



# George Junior Republic Union Free School District Tuition Billing

## Report of Examination

Period Covered:

July 1, 2014 — June 30, 2015

2015M-325



Thomas P. DiNapoli

# Table of Contents

	<b>Page</b>
<b>AUTHORITY LETTER</b>	1
<b>INTRODUCTION</b>	2
Background	2
Objective	2
Scope and Methodology	2
Comments of District Officials	3
<b>TUITION BILLING</b>	4
<b>APPENDIX A</b> Response From District Officials	6
<b>APPENDIX B</b> Audit Methodology and Standards	8
<b>APPENDIX C</b> How to Obtain Additional Copies of the Report	9
<b>APPENDIX D</b> Local Regional Office Listing	10

# State of New York Office of the State Comptroller

---

---

## **Division of Local Government and School Accountability**

January 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the George Junior Republic Union Free School District, entitled Tuition Billing. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The George Junior Republic Union Free School District (District) was created in 1908 by order of the “District Superintendent” and is located on the grounds of the William George Agency for Children, a private residential housing facility in the Town of Freeville in Tompkins County. The District provides educational services for the residents of the housing facility and students bused from area school districts in grades 7 through 12, operating out of three school buildings with approximately 190 students and 100 employees.

The District is governed by the Board of Education (Board), which is composed of seven members, two of which are appointed by the New York State Education Department Commissioner (Commissioner). Typically, residents of the geographic area that a district encompasses elect board members; in this District’s case, the Board of the William George Agency for Children appoints those board members who are not appointed by the Commissioner.

The Board is responsible for the general management and control of District finances and educational affairs. The Superintendent is the chief executive officer and the Business Manager is the chief financial officer. The Superintendent, along with other administrative staff, is responsible for the day-to-day management of the District under the direction of the Board.

Furthermore, local residents do not vote on the District’s budget and real property taxes do not fund its operations. The District primarily funds expenditures from billings to the students’ home school districts or counties of residency. Tuition is calculated based on weekly enrollment; students enrolled for more than two days are considered enrolled for the week. For the 2014-15 fiscal year, the District billed 83 agencies for a total of \$7.8 million in tuition. The District’s budgeted appropriations for the 2015-16 fiscal year are \$8.5 million.

## Objective

The objective of our audit was to evaluate the District’s tuition billing process. Our audit addressed the following related question:

- Did District officials properly bill and collect tuition?

## Scope and Methodology

We examined the District’s billing records for the period July 1, 2014 through June 30, 2015. To analyze the accounts receivable collections, we extended our scope period back to July 1, 2012.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of  
District Officials**

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report.

## Tuition Billing

Students are enrolled through either their home districts or their residing counties (agencies). The New York State Education Department (SED) establishes, and the New York State Division of Budget approves, the rates that the District may bill to these agencies. To ensure fiscal stability, it is essential the District has an efficient tuition billing and collection process, including billing agencies for the appropriate number of enrolled weeks at the approved tuition rate. Since the District receives most of its revenue through tuition payments, any delays in billing and collection can negatively impact the District's cash flow. Therefore, District officials must be diligent in collecting all the money due to them in a timely manner. The District should also monitor agencies' accounts and take appropriate action with any delinquent accounts.

We found that District officials properly billed and collected for tuition. For the past three fiscal years, the District billed an average of \$7.5 million in tuition, and, due to the timely collections, funds were sufficient to cover the District's cash-flow needs.

District officials were able to ensure billings were accurate because of their established internal control processes. Prior to billing, the account clerk compares enrollment records to the student records and Daily Resident reports to identify any potential discrepancies in the enrollment records. The account clerk then calculates the tuition based on the enrollment weeks and creates the monthly bills. Each bill contains the tuition rate and number of weeks billed per enrolled student, allowing the billed agencies to easily verify the accuracy of the billing. The Business Manager reviews the billings and reconciles them to the general ledger before the bills are sent. The accounts receivable coordinator receives the payments and deposits the money. Details of the deposit are given to the account clerk, who records the receipt in the accounting system and accounts receivable records. Agencies with outstanding balances are contacted to address any issues and rebilled on a quarterly basis to ensure tuition is collected in a timely manner.

We tested seven tuition bills<sup>1</sup> in the 2014-15 fiscal year totaling

---

<sup>1</sup> These seven bills were selected from the seven highest billed agencies; these agencies represent almost 40 percent of the total tuition billed in the 2014-15 fiscal year.

\$271,944 for 318 student-enrolled weeks and found they were properly billed, with 98 percent collected at the time of fieldwork. Three of the seven tuition bills had an additional adjusted invoice attached for a total of \$4,961 because SED released the final rate for the 2014-15 fiscal year in January of 2015. Prior to the released rate, District officials billed using an estimated rate. We found the adjusted tuition rate was properly calculated, applied and billed.

The District's billing and collection process expedites the collection of tuition, which allows the District to remain financially solvent. We commend District officials for developing and implementing a good system of controls over tuition billing.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following page.

