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April 27, 2010

Mr. Fadhilika Atiba-Weza, Superintendent  
Members of the Board of Education  
Enlarged City School District of Troy  
2920 Fifth Ave.  
Troy, NY 12180

Report Number: B5-10-16

Dear Superintendent Atiba-Weza and Members of the Board of Education:

Chapter 83 of the Laws of 2002 authorizes the Enlarged City School District of Troy (District) to obtain funds from the proceeds of special school deficit program bonds totaling \$14,472,603 to liquidate the accumulated deficit in the District's general fund as of June 30, 2002. Pursuant to chapter 83 (part H, § 111), the chief fiscal officer or the individual(s) responsible for the preparation of the tentative budget of the District must submit such tentative budget to the State Comptroller within five days after its preparation. The State Comptroller may, in each year, examine the proposed budget and make recommendations to the District. The recommendations may be made after examination into the estimates of revenues and expenditures of the District and may be made prior to the adoption of such budget. The Board of Education is required to review any such recommendations and may make adjustments to the budget consistent with any such recommendations within 15 days. Any recommendations which the board rejects must be explained in writing to the State Comptroller. The review of budgets by the State Comptroller is not intended to replace the local budget review and adoption process otherwise mandated by law.

Our Office has recently completed an audit of the District's budget for the 2010-11 fiscal year. The objective of the audit was to provide an independent evaluation of the proposed budget.

Our audit addressed the following questions related to the District's budget for the 2010-11 fiscal year:

- Are the significant revenue and expenditure projections in the District's proposed budget reasonable?
- Did the District take appropriate action to implement or resolve recommendations contained in the budget review audit report issued in April 2009?

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS), with the exception of reporting views of responsible officials.

Officials' views were not solicited for this report due to the necessity of providing the District with this time-sensitive information. However, the results of this audit have been discussed with District officials and their comments have been considered in preparing this report. GAGAS require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions regarding the estimates in the proposed budget.

To accomplish our objectives in this audit, we requested your proposed budget along with other pertinent information. We analyzed the composition of revenues and expenditures to determine if the revenue and expenditure estimates are reasonable. We do not offer comments on public policy decisions, such as the type and level of services to be provided.

The proposed budget package submitted for audit for the fiscal year ending June 30, 2011, consisted of the following:

- 2010-11 Proposed budget
- Supplementary information

The proposed budget submitted to our Office is summarized as follows:

<b>Fund</b>	<b>Appropriations</b>	<b>Estimated Revenues</b>	<b>Appropriated Fund balance</b>	<b>Real Property Taxes</b>
General	\$94,631,302	\$54,244,418	\$8,925,000	\$31,461,884

We have reviewed the 2010-11 proposed budget for the Enlarged City School District of Troy and found that the budgeted estimated revenues and appropriations appear reasonable.

In our prior budget review, issued in April 2009, we reported that, based on the 2009-10 tentative budget, the District's unreserved fund balance would likely exceed the 4 percent limit. District officials acted to address this issue by using a portion of the unreserved fund balance to reduce the District's outstanding debt during the 2009-10 fiscal year. By doing so, the District reduced the unreserved portion of its fund balance to a level below the 4 percent statutory limit.

We request that you provide us with a copy of the adopted budget.

We hope that this information is useful as you adopt a budget for the District. If you have any questions on the scope of our work, please feel free to contact Karl Smoczynski, Chief Examiner of our Glens Falls Regional Office, at (518) 793-0057.

Very truly yours,

Steven J. Hancox  
Deputy Comptroller

cc: Ms. MaryBeth Bruno, District Clerk  
Ms. Mary O'Neil, Business Coordinator  
Mr. James N. Baldwin, Questar III Superintendent  
Hon. Carl Kruger, Chair, Senate Finance Committee  
Hon. Herman D. Farrell, Jr., Chair, Assembly Ways and Means Committee  
Hon. Tim Gordon, State Assembly Representative  
Hon. Ronald Canestrari, State Assembly Representative  
Hon. Roy McDonald, State Senator  
Ms. Robert Megna, Director, Division of Budget  
Mr. David M. Steiner, Commissioner, State Education Department  
Mr. James Conway, Director, Office of Audit Services, State Education Department  
Mr. Karl M. Smoczynski, LGSA Regional Chief Examiner