

Onteora Central School District Audit Committee--Agenda

September 10, 2020

Committee Members: Robert Curran, Drew Boggess, Kevin Salem, Wendy Wolfenson

Invited Guests: Victoria McLaren, Superintendent
Monica LaClair, Assistant Superintendent for Business
Debra D'Aprile, District Treasurer
Michael Rossi, External Auditor

- 1) Call to Order
 - a. Meeting was called to order at 9:40
- 2) Attendance
 - a. All were present
- 3) Approval of Minutes – December 9, 2019
 - a. Wendy Wolfenson first, Robert Curran second.
 - b. It was brought up that the December minutes were approved at our May 2020 remote Audit Committee meeting. Monica LaClair will send the minutes out for that meeting for approval at the next meeting.
 - c. All in favor
- 4) Review of Draft External Audit Report – Mike Rossi
 - a. Mike Rossi started by explaining that 30 out of the 70+ pages of the financial report have nothing to do with the day to day operations of the school district. They represent information that is required to comply with the full accrual rules of federal GASB (government accounting standards board) but are not permitted by New York state rules in order to make financial information comparable to financial information of other entities nationwide.

Mike went on to say that their firm is giving Onteora a clean opinion, which is the highest opinion they can give. He showed that on the accrual basis of accounting that the District's net position decreased by 10% to (110,738,488) but that almost all of that is attributable to the District's OPEB (other post-employment benefits) liability of \$233,319,688. The increase in the liability was driven mostly by the decrease of the discount rate used, from 3.51% to 2.21%.

Bob Curran questioned the large decrease in Net position (\$10,022,636) shown in figure A3 on page 7. Mike explained that this was due to the accrual basis of accounting and not the actual day-to-day functioning of the school. Mike will be sending the committee the detail on the individual numbers that make up the (\$10,022,636).

Discussion ensued as to the savings the District was able to garner due to the pandemic and the closing of the buildings for 3 months. Monica LaClair explained that there was savings in not paying stipends or substitutes or for extra duties however, there was an increase in cost for PPE (personal protective equipment) and overtime for building and grounds staff. Kevin Salem asked that Monica analyze this information and summarize it for the Board of Education for the next meeting.

Mike Rossi continued with pages 15 and 17, which he called the most important pages of the financial statements in that they truly shows how the District is run. Page 15 shows that the District has assets that beat liabilities by \$16 million. That \$16 million is then set aside in reserves and fund balance, including the 4% the District is allowed to hold in unappropriated fund balance. Page 17 summarizes the day to day activities for the school district for the year ended June 30, 2020. All in all the District is in phenomenal shape and since it is so heavily reliant on taxes the state aid cuts, while it has the potential of harming the District, won't hurt as much as it will in other Districts. Page 50 than discusses subsequent events and the potential for 20% loss of state aid due to the pandemic.

Mike Rossi then went on to explain that since the District has more than \$750,000 in grants, that a single audit must be completed. This year the Special Education IDEA grants were chosen and again the District was given an opinion of unmodified, the highest they can give.

The Extraclassroom (ECA) was also audited as part of their charge. In this case, a modified opinion was given because they cannot audit from the point of any actual fundraisers, they only audit from the time the money is brought into the District. There were no findings, just a comment that the GSA club had no activity in the 19-20 school year, and as such, if it is not going to continue as an ECA, the money should be donated to another club if possible.

The only current finding had to do with the MOE (Maintenance of Effort) calculator that is done each year by the Business Office to confirm that the District is spending its fair share on special education students. The special education summer school program had a budget show up in the MOE that could not be tied out to the financial software as it was not budgeted for in the financial software. Monica LaClair has already remedied this for the next school year.

Recommended Motion: The OCSD Audit Committee approves the draft Audited Financial Statements and Supplemental Schedules for the year ended June 30, 2020 for the Onteora Central School District and recommends that the Board of Education accept them.

- a. Bob Curran first, Drew Boggess second. All in favor.

- 5) Internal Audit Corrective Action Plan Review and Approval
 - a. Wendy Wolfenson first, Bob Curran second
 - b. Monica LaClair reviewed the corrective action plan that will be submitted in response to the Internal Audit. Discussion ensued as to how most of the issues had to do with change of personnel and how implementing the plan will allow for more procedures and decision to be written down.
 - c. All in favor.

6) Meeting Schedule Review

Schedule of Audit Committee Meeting Dates for 2020/2021:

Thursday, September 10, 2020
Monday, November 9, 2020
Monday, March 1, 2021
Monday, May 10, 2021 (tentative)

All meetings begin at 9:30 am either at Central Administration OCSD, Boiceville or via Google Meet.

- 7) Old Business
 - a. Wendy Wolfenson brought up the request for a review of old Internal Audits and where they currently stand. Monica LaClair is still working on that and hopes to get it to the Audit Committee by the March 1, 2021 meeting.
- 8) New Business - None
- 9) Adjournment
 - a. Wendy Wolfenson first, Drew Boggess, second. All in favor.
 - b. Next meeting, Monday Nov. 9, 2020