Baldwinsville Central School District
Financial Management

Report of Examination
Period Covered:
July 1, 2014 – October 31, 2015
2016M-65
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Division of Local Government
and School Accountability

June 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 Baldwinsville Central School District, entitled Financial Management. 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 and recommendations 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 Baldwinsville Central School District (District) is located in the Towns of Clay, Lysander and Van Buren in Onondaga County. The District is governed by the Board of Education (Board), which is composed of nine elected members. The Board is responsible for the general management and control of the District’s financial and educational affairs. The Superintendent of Schools (Superintendent) is the District’s chief executive officer and is responsible, along with other administrative staff, for the day-to-day management of the District under the Board’s direction.

The District operates eight schools with approximately 5,500 students and 900 employees. For the 2015-16 fiscal year, the District’s operating budget was approximately $99 million, which was funded primarily with real property taxes and State aid.

Objective
The objective of our audit was to examine the District’s financial management practices. Our audit addressed the following related question:

- Did the Board and District officials adequately manage the District’s financial condition?

Scope