

October 7, 2025 Audit Committee Meeting Minutes

Attendees: Kerry Cunningham, Melissa Finateri, Joke Alade, Kapil Gupta, Michelle Gosh, Victor Karlsson, Matt Wenz, Ann Marie Kovaleski

Presenters: Jeff Shaver, Partner & Claudia Legall, Manager - PKF O'Connor, Davies, LLP
Eric Schmid & Marco DiRusso - Tobin & Company, LLP

Meeting began at 8:02am.

Victor Karlsson began the meeting by quickly providing an overview of the Audit Committee's function in relation to the Board of Education. The Audit Committee is advisory and all authority resides with the Board. He added that the roles and responsibilities are outlined in the Audit Committee Charter, which is reviewed by the Committee and recommended to the Board for re-adoption each year. Prior meeting minutes were referenced and are available on the District's website for further review.

Marco DiRusso reviewed the Risk Assessment Internal Audit process, highlighting newly implemented controls, as well as, recommended areas for improvement. The District's Corrective Action Plan response was provided for each recommendation.

Marco shared that the District's risk scores in most operational categories improved from the prior year due to the implementation of recommended procedures. Marco recommended that the spring's Focus Area Internal Audit examine Time & Attendance, due to the complexities of collective bargaining agreements, limitations in software capabilities, and the overlap between the Human Resources Department and Business Office. The Committee generally agreed with the Internal Auditors' recommendation and further recommended to the Board of Education that Time & Attendance be the focus area audit this spring.

Next, Jeff Shaver reviewed the External Audit Management Letter and Victor provided the District's Corrective Action Plan response to each recommendation. Jeff went on to explain that the District received an "unmodified opinion" in its financial statement audit, which is the highest level of assurance that a District can receive.

Jeff then reviewed the Schedule of Revenues, Expenditures and Changes in Fund Balance, noting mostly positive revenue and expenditure variances. The most notable positive revenue variances resulted from additional State & Federal Aid, sharing that the State continues to update their allocations after the school district's budget is adopted. Jeff shared that many school districts see positive variances in State Aid allocations above and beyond the State's enacted budget. On the expenditure side, the District spent 97% of the budget, which, combined with the positive revenue variances, created a surplus for the year.

The District's fund balance and reserve balances were reviewed and it was noted that the District increased the Capital Reserve, which is prudent in reducing borrowing costs associated with future capital projects. Jeff noted that the District has 4% of unassigned fund balance available to protect the District from unanticipated expenditures and/or revenue shortfalls. Victor reminded the committee that 4% is the maximum amount allowed by law, and is also recommended in Board of Education Policy.

The Statement of Net Position was reviewed next, which presents a long range outlook of the District's financial standing. Jeff explained to the committee that there are essentially two presentation requirements of financial statements for local governments: 1) fund-level statements, which focus on the short term outlook similar to the annual budget process, and 2) government-wide statements, which focus on the long term outlook similar to that of a corporation. Jeff highlighted several long-term liabilities which negatively impact the long term outlook of the financial statements, such as future pension system and health benefits obligations.

Next, Victor shared with the Committee the responses to the District's Request for Proposal (RFP) process for external audit services. After discussion, the Committee decided to recommend PKF O'Connor Davies, LLP to the Board of Education for their consideration of awarding the contract for external audit services. This recommendation will be placed on the October 14th BoE agenda.

Victor noted that the next regularly scheduled Audit Committee meeting is scheduled for Tuesday, May 19, 2026 at 8am to review the Focus Area Internal Audit report and perform the planning meeting leading up to the external audit.

Meeting ended at 8:59am.

Respectfully submitted,

Victor Karlsson