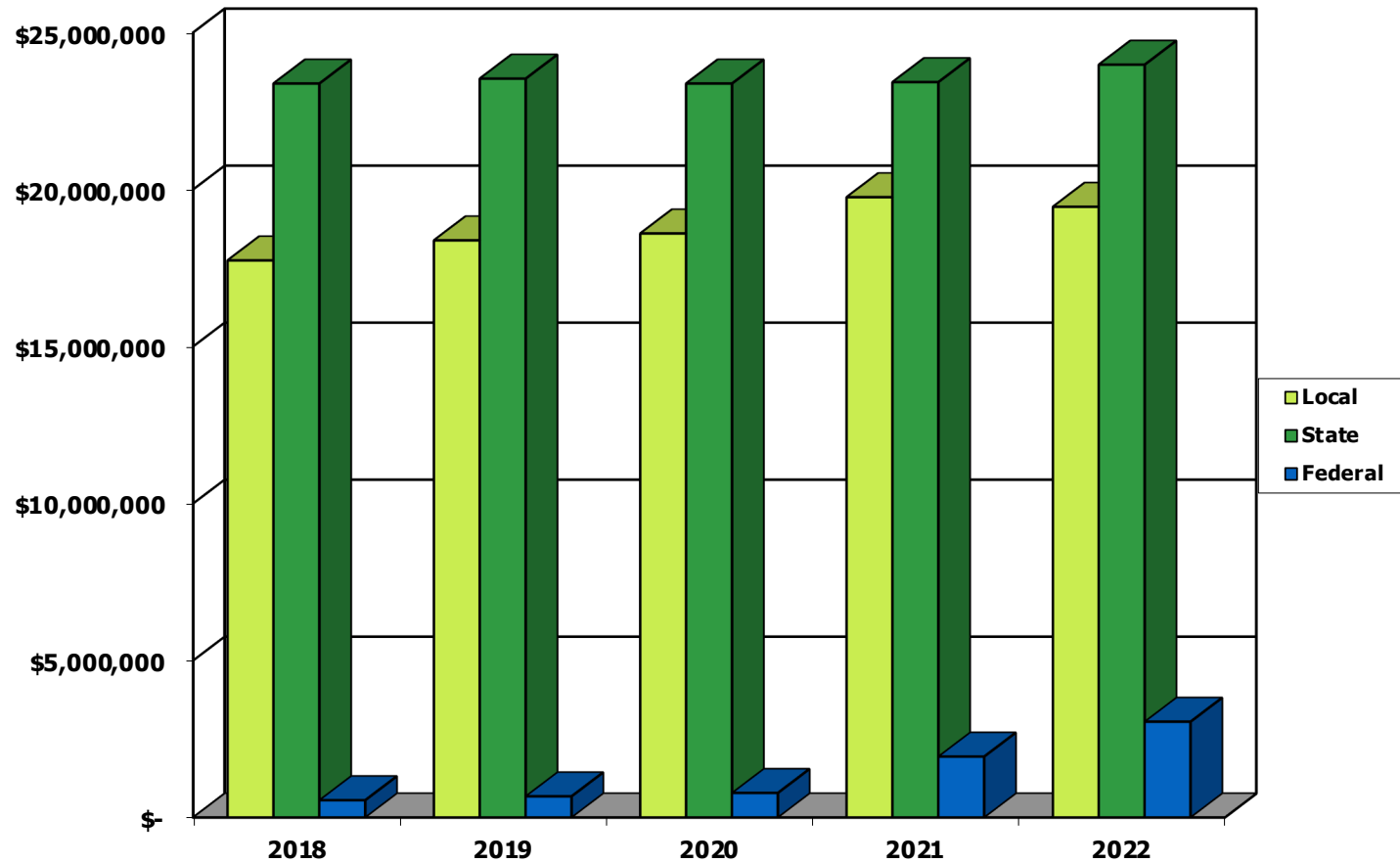
Implementation of GASB Statement No. 87 *Leases*

- District adopted GASB Statement No. 87, *Leases*, for FY22
- The standard establishes a single model for lease accounting.
- The adoption of this statement resulted in certain arrangements previously classified as capital leases being classified as financed purchase agreements payable

