

North Shore Schools  
Audit Committee Meeting  
April 20, 2023  
Glenwood Landing Auditorium  
7:25 p.m.

Present: Trustees David Ludmar, Lisa Cashman, Lisa Colacioppo, Richard Galati, Andrea Macari, Maria Mosca, Marianne M. Russo, and Mr. Roger Friedman and Mr. Andrew Spieler.

Also present: Superintendent Dr. Chris Zublionis, Assistant Superintendents Dr. Carol Smyth and Mr. James Pappas and Mr. Alan Yu of Cullen and Danowski.

Mr. Yu reviewed the draft of the Federal Single Audit (FSA) for fiscal year ended June 30, 2022 which is due to the federal government nine months after the fiscal year ends, March 30, 2023. He further explained that this was filed on time. The format is a requirement by the federal government. He explained that districts who receive more than \$750,000 a year from the federal government are subject to a federal single audit. North Shore received \$2.8M in federal awards and therefore were subject to the audit. Mr. Yu reported that this was a positive report with no findings. He further explained that in the summary of auditor's report, part of the required format, it expresses an unmodified opinion, no material weaknesses and no instances of noncompliance material to the financial statement, in accordance with Government Auditing Standards. No significant deficiencies or material weakness in internal control over major federal award programs were disclosed.

Mr. Yu explained the threshold of establishing which programs are required to the single audit. Any program that has expenditures of more than \$750,000 is considered a large program (Type A) and has a requirement of a single audit every 3 years. A Type B program does not have that requirement, however they are evaluated annually and one or two of those may be selected for a single audit. Last year the Special Education Cluster and Education Stabilization Fund were the two grants that were selected for a single audit review. Neither of these met the \$750,000 threshold, but in terms of risk assessment, both of these Type B were chosen to be single audited last year. The Child Nutrition Cluster is a Type A and was \$1.8 million but because it was audited the previous year and therefore will not need to be audited again next year.

Mr. Spieler asked if Mr. Yu foresees a budget shortfall going forward, with Covid related funding ending. Mr. Yu explained there is no easy answer. The COVID 19 CRRSA Act comes to an end in 2024 and depending on how funds are utilized in the year they are awarded, there could be a potential funding cliff when the federal funds end. Mr. Friedman asked if the expenses related to that funding would also be ending. Mr. Yu explained the funding was to encourage new programs relating to learning loss and to expand UPK, not just for masks and hand sanitizes, etc. He said it is hard to say how it will affect the bottom line going forward. His comments are general statements and not specific to North Shore. Mr. Zublionis added that North Shore received approximately \$1.1M in CRSSA funds which we used primarily for summer programs. This year we are switching to a "pay-for model" summer program and therefore he does not feel we will have a funding cliff.

Mr. Yu then reviewed the audit plan for the upcoming audit of the fiscal year ending June 30, 2023. He explained that there is a new GASB standard, number 96. This is along the same lines as GASB #87. GASB #96 is about subscriptions of IT software.

Mr. Friedman asked if there are any instances when a forensic audit of the District would be required. Mr. Yu explained this would only happen if there were suspicions of fraud. He further stated that this district's administration is always very careful in making sure to follow correct accounting standards. Mr. Spieler noted since the last fiscal year there has been a tremendous increase in long-term interest rates and he asked Mr. Yu if he foresees any instances where the liabilities will be revalued significantly, in particular the retirement or OPEB liabilities. Mr. Yu explained that many actuarial valuations are based on estimated interest rates and the OPEB valuation is based on benchmarks as required by GASB. He further explained that interest rates could be higher and actually the higher the interest rate used by the actuary, the smaller the calculated liability. However, he also noted that the retirement system investment performance could affect the results of the valuation.

At 8:00 p.m. the meeting was adjourned.

By: Elizabeth Ciampi  
District Clerk