



# JORDAN-ELBRIDGE CENTRAL SCHOOL DISTRICT

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Audit Committee Meeting  
September 2, 2020  
PLC Conference room

## Member(s) present via Zoom Meeting:

K Guerrette, S Fordyce, B. Yard, J. Froio, J. Schue, R. Miller, RJ Hartwell

## Others present:

Tom Zuber, CPA and Partner with Raymond F. Wager, CPA, P.C.

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## **Minutes**

- Mrs. Guerrette called the meeting to order at 5:29 pm.
- The District's independent auditor, Mr. Zuber distributed the Executive Summary and Management Letter relative to the 2019-20 audit. He noted that the Financial Statements were available to all that wanted a copy. Mr. Zuber noted the following:
  - Having reserves and fund balance will help districts in these trying times. NYS has (so far) only withheld 20% aid but they are supposed to tell us in late September what the actual reductions will be. Although, he noted that the state was supposed to tell us about the first reductions in May and we still haven't heard.
  - We ended the year in good shape. It was planned. Equities increased \$1.3M
  - Some reserves are a little more restrictive but the Governor just signed a bill that allows districts to tap into reserves. Some of these have to be paid back over 5 years. The challenge is determining where to get the funds to pay back the reserves. Mr. Zuber does not recommend this option.
  - We need to keep monitoring Fund Balance. We have a bit over the 4% limit, but that was planned. Our reserves are at \$4.6M. He reviewed the reserve activity throughout the year and noted that the ERS and TRS reserves will help reduce the sting of expected rate increases over the next few years. The Unemployment Insurance Reserve is very flexible. The EBLAR Reserve can be used to pay someone out when they leave.
  - There was a big jump in appropriated fund balance (from \$1.4M to \$2.3M) and noted that budget surpluses need to be generated so that fund balance is not eroded.
- Mrs. Fordyce asked about reserve limits. Mr. Zuber noted that the Capital Reserve has a cap per voter approval. We can still increase the 2019 Capital Reserve by an additional \$2M. The TRS is capped a 2% of the prior year TRS salaries with a maximum of 10%. Mrs. Miller noted that the district has funded the TRS Reserve in 18-19 and 19-20 to the cap since its inception.
- Mr. Zuber continued to review the Executive Summary and noted the following:
  - The district collected \$379k more than anticipated in revenues. This is mostly due to the BOCES refund.
  - The district had about \$1M less expenses than in the prior year. This was mostly due to the transfer of \$1M in 18-19 for the Security Project.
  - The biggest financial challenges are expected in 2021-22 and 2022-23. There is still a lot of uncertainty in 2020-21. This pandemic has caused a 3-5 year financial challenge.

- The School Lunch program did very well. This is mostly because the district received aid at the ‘free’ reimbursement rate for the meals provided since the inception of Covid-19.
  - The Debt Service Fund can be used to reduce taxes but this can be challenging due to the effect it has on the tax cap.
  - The Capital Fund has a deficit but that is because long-term financing hasn’t been secured yet for the Security Project.
  - The Entity-Wide Financial Statements is what the district financials would look like if we were a corporation. The large deficit is primarily due to the retiree health insurance obligation that districts are not allowed to fund.
- Mr. Zuber reviewed the Management Letter. This represents the checks and balances, and internal controls for the district. He noted:
- The district is slightly over the 4% fund balance.
  - There was a slight overpayment of a coach.
  - Salary notices should be signed by the employee and returned. If we email notices, Mr. Zuber noted that there should still be an electronic acknowledgement returned.
  - Cyber Risk management is a challenge. We need to understand the risk and minimize this by training staff.
  - The prior year Management Letter comments have all been corrected.
- Mr. Yard asked for recommendations relative to the upcoming financial challenges. Mr. Zuber recommended that the district monitor the budget – especially State Aid which we can’t control – and be ready to react. The Revenue budget will be the challenge.
- Mr. Yard asked what we can do proactively and questioned if we made a mistake by resuming in-person instruction. Mr. Froio asked, “What’s the value of in-person instruction?” He said that we consistently overestimate expenses and underestimate revenues. Ms. Miller said that we are always looking for ways to reduce expenses or increase revenues and noted that she is filing for \$26k of aid through FEMA. Also, we just refinanced debt at a lower interest rate and we were able to reduce the amount of the borrowing for the security project from \$2.8M to 2.1M.
- Mrs. Guerrette said that they will check in monthly relative to the financial condition. Mr. Froio noted that we planned a 20% reduction in Foundation Aid so we are starting in a good place.
- Mr. Zuber noted that the state has a “Maintenance of Effort” (MOE) requirement that they cannot reduce state aid by a certain amount without the risk of losing Federal aid. This should help districts.
- Mrs. Guerrette adjourned the meeting at 6:15 pm.