



EAST ROCKAWAY UNION FREE SCHOOL DISTRICT

PRELIMINARY AUDIT COMMITTEE MEETING

JUNE 14, 2022

David M. Tellier, CPA, Partner

Craig Hauser, CPA, Manager

© Nawrocki Smith LLP

This report is intended solely for the informational use of the Audit Committee and Management of the East Rockaway Union Free School District



Scope Of Services

- **Audit of the financial statements for the year ended June 30, 2022 in accordance with U.S. generally accepted auditing standards and Government Auditing Standards**
- **“Single audit” of the District’s major federal programs for the fiscal year ended June 30, 2022 in accordance with the OMB Uniform Guidance**
- **Audit of the District’s Extraclassroom Activity Funds, in accordance with U.S. generally accepted auditing standards, prepared on the cash basis of accounting**
- **Issuance of a management letter, presenting our findings and recommendations on improving accounting procedures and internal controls**
- **Presentation of our audit plan and the results of the fiscal 2022 financial statement audit to the Audit Committee and Board of Education**



Setting a course for excellence

**EAST ROCKAWAY
SCHOOL DISTRICT**



GASB 87 - Leases

- **Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, to improve the relevance and consistency of financial reporting of government leasing activities**
- **GASB 87 is effective for the June 30, 2022 fiscal year end**
- **GASB 87 does not distinguish operating vs. capital leases. All applicable leases will now be considered financing leases and will be recognized on the Statement of Net Position (District-wide financial statements)**
- **The District should recognize a lease liability and a lease asset at the commencement of the lease term. The lease liability should be measured at the present value of payments expected to be made during the lease term. The lease asset should be measured at the amount of the initial measurement of the lease liability**
- **The notes to the financial statements will be expanded to include a description of the leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made, five-year payout principal and interest requirements to maturity, and additional required disclosures. Additionally, there may be a restatement to net position in the first year of implementation because GASB 87 should be applied retroactively to the beginning balance of the earliest period presented.**
- **The District should identify a complete listing of lease arrangements**



Setting a course for excellence
EAST ROCKAWAY
SCHOOL DISTRICT



Audit Plan

Planning

- Develop audit plan and programs
- Identify significant risk areas (fund balance, federal funds and revenue recognition)
- Develop timetable for audit fieldwork
- Planning meeting with Audit Committee

Final Audit Procedures

- Final assessment of risk
- Perform audit procedures on year-end balances
- Conduct download of accounting system for review
- Perform additional testing of “high risk” areas
- Perform detailed subsequent events review
- Complete audit programs and checklists for all significant audit areas

Preliminary Procedures

- Update our understanding of internal controls
- Perform transactional testing
- Perform preliminary substantive testing
- Perform preliminary single audit compliance testing
- Preliminary assessment of risk
- Obtain and commence reading the minutes of the BOE

Final Reporting

- Draft financial statements and management letter
- Obtain management representations
- Presentation to Audit Committee and BOE
- Finalize and submit all reports by requisite due dates



2022 Proposed Critical Date Schedule

Planning

- 5/1-6/14 Develop preliminary risk assessment, develop audit timetable and discuss with District current events
- 6/14 Pre-audit meeting with Audit Committee

Preliminary Procedures

- 6/8 Remote preliminary audit procedures were performed
- 7/1-8/8 Year-end closing is conducted by the District

Final Audit Procedures

- 8/8 On-site audit fieldwork commences
- 8/19 Completion of audit fieldwork

Final Reporting

- 9/12 Draft of financial statements provided to District for review
- 9/19 Updated draft of financial statements provided to Audit Committee for review
- ? Final meeting with Audit Committee
- By 10/15 Submission of financial statements to New York State



Setting a course for excellence

**EAST ROCKAWAY
SCHOOL DISTRICT**



Preliminary Audit Procedures To Be Performed

- Update our understanding of key controls over the three transaction classes
- Payroll testing
- Purchasing testing
- Revenue testing
- Update preliminary risk assessment
- Capital expenditure testing
- Single Audit compliance testing
- Journal entry testing
- Budget transfer testing
- Repairs and maintenance, and equipment testing
- Employee reimbursement testing
- Legal expense testing
- Obtain and read all reports issued by internal auditors, claims auditors and any other external party
- Review minutes of the Board of Education
- Extraclassroom Activity Funds



Setting a course for excellence
EAST ROCKAWAY
SCHOOL DISTRICT



Representative Final Audit Procedures

Assets

- Cash - Confirm year-end balances, test bank reconciliations and test interbank transfers
- Receivables - Confirm year-end balances and test subsequent cash receipts
- Property & Equipment - Vouch and physically observe current year additions and perform reasonableness of depreciation

Liabilities and Fund Balance

- Accounts Payable & Accrued Expenses - Vouch items to invoices and test payroll, TRS, ERS and compensated absences
- Debt - Vouch current year activity and obtain documents on any new issuances
- Fund Balance - Vouch open purchase order listing and verify current year reserve activity

Revenues

- Confirm property tax revenue
- Confirm annual grant amounts with NYS Education Department
- Apply analytical procedures to major categories
- Address unusual items identified through computer “data mining” application

Expenditures

- Apply analytical procedures to major categories
- Vouch select accounts
- Address unusual items identified through computer “data mining” application



Setting a course for excellence

**EAST ROCKAWAY
SCHOOL DISTRICT**

Contact Information



David M. Tellier, CPA/CFF/CITP, CGFM
External Audit Engagement Partner



Phone

P : 631.756.9500 x 215

C : 631.514.5896



Email

dmt@ns.cpa



Craig Hauser, CPA
Audit Manager



Phone

P : 631.756.9500 x 231

C: 516.404.0897



Email

chauser@ns.cpa



Setting a course for excellence

**EAST ROCKAWAY
SCHOOL DISTRICT**