# *The George Junior Republic Union Free School District*

— **SERVING YOUTH FOR OVER 100 YEARS** —

*Founded 1895*

24 McDonald Road  
Freeville, New York 13068  
607-844-6365 • Fax 607-844-3410

Mr. H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 1702  
44 Hawley Street  
Binghamton, New York 13901-4417

Dear Mr. Eames-

The District is in receipt of the draft report of examination “George Junior Republic Union Free School District – Tuition Billing, Period Covered: July 1, 2014 – June 30, 2015, 2015M-325”.

The District would like to recognize the thoroughness and professionalism of [REDACTED]. Their interactions with all staff were well thought out and always took into account the necessity for staff to be able to continue to perform their daily duties.

The District appreciates the recognition given to the efficiency needed to ensure proper billing and collection of receivables, and the impact those efficiencies have in providing appropriate cash flow to meet the District’s needs. Given the unique operational circumstances of this District, we have focused in making this effort of primary concern-your findings reflect that effort.

Again, thank you for the professionalism we experienced in dealing with your office.

Sincerely,

Sonia L Apker  
Superintendent of Schools

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed District officials and employees to gain an understanding of the billing and collection process. We also reviewed billing, enrollment, collection and student records to support this understanding.
- We selected one invoice from each of the seven agencies with the largest billings in the 2014-15 fiscal year and three additional adjustment bills and traced to enrollment records to ensure they were calculated using the appropriate tuition rate and billed correctly. We also selected a sample of 14 students from these invoices based on admission and discharge dates and traced to the student records to further determine if the billings and enrollment records were accurate.
- We reviewed the collection records for the seven invoices and traced 98 percent to deposits, with the remaining 2 percent outstanding at the time of fieldwork.
- We analyzed the accounts receivable and the tuition income from the 2012-13 through 2014-15 fiscal years to calculate the average outstanding accounts receivable balance at year-end and to determine collections during these fiscal years.

We conducted this performance audit in accordance with GAGAS. Those standards 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX C

### HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX D**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
Tracey Hitchen Boyd, Assistant Comptroller

**LOCAL REGIONAL OFFICE LISTING**

---

**BINGHAMTON REGIONAL OFFICE**

H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313  
Email: [Muni-Binghamton@osc.state.ny.us](mailto:Muni-Binghamton@osc.state.ny.us)

Serving: Broome, Chenango, Cortland, Delaware,  
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

**BUFFALO REGIONAL OFFICE**

Jeffrey D. Mazula, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
(716) 847-3647 Fax (716) 847-3643  
Email: [Muni-Bufferalo@osc.state.ny.us](mailto:Muni-Bufferalo@osc.state.ny.us)

Serving: Allegany, Cattaraugus, Chautauqua, Erie,  
Genesee, Niagara, Orleans, Wyoming Counties

**GLENS FALLS REGIONAL OFFICE**

Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, New York 12801-4396  
(518) 793-0057 Fax (518) 793-5797  
Email: [Muni-GlensFalls@osc.state.ny.us](mailto:Muni-GlensFalls@osc.state.ny.us)

Serving: Albany, Clinton, Essex, Franklin,  
Fulton, Hamilton, Montgomery, Rensselaer,  
Saratoga, Schenectady, Warren, Washington Counties

**HAUPPAUGE REGIONAL OFFICE**

Ira McCracken, Chief Examiner  
Office of the State Comptroller  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, New York 11788-5533  
(631) 952-6534 Fax (631) 952-6530  
Email: [Muni-Hauppauge@osc.state.ny.us](mailto:Muni-Hauppauge@osc.state.ny.us)

Serving: Nassau and Suffolk Counties

**NEWBURGH REGIONAL OFFICE**

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725  
(845) 567-0858 Fax (845) 567-0080  
Email: [Muni-Newburgh@osc.state.ny.us](mailto:Muni-Newburgh@osc.state.ny.us)

Serving: Columbia, Dutchess, Greene, Orange,  
Putnam, Rockland, Ulster, Westchester Counties

**ROCHESTER REGIONAL OFFICE**

Edward V. Grant, Jr., Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street, Suite 522  
Rochester, New York 14614-1608  
(585) 454-2460 Fax (585) 454-3545  
Email: [Muni-Rochester@osc.state.ny.us](mailto:Muni-Rochester@osc.state.ny.us)

Serving: Cayuga, Chemung, Livingston, Monroe,  
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

**SYRACUSE REGIONAL OFFICE**

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428  
(315) 428-4192 Fax (315) 426-2119  
Email: [Muni-Syracuse@osc.state.ny.us](mailto:Muni-Syracuse@osc.state.ny.us)

Serving: Herkimer, Jefferson, Lewis, Madison,  
Oneida, Onondaga, Oswego, St. Lawrence Counties

**STATEWIDE AUDITS**

Ann C. Singer, Chief Examiner  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313