



**RYE NECK UNION FREE SCHOOL DISTRICT
300 HORNIDGE ROAD
MAMARONECK, NEW YORK 10543
AUDIT COMMITTEE OF THE BOARD OF EDUCATION
OCTOBER 5, 2023**

Present: Trustee Jason Carmel
Trustee Gloria Golle
Trustee Elizabeth Yong
Dr. Eric Lutinski, Superintendent of Schools
Carolyn Mahar, CPA, Assistant Superintendent for Business
Maria Gigi, District Treasurer
Al Hodys, Community Representative
David Tellier, CPA, Nawrocki Smith
Ron Sanossian, CPA, Sanossian, Sardis & Co., LLP (Via Google Meet)
Mary Ellen Chiera, District Clerk

I. Opening of Meeting

The meeting was called to order at 9:00 a.m.

II. Selection of Audit Committee Chair

Trustees Golle and Yong each nominated themselves for Audit Committee Chair. Trustee Carmel seconded Trustee Yong’s nomination, so Trustee Yong was appointed Audit Committee Chair. Trustee Golle did not vote in favor of Trustee Yong.

Next, Mrs. Mahar explained to the new members how the Committee runs.

III. Approval of Minutes

Upon motion duly made by Trustee Yong and seconded by Mr. Hodys, it was

RESOLVED, that the Board of Education of the Rye Neck Union Free School District hereby approves the Minutes of the Audit Committee Meeting of May 24, 2023, as submitted.

AYES: All Present

NAYES: None

IV. Discussion

External Audit - 2023 Year End Review

Mr. Tellier reviewed with the Committee the scope of services rendered by

NawrockiSmith in connection with the year-end external audit for the year ended June 30, 2023. He stated that the firm performs an audit of the financial statements in accordance with U.S. generally accepted auditing standards and government auditing standards; a single audit of the district's major federal award programs; and an audit of the district's Extraclassroom Activity Funds. They issue a management letter presenting their findings and recommendations, and present the results of the audit to the Audit Committee.

Next, Mr. Tellier informed the committee that the fieldwork commenced on July 17th after a satisfactory closing of the books and records. They received excellent audit cooperation throughout the fieldwork, and all planned audit procedures were successfully implemented. All risk areas were identified in the preliminary Audit Committee meeting and were fully addressed. There were no matters requiring additional procedures or further investigation. There was only one adjustment related to interest and excess fund balance allocations to reserves.

Mr. Tellier then highlighted information from the financial statements. He stated that there were no material weaknesses or significant deficiencies in internal control. With regard to the district-wide financial statements, he stated that capital assets, net of depreciation total \$45 million with a net decrease of \$380,000 in the current year. Bonds payable total \$31.6 million, which includes the issuance of serial bond for \$925,000 offset by current year payments of \$1.6 million. A capital note payable totals \$992,000 with a current year reduction of \$119,000. There are lease liabilities (copiers and postage meters) of \$222,000. There is a OPEB liability of \$80.1 million with an increase of \$10 million in the current year. The increase was partially related to a change in the discount rate from 3.54% to 3.65% in the actuarial assumptions. The total proportionate share of the net pension systems went from an asset of \$19.7 million to a liability of \$4.1 million due to an increase in the rate of inflation.

With regard to the governmental fund financial statements, the General Fund has total assets of \$20 million and total liabilities of \$2.9 million with a fund balance of \$17.1 million. The General Fund restricted fund balance totals \$12,407,975. Revenues were in excess of budget by \$1.5 million due to increases in use of money and property and non-property tax items, and expenditures were under budget by \$1.3 million. The Capital Projects Fund balance is \$762,083, the School Lunch Fund balance is \$408,191, and the miscellaneous Special Revenue Fund has a balance of \$219,409.

With regard to the Federal Single Audit, there were 3 programs tested, and there were no instances of noncompliance or questioned costs.

Discussions took place throughout the presentation regarding smoothing rates for the pension funding, the increase in the Capital Fund balance, debt service, and long-term planning advice.

Following Mr. Tellier's presentation, the Committee unanimously recommended that the district accepts the financial reports as presented.

Confirmation of Selection of Special Review Project for 2023-24 School Year

Mr. Sanossian introduced members of Thrive Network to present their proposal for this year's special review project - phishing and penetration testing of the district's IT systems. They explained the services they provide. They would perform penetration and phishing testing and would evaluate which technologies are at risk. Discussion was had with regard to how to choose what tests should be performed. Next, they reviewed the scope and approach of their assessment and reviewed their security program overview and cost of services. They stated that the assessment would take approximately 45 days to complete.

Finally, they agreed to provide the Committee with a proposal for their services. The Committee agreed to table this discussion until it has a chance to review the proposal from Thrive.

V. Setting of Date for Next Meeting

The next Audit Committee Meeting was scheduled for Thursday, January 25, 2024, at 8 a.m.

VI. Adjournment of Meeting

Upon motion duly made by Trustee Golle and seconded by Trustee Carmel, it was

RESOLVED, that the Audit Committee Meeting of October 5, 2023 be adjourned.

AYES: All Present

NAYES: None

Chairman Yong adjourned the meeting at 9:38 a.m.

Respectfully submitted,

Mary Ellen Chiera
District Clerk