Historical Information, 2018-2022



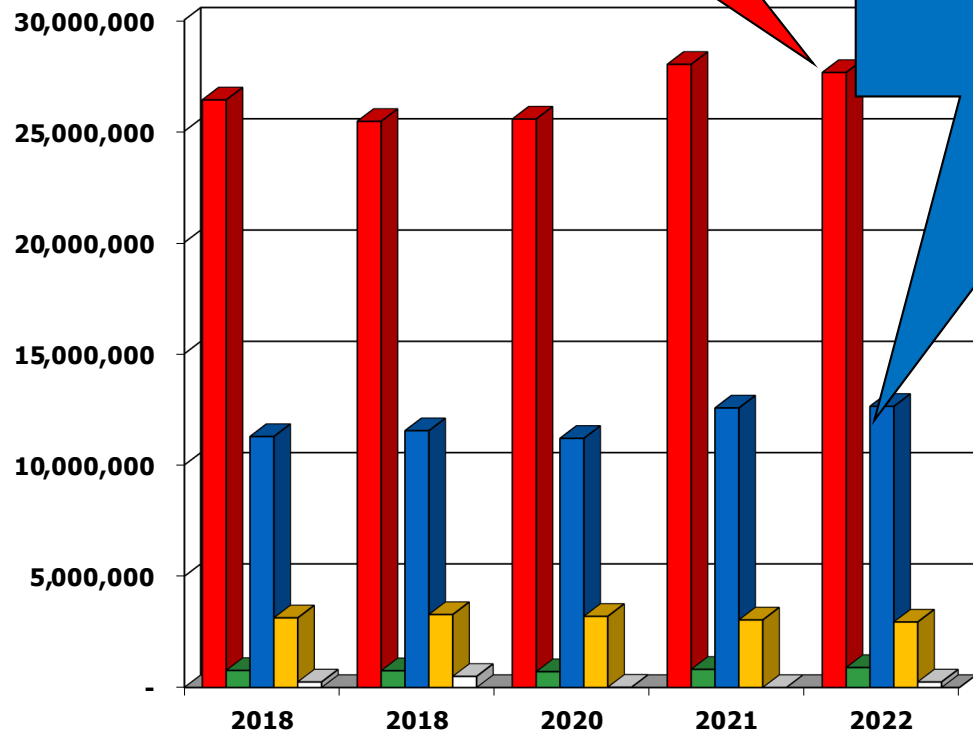
General Fund Revenues By Source



General Fund Expenditures By Type

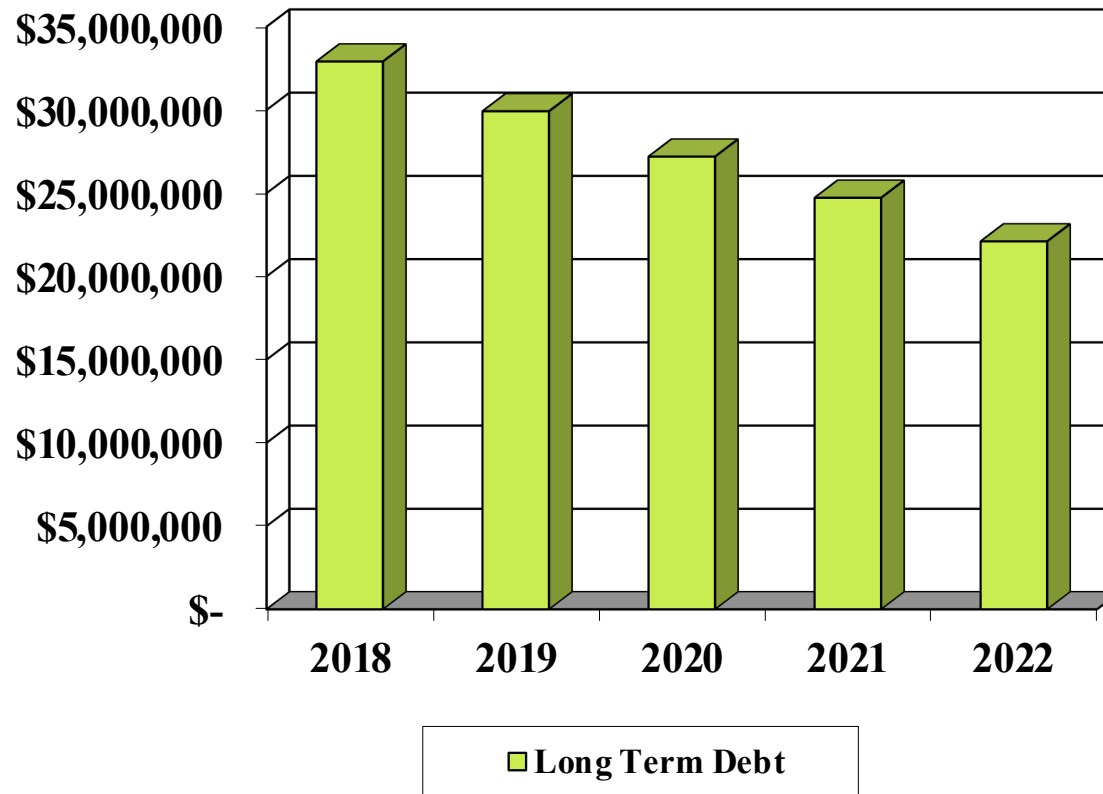
“Instruction” includes regular, special, vocational, adult and other instructional programs (teacher salaries, benefits, supplies, etc.)

