

**EAST GREENBUSH CENTRAL SCHOOL DISTRICT  
FINANCE AND AUDIT COMMITTEE MEETING  
MONDAY, NOVEMBER 6, 2023 6:30 PM**

1. **Call to Order** - 6:33 p.m.

2. **Attendance:**

Present: Mr. Marc Iorio, Ms. Jennifer Mulligan, Ms. Mary Ridzi

Absent: Mr. Thomas Chesser, Ms. Tracy Needham, Ms. Michele Skumurski,  
Ms. Emily Steinbach

Guests: Ms. Kylene Fitsik, Bonadio Group, Mr. Michael Wolfe, Internal Auditor

3. **Independent Audit Draft**

Ms. Kylene Fitsik, from the Bonadio Group, presented the draft financial statements for the fiscal year ended June 30, 2023. The packet included:

1. Financial Statement and Required Reports Under Uniform Guidance Together with Independent Auditor's Report
2. Extraclassroom Activity Funds Statement Together with Independent Auditor's Report
3. Required Communications Letter
4. Internal Controls Management Letter - Extraclassroom Activity Funds

Ms. Fitsik shared the required communications letter, commenting that the district did not adopt any new significant accounting policies, there were no transactions for which there was a lack of authoritative guidance or consensus, all significant transactions have been recognized in the proper period. Also, the financial statements include sensitive accounting estimates for capital asset depreciation, post-employment benefits liability, compensated absences, and the net pension liability and related deferred inflows and outflows. The auditor's role is to evaluate the estimates to determine they are reasonable in relation to the financial statements as a whole. There were no difficulties in performing the audit, and no disagreements with management. The District engaged Bonadio to perform accounting services to record transactions related to GASB 87, which were the only material audit adjustments recorded.

Ms. Fitsik gave an overview of the contents of the financial statements. She explained that the opinion is unmodified (clean), which is the highest opinion that may be received in a financial statement audit. There were no identified material weaknesses or significant deficiencies in internal controls over the school district financial reporting and there were no compliance findings to report related to the federal awards. The financial statements are 69 pages long and it was recommended that Committee members review

the details of the Management Discussion & Analysis for a high level understanding of the financial report. She reviewed the district's financial position in the government-wide financial statements on pages 14-15, noting that the \$126.1 million deficit is due to the other post employment and net pension liabilities, which approximate \$227 million. In the governmental fund level financial statements on pages 16-20, at June 30, 2023, the district's general fund fund balance was \$29.4 million with \$17.8 million in restricted fund balance related to various reserves. Unassigned fund balance is \$4.3 million dollars which is 3.99% of the subsequent year's budgeted expenditures. Page 58 of the report contains the details of the tax law limit 4% calculation.

The auditor commented on the \$19.8 million capital fund deficit, which is attributed to the short-term financing of capital projects that have not been converted to bonds. Ms. Mulligan commented that Phase 4 of the 2017 project is expected to be completed in the summer of 2024 and that permanent financing is expected to occur during the 2024-25 fiscal year. Details on the non-major funds are contained on pages 55-56 of the report.

Ms. Fitsik indicated that the notes to the financial statements are on pages 21-48 for the committee's review. Next, on page 50 is the budget versus actual schedule. She noted that the District's financial results were favorable compared to the budget. Actual revenues of \$98.2 million exceeded budgeted revenues of \$97.6 million by \$623 thousand, excluding interfund transfers on page 51. Actual expenditures of \$96.1 million was less than budgeted expenditures of \$103.5 million by \$7.1 million.

Ms. Fitsik also reviewed the other supplementary information contained on pages 52-60 related to the state retirement systems, capital projects and capital assets.

The auditor reviewed the results of the audit of federal awards under the uniform guidance. She reiterated that there were no findings, questioned costs, material weaknesses or significant deficiencies identified. Total expenditures of federal awards were \$4.6 million. The major program tested was the COVID-19 Education Stabilization Funds totaling \$2.3 million.

Ms. Fitsik next reviewed the extraclassroom activity fund financial statements. The auditor's opinion is unmodified. The total fund balance of the district's clubs is \$208 thousand. Total receipts were \$436 thousand and total disbursements were \$419 thousand. An internal controls management letter was issued related to findings in the testing of the extraclassroom activity funds cash disbursements that are opportunities for improvements. Out of the 25 cash disbursements tested, there were three checks that were missing an authorized signature, one payment order form was missing the authorized signature of the Faculty Advisor and one disbursement did not have sufficient supporting documentation. The recommendation is that proper documentation is to be maintained for each transaction and that the proper authorized signatures are obtained on the disbursing order forms and checks in accordance with the district's policy. Ms. Ridzi commented on the following corrective action that has already been put in place:

- On a monthly basis, the faculty claims auditor is reviewing all cleared checks to verify that checks have two signatures. All checks require two signatures, the extraclassroom treasurer and a principal/assistant principal's signature. All checks were signed by the extraclassroom activity treasurer. The checks were missing the principal's signature.
- Policies and procedures that specify proper authorization and supporting documentation on payment orders were reviewed with the Faculty Advisors and Principals. The specific instances noted were discussed with respective advisors.

Ms. Fitsik was thanked for the audit work this year. Appreciation was expressed on how the audit process was expedited by the district and the auditor despite the staffing transitions and turnover challenges that the district experienced since the end of the fiscal year.

**4. Adjournment - 7:03 p.m.**