**Audit Committee Meeting Review**

**Date:** Wednesday, September 17, 2025
**Time:** 5:30 PM
**Location:** Jordan-Elbridge Middle School Library

**Attendees:**

* RJ Hartwell, Assistant Superintendent for Business and Finance
* Jim Froio, Superintendent
* Jeff Poor, Board President
* Tabitha DelCostello, Board Vice-President
* Tom Zuber, Auditor, Mengel Metzger & Barr
**Absent:** Jodi May, Board Member (Audit Committee)

**Overview**

The Audit Committee convened to review the financial audit for the fiscal year ending June 30, 2025. The meeting was facilitated by Assistant Superintendent RJ Hartwell, with Auditor Tom Zuber presenting the findings contained in the executive summary. Superintendent Froio and board leadership were present to hear the results and ask clarifying questions.

**General Fund Position**

Mr. Zuber reported that the **General Fund** closed the year with **total assets of $11.7 million**, a decline from the prior year’s $16.6 million, largely due to reductions in cash balances. Liabilities fell slightly to $1.9 million. Fund balances decreased from $14.4 million to $9.8 million, a **net reduction of $4.5 million**.

Much of this reduction was due to planned use of reserves and appropriated fund balance, including significant allocations for capital and transportation reserves. While the fund balance declined, the auditor emphasized that this was largely anticipated and aligned with budgetary planning.

**Reserve Analysis**

The Committee discussed the **reserve accounts**, which continue to be a vital financial management tool. Notable activity included:

* **Capital Reserves** were drawn down by more than $4.4 million for voter-approved projects.
* The district maintained steady growth in **retirement reserves** and **workers’ compensation reserves**, ensuring stability for long-term obligations.
* Appropriations for 2025-26 total $1.46 million in reserves plus $3 million in fund balance, demonstrating a proactive approach to balancing future budgets.

**Revenues and Expenditures**

The audit showed **revenues outperforming projections** by $1.87 million, driven by stronger-than-expected state aid, higher interest earnings, and miscellaneous revenues. However, expenditures exceeded budget by approximately **$1.26 million**, mainly due to higher transfers, which offset gains in revenues.

As a result, the overall **fund balance declined by $4.54 million**, reflecting both the planned use of reserves and higher expenditure levels.

**Other Funds**

The auditor highlighted positive results in ancillary funds:

* **School Lunch Fund** closed with a healthy surplus, increasing its fund balance to $580,954.
* **Debt Service Fund** grew slightly to $1.5 million.
* **Capital Projects Fund** expanded to nearly $4.0 million, reflecting inflows for ongoing construction.

These figures reflect prudent fund management, even amidst rising operational costs.

**Entity-Wide Statements**

Mr. Zuber reviewed the district’s **entity-wide net position**, which stood at a negative $12.4 million due to long-term liabilities, particularly retiree health benefits (OPEB) valued at $45.3 million. This challenge is common across school districts and does not represent a short-term fiscal crisis but a structural obligation to be monitored.

**Committee Discussion**

The Committee engaged in dialogue about sustainability, particularly around **electric bus mandates** and **reserve usage**. Leadership acknowledged the improved credit rating to **AA-**, which positions the district favorably for future borrowing, despite fiscal pressures. The consensus was that while the district is financially sound, careful monitoring of reserves and long-term liabilities remains essential.

**Conclusion**

The auditor issued a clean report with no significant deficiencies. The Committee expressed appreciation for the district’s sound fiscal management and transparency. The meeting adjourned with agreement to continue close oversight of reserves, expenditures, and state policy changes affecting long-term finances.