“Support Services” include pupil personnel, instructional staff, administration, business office, O&M of plant, transportation, etc.





Long-term Debt





Uniform Guidance Compliance

- Schedule of Expenditures of Federal Awards appears on pages 67 & 68 of the Single Audit.
- In total, the District expended \$5,198,532 in federal financial assistance during fiscal 2022.
- Consistent with 2021, we did not identify any findings related to the District's major federal program.
- For FY22 the federal program subject to "major programs" compliance testing was the Education Stabilization Fund

On the Horizon...

- The District will be required to adopt GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. The primary objective of this Statement is to enhance the usefulness of governments' financial statements by requiring recognition of certain right-to-use subscription asset as an intangible asset and a corresponding subscription liability. This will require an analysis of all existing contracts that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.



Summary...

- District's General Fund fund balance is sound and slightly above the GFOA recommended guidelines.
- Internal controls are in place and no "material weaknesses" were noted.
- Business Office is very solid and does a very good job with bookkeeping.



Thank you

Any questions???

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Appendix A

Required Communications

Pursuant to Clarified Audit Standards
Codification Section 260 (AU-C 260)



Jersey Shore Area School District Required Communications (AU-C 260)

Our responsibility under generally accepted auditing standards:

- To express an opinion on the financial statements, based on our audit;
- Audit procedures were designed to gain *reasonable*, but not *absolute* assurance;
- Our review of internal control is limited to gaining a basic understanding of internal control in order to design an effective audit approach – not for the purpose of providing assurance on internal control.
 - No materials weaknesses noted in ICFR

Jersey Shore Area School District Required Communications (AU-C 260)

Accounting Estimates

- Are an integral part of the financial statements prepared by management – actual results may differ significantly from management’s current judgments. The more significant estimates are as follows:
 - Taxes Receivable within the General Fund, and the related allowance for doubtful collections;
 - Other postemployment benefits (OPEB) liability;
 - Net pension liability;
 - Liability for compensated absences, and;
 - Estimated useful lives of property and equipment.

Jersey Shore Area School District Required Communications (AU-C 260)

Audit Adjustments

- We are required to report to you the more significant audit adjustments posted in connection with our audit.
- We proposed a small number of adjusting journal entries, none of which had a significant impact on your external financial reporting process.

Jersey Shore Area School District Required Communications (AU-C 260)

There is nothing to report with regard to the following:

- Disagreements with management;
- Consultation of management with other accountants;
- Major issues discussed prior to our retention, and;
- Difficulties encountered in performing the audit.

What Type of Audit Was Done?

- A special type of financial statement audit was conducted known as a “Single Audit”
- Federal law requires a Single Audit in situations where a government expends > \$750,000 in federal financial assistance in any given year
- A Single Audit involves both *financial statement* and *compliance* auditing



Trending challenges and
opportunities
for organizations

TRENDING CHALLENGES AND OPPORTUNITIES

Information technology and cybersecurity

Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

[Learn more](#) about information technology and cybersecurity, including [System & Organization Controls reporting](#).

TRENDING CHALLENGES AND OPPORTUNITIES

Employee health, safety and retention

Challenge

Many employers have had to restructure their workforces in light of the pandemic and mandatory stay-at-home orders. What happens when the orders are lifted, business resumes and employees return to work?

Many factors will need to be considered as organizations focus on workforce planning.

Recommendation

Learn more about [workforce planning, employment law considerations, training/re-skilling and outsourcing arrangements](#) that can support your overall workforce strategy through recovery.





TRENDING CHALLENGES AND OPPORTUNITIES

Compliance with federal awards

Challenge

The COVID-19 crisis has had a significant effect on the nation, including recipients of federal awards resulting from various congressional acts. Federal funding adds an increased level of scrutiny and brings new challenges around compliance, reporting and administration.

Finance and spending departments are operating in unprecedented times as they manage and administer these funds while also remaining economically viable, maintaining operations and adapting to the “new normal.”

Recommendation

Learn more about [compliance for federal funds](#) obtained for pandemic response efforts.

