

The Regional School District 13 Board of Education Educational Resources Committee met in regular session on Wednesday, February 12, 2020 at 6:00 PM in the Library at Coginchaug Regional High School, 135 Pickett Lane, Durham, Connecticut.

Committee members present: Dr. Friedrich, Mrs. Geraci, Mr. Moore and Mr. Roraback

Committee members absent: Mr. Yamartino

Administration present: Dr. Serino, Superintendent of Schools and Mrs. Neubig, Director of Finance

Guest: Ms. Zoll, BlumShapiro

Mr. Moore called the meeting to order at 6:00 PM.

### **Pledge of Allegiance**

The Pledge of Allegiance was recited.

### **Public Comment**

None.

### **Approval of Agenda**

*Dr. Friedrich made a motion, seconded by Mr. Roraback, to approve the agenda, as presented.*

*In favor of approving the agenda, as presented: Dr. Friedrich, Mrs. Geraci, Mr. Moore and Mr. Roraback.*

### **Approval of Minutes - December 10, 2019**

*Dr. Friedrich made a motion, seconded by Mr. Roraback, to approve the minutes of the December 10, 2019 meeting, as presented.*

*In favor of approving the minutes of the December 10, 2019 meeting, as presented: Dr. Friedrich, Mrs. Geraci, Mr. Moore and Mr. Roraback.*

### **Audit Report**

Mrs. Neubig introduced Leslie Zoll, from BlumShapiro. The auditors were provided with 90-day security privileges so that they were able to electronically review the district's records. Mrs. Neubig had distributed the audit report at the last board meeting, including the management letter which had comments about network security. The district is proactively addressing the issues.

Leslie Zoll reviewed that management is responsible for preparing all financial statements and for developing internal controls. The auditors are responsible for expressing an opinion on the financial statements and reasonably assure that there are no material misstatements. They also performed a state single audit, based on regulations.

Ms. Zoll reported that the district has received an unmodified opinion which is what the goal is. There were no significant deficiencies or material weaknesses. She then went on to review the financial statements and reported that the net position of the district was \$26 million for the year which is up \$652,000 from last year.

Looking at major funds, the general fund balance is \$2.9 million, with \$581,000 encumbered as of June 30<sup>th</sup>. The general fund increased \$851,000 from last year. The school cafeteria fund decreased slightly by \$6,000. Non-major governmental total fund balance was \$589,000, which is up \$195,000 from last year. The net position of the pension trust fund is \$9.2 million, which is up \$763,000 from last year. The pension is 91% funded.

Moving on to the single audit, the district expended \$415,000 for the year. The programs tested this year were Higher Order Thinking, Adult Ed and Healthy Foods Initiative. Clean opinions were issued on all three of those programs.

BlumShapiro's IT department performed an analysis of the financial system and made some recommendations in terms of cyber security. Dr. Friedrich asked about the E-Discovery policy and Ms. Zoll explained that if a lawsuit were ever filed against the district, all mails would be subject to discovery. The policy should require that some emails are deleted after a certain period of time so that they are not discoverable. An important point on cyber security is to train employees not to click on questionable emails.

Last year's management letter comment related to purchase orders has been resolved. BlumShapiro is presently working on a fraud risk assessment. Ms. Zoll explained that they encountered no difficulties in performing the audit and had no disagreements with management.

Mr. Moore asked about the comment about credit risk and Ms. Zoll explained that the comment was created based on how much funds were in each of the district's banks minus collateral or FDIC insurance. Mrs. Neubig noted that the district is involved in a pool with other towns for the collateral and additional insurance is available for a fee.

Ms. Zoll then went on to review new GASB statements for next year. Any type of pension fund, student activities fund or agency funds will need to be analyzed. Student activities will most like be called custodial funds and will therefore require a balance sheet and a P&L. In 2021, the GASB statement on leases will require all operating leases to appear as an asset and deferred liability on the balance sheet.

Mrs. Neubig explained that the \$581,000 that shows as assigned under the fund balance is due to the encumbered security funds as well as accounts payable at June 30, 2019.

Mrs. Neubig thanked Tippi Popp for all of her hard work on the audit.

### **Public Comment**

None.

### **Adjournment**

*Dr. Friedrich made a motion, seconded by Mr. Roraback, to adjourn the meeting.*

*In favor of approving the agenda, as presented: Dr. Friedrich, Mrs. Geraci, Mr. Moore and Mr. Roraback.*

The meeting was adjourned at 6:18 PM.

Respectfully submitted,

Debi Waz

Debi Waz  
Alwaz First