

**EAST GREENBUSH CENTRAL SCHOOL DISTRICT  
FINANCE AND AUDIT COMMITTEE MEETING  
Monday, November 10, 2025 - 6:30 p.m. - Minutes  
Central Administration Boardroom**

**Attendees:**

- Jennifer Mulligan, Director of Business & Finance
- Mary Ridzi, District Treasurer
- Dr. Kurtis Kotes, Superintendent
- Ms. Kimberly Turner, Board President
- Mr. Rob Panasci, Board Member (via phone)

**Not Present:**

- Mr. Marc Iorio
- Mr. Robert Shane
- Ms. Emily Steinbach
- Mr. Jesse Temple

**The meeting was called to order at 6:35p.m.**

**1. Review of draft independent audit of June 30, 2025 - Heather Lewis, MMB**

Documents:

[Draft Financial Statement Audit Report](#)  
[Required Communication with those charged with governance](#)  
[Draft Corrective Action Plan - Financial Statements](#)  
[Draft Single Audit Report](#)  
[Draft Corrective Action Plan - Single Audit](#)  
[Draft Extra Classroom Audit Report \(ECAF\)](#)  
[Draft Extra Classroom Management Letter](#)  
[Draft Corrective Action Plan - ECAF](#)

The district's annual audit, based on draft financial statements, is nearing finalization and is set to be issued on Wednesday. Key outcomes and findings include:

Annual Audit Opinion and Financial Standing

- Clean Opinion: The audit provided a "clean opinion" on the district's financial statements as of June 30, 2025, confirming they are fairly stated in all material respects according to generally accepted accounting principles.

- Net Position Deficit: The financial statements show a total net position deficit of \$105 million. This deficit is primarily due to the cumulative liability for Other Post-Employment Benefits (OPEB), which is \$185 million, and participation in retirement systems. This is clarified as "very common" and "not alarming" because the district cannot legally set aside funds for this large liability.
- Post-Employment Benefit Obligation: The OPEB liability decreased this year from \$214 million to \$185 million due to a change in the actuary's discount rate assumption from 3.9% to 5.2%.
- Retirement Systems: The district's participation resulted in a net pension liability of \$5.8 million for ERS and a net pension asset of \$6.2 million for TRS.

#### General Fund Performance and Compliance

- Fund Performance: General fund expenditures exceeded revenues by \$2.4 million, which was anticipated due to the appropriation of fund balance and transfers to the capital projects fund.
- Fund Balance Non-Compliance: A material non-compliance finding was issued because the unassigned fund balance in the general fund exceeded the Section 1318 property tax law limit (4% of next year's budget) by 1%, totaling \$1.1 million over the limit.
- Budget Comparison: General fund revenue was 2.6% over budget, and expenditures were 4% under budget. These variances were very reasonable.
- Internal Controls: The audit did not identify any deficiencies in internal control that were considered material weaknesses. Significant risks noted include management override of controls and financial reporting bias.

#### Specific Audit

- Single Audit Delay: The single audit report, required because the district exceeded the federal award expenditure threshold, must be reported separately this year because the federal OMB compliance supplement has not yet been finalized.
- Federal Procurement Finding: A significant deficiency was identified in the special education cluster, requiring the district to verify that vendors paid with federal dollars are not suspended or barred from federal programs. Management addressed this by checking past vendors and implementing a new procedure with a checklist attached to purchase orders. This is not uncommon in districts.

- **Extra Classroom Activity Fund Audit:** This audit resulted in a qualified opinion due to limited inherent controls over cash receipts before deposit, a common issue preventing auditors from verifying all funds were deposited.
  - Findings included untimely deposits in three cash receipts tested, one disbursement missing the central treasurer's signature, and one club failing to provide ledgers. The number of instances noted were very low in comparison to other districts.
  - Corrective action will focus on annual training for club advisors and student treasurers, monthly audits by the faculty auditor, and updating the Google Drive with valuable tools and templates.

## 2. Upcoming financing for Capital Projects

Document: [December 2025 Financing](#)

- a. **Debt Financing Plans (2017 Project)** The district is moving to permanent financing for the 2017 capital project, as the limit for renewing short-term bond anticipation notes (BANs) has been reached. Outstanding debt of \$13.4 million, after a budgeted principal payment, will be converted into serial bonds and financed over a 9-year period.
- b. **Debt Financing Plans (2024 Project)** For the 2024 capital project, the district initially funded \$2 million from the capital reserve and issued a BAN last May. The plan now includes issuing new BAN proceeds of \$19 million to cover phases 1A, 1B, and the start of phase 2, bringing total project funding to \$31.1 million.
- c. **Upcoming Debt Issuance Details** The total BAN issuance for the 2024 project will be \$26.2 million, factoring in a planned principal payment on the prior BAN issue. The combined total debt issuance in December, including the new BAN and serial bonds for the 2017 project, will be \$39.7 million. The closing for these issuances is scheduled for December 10th, and the board president, Kim Turner, will need to sign the closing paperwork.
- d. **Debt Instrument Clarification** Jennifer Mulligan clarified that bond anticipation notes (BANs) and serial bonds are separate debt issuances, although they will be happening at the same time. A BAN is in anticipation of issuing bonds later on and is short-term, renewing annually during the construction of the project.

### 3. Investment update

Document: [Investment Update](#)

- a. **Investment Program Update** The district's investment program, started in January 2024, has earned about \$466,000 year-to-date for 2025-2026 across the general fund, reserves, and debt service fund. The investment strategy included utilizing CDARS (certificate deposits - deposit placement program) to fully secure investments through FDIC insurance across multiple banks.
- b. **Investment Strategy and Interest Rate Trends** Jennifer Mulligan discussed the strategy to invest a portion of funds later to account for a predicted drop in interest rates below 3.65%, noting that market expectations for the Fed fund rates support this decision. It was explained that based on the market trends, which indicate rates are coming down, interest earnings for the 24-25 fiscal year are expected to be higher than those earned in 25-26. The decision was made to invest funds for a longer term rather than a shorter term.
- c. **Allocation of Interest Earnings** Jennifer Mulligan clarified that interest earnings are categorized into three main buckets: restricted earnings assigned to reserves based on a weighted average of their balances, unrestricted general fund earnings, and debt service earnings. The reserve earnings are proportional to the total reserve balance, meaning the EBL reserve for compensated absences, being the largest, earns the largest share. The debt service earnings, which come from capital project fund proceeds, must be used in relation to debt to help pay back some debt service payments, though they do not increase the authorized spending on the capital project.
- d. **Impact of Interest Rate Changes on Bonds** A committee member inquired whether the general trend of falling interest rates also affects serial bonds, specifically asking if it results in less interest being paid on the debt. Jennifer Mulligan confirmed that if interest earning rates generally decline, borrowing rates may also decrease, but the comparison is not always "apples to apples" due to complex factors like the entity's bond rating.

### 4. The meeting adjourned at 7:30p.m.