

North Shore Schools
Audit Committee Meeting
October 23, 2025
7:25 P.M.
Middle School Cafeteria

Present: Trustees Andrea Macari, Lisa Cashman, Lisa Colacioppo, Jessica Dillon, Brian Hanley, Maria Mosca, and Jame Svendsen. Committee Members Mr. Roger Friedman and Mr. Richard Persuad. Superintendent Dr. Christopher Zublionis and Assistant Superintendents Dr. Carol Smyth and Mr. James Pappas. External (Independent Auditor) Mr. Alan Yu of Cullen Danowski.
There was one member of the public in the audience.

Mr. Alan Yu, one of the partners of Cullen Danowski, explained that he was at the meeting to review the audit of the financial statements for year ending June 30, 2025, as required by NYS law. The firm Cullen Danowski specializes in school district audits. Mr. Yu explained that a draft audit report has been provided to the Board prior to this meeting.

Mr. Yu reported that they are issuing an unmodified opinion, a clean opinion, which is the highest level of opinion they can give. This is standard report language and means there is no need to modify, or depart from, General Standard Accounting Principles. The report is free from material misstatements.

Mr. Yu further explained that the audit they perform is not the equivalent of a forensic audit. They perform sample testing, testing internal controls, reviewing laws and regulations, it does not involve looking at 100% of transactions. If there are no findings, as in this case, they issue a clean opinion under Government Auditing Standards.

In addition to the financial statements, they conducted an audit of the Extra-Classroom Activity Fund. This fund is for student clubs which collect dues and fundraises and uses the funds as they see fit, however the School Board does have oversight responsibility, and SED requires an audit. Mr. Yu reported that they completed the audit and have issued a clean, unmodified opinion.

Mr. Yu reviewed the financial statements, reviewing general fund, special aid fund (federal and state grant funded programs), school lunch fund, debt service fund, capital projects fund, extra classroom, scholarships. He explained that the main focus is the general fund. The law states there can be no more than 4% of the previous year in unrestricted fund balance and the district is in compliance. He reviewed the new accounting standards that came effective this year, GASB 101, compensated absences liability. Mr. Yu reported that there were no adjustments proposed that the district declined to record.

Mr. Yu reviewed the district's reserves. He explained that the total balance in reserves is 23% of total fund balance and if a district has 10-25% of spending in reserves that is considered reasonable by the comptroller. The district has been using restricted reserves and that is a metric the state comptroller looks at as well. In addition, he noted that the district has been using capital reserves for projects which is a good use of funds, reducing the need to borrow.

Mr. Yu reviewed revenues and noted the decrease from LIPA and fund balance and reserve funds needed to offset the tax levy due to that decrease. He also commended the district for spending 98% of the budget which he noted the district has been doing consistently over the last 6 years and said this is due to not over budgeting.

He stated that the general fund is in good financial condition and expenses and revenues are reasonably stated.

Mr. Yu reported that the Food Service Fund lost approximately \$60,000 which left them with a deficit of approximately \$9,500. They did make a recommendation in their management letter to find ways to eliminate the deficit and may need to budget in general fund for subsidy. He further reported that he understands the district was already aware of the situation and has taken steps to eliminate the deficit by raising the adult prices to increase revenue and eliminate the deficit this year.

Mr. Pappas explained that the School Lunch Program does need to be self-sustaining. It is a separate budget from the general fund. This year school lunch is free for all students through a grant from the State and this has increased revenue, in addition, the increase in adult lunch prices should offset the deficit in the future. Mr. Pappas further explained that the fund covers all salaries, supplies, etc. and does not come from tax-payer funds. The federal regulation does allow up to 3 months of funding from the district when there is a situation where there is a deficit. If the district wants to subsidize the school lunch program with the general fund, they will need voter approval.

Mr. Friedman asked if there are any opportunities for cutting back on expenses. Mr. Yu explained that the district has its own staff and while some school districts outsource due to payroll and benefits escalating, quality control of food is lost. Trustee Colacioppo added our nutrition committee is looking for quality fresh food in our program. Mr. Pappas added that all the school lunch food is made from scratch, so it is hard to cut expenses. Mr. Friedman explained he is not advocating for outsourcing the food service program. Mr. Yu explained that general fund reserves cannot be used, it must be funded through general fund to subsidize. Mr. Pappas said with what they have put in place, he believes they will get ahead of it.

Mr. Yu reviewed the management letter and the one comment from the previous year regarding the cash receipts and disbursement transactions for the high school and middle school extra-classroom activities and found that all had been corrected and implemented. However, one vendor did not charge sales tax for a transaction. They recommend that faculty advisors are reminded that student clubs are not tax exempt so when items are bought, they must pay tax, and when items are sold for the club they must charge sales tax.

Mr. Persaud asked for clarification of the Lottery Aid on the Proposed Audit Entries in the Governance Communication Letter. Mr. Yu explained that this was simply a reclassification of the Lottery Aid from the Basic Formula Aid because school districts must report to the state in finer detail on the annual financial report.

Mr. Friedman congratulated Mr. Pappas and the Business Office on addressing the issues with the extra-curricular activity clubs.

The next meeting of the Audit Committee will be on December 11, 2025.

At 7:45 p.m. the meeting was adjourned.

By: Elizabeth Ciampi
District Clerk