



Batavia City Schools

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Press Release: NYS Comptroller's Audit

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The Division of Local Government and School Accountability of the Office of the State Comptroller of New York has completed an exhaustive 11 month long audit of the internal controls of the Batavia City School District. The audit report delivered to the Board of Education was very positive. No graft, corruption, or misappropriation of public funds was identified. However, two areas for recommendations for improvement were identified. An official response to the report has been filed and is included as part of the report.

"We are very pleased with the results of the audit," says Board President Andy Pedro.

"The audit shows overall that the District's fiscal practices are sound and new procedures are being implemented in specific areas."

The audit examined all areas of operation for the purpose of ensuring that public funds were being properly handled by all employees of the District. Two areas were highlighted for improvement, Financial Condition (Reserves) and Payroll.

The District's financial condition is strong as was recently noted by an external audit, <http://thedailynewsonline.com/articles/2009/10/20/news/6084047.txt>. The essence of this comes down to the simple fact that the District budgets conservatively, never overestimating its potential revenues or underestimating its potential expenses. This practice allows for flexibility should an unforeseen financial hardship arise, but often results in legitimate surplus. The District has used this surplus to maintain a stable tax levy and to fund authorized reserves. Even though the Comptroller's Report views this negatively, there appears to be an inherent contradiction since these accounts are promoted as providing many benefits to municipalities and their citizens (www.osc.state.ny.us/localgov/pubs/lmgg/reserves.pdf). No doubt conservative budgeting practices have allowed us to position ourselves to maintain our educational program even in difficult financial times without turning to tax increases. See chart on page 3 which was submitted with our response. However, the Comptroller's Office declined to include it.

Over the last several years prior to the audit the District has implemented several changes to improve internal controls.

- Staff changes with greater segregation of duties, elimination of potential conflicts of interest associated with job positions, and changes in practices
- Implemented a new financial software package with built in controls
- Changed several practices related to purchasing, approvals, budget code management, and enhanced claims audit procedures
- Provided more transparent information to employees and Board members related to employee compensation, attendance, and benefits
- Implemented the Comptroller's Five Point Plan which includes an Audit Committee, annual internal audit and risk assessment, and Board training

The Comptroller's report highlights several payroll findings, which appear to be overstated when the specific findings were investigated by District staff. The actual legitimate findings amount to less than one tenth of one percent of the total payroll processed over the two year period. There is always room for improvement and we are planning to take several steps to reduce any potential risk for error.

Our audit compares very favorably to other school district audits across the state. Other districts have been cited for administrative actions without Board approval, weaknesses in internal controls and purchasing, District actions without voter approval. We have not been cited for any of these issues. This audit reflects the hard work that has been done in our District to ensure that the public can trust that the District officials and Board of Education take their fiduciary responsibility very seriously.

The full report can be viewed at: <http://www.osc.state.ny.us/localgov/audits/index.htm>

Batavia City School District 6-Year History*

Year	Final Tax Rate	Tax Rate / \$1000	Tax Levy**	District Vote			
	Increase/Decrease		Increase/Decrease	Yes	No	Passed by	Percentage
09-10	2.03% Decrease	\$ 22.17	0.00% Final Sept 2009 0.33% Increase Projected May 2009	323	131	192	71.15%
08-09	4.61% Decrease	\$ 22.63	2.32% Decrease Final Sept 2008 2.06% Decrease Projected May 2008	431	135	296	76.15%
07-08	2.95% Decrease	\$ 23.72	0.23% Decrease Final Sept 2007 0.93% Increase Projected May 2007	637	236	401	72.97%
06-07	4.04% Increase	\$ 24.44	4.47% Increase	544	439	105	55.34%
05-06	1.37% Decrease	\$ 23.50	5.59% Increase	722	348	374	67.48%
04-05	2.23% Increase	\$ 23.82	5.94% Increase	596	463	133	56.28%

* Richmond Memorial Library is excluded from the above because the Batavia City School District and Richmond Memorial Library are entirely separate entities with distinctive Boards, contracts and policies.

**The tax levy is the amount of tax needed to provide a balanced budget. The tax rate represents the amount of tax a taxpayer must pay for each \$1,000 of assessed value. This rate is derived from obtaining information on assessed values from Genesee County and from information from NYS Office of Real Property Services for equalization rates (current market values compared to assessed value). Assessments have been current since 2004 and the equalization rate has been at 100% every year since.

For example: The taxes paid on a property assessed at \$100,000 in 2009-10 would be \$2,217 and the taxes paid on a property assessed at \$100,000 in 2004-05 would have been \$2,382. This represents an actual tax decrease of \$165 when comparing 2004-05 taxes to 2009-10 taxes for this same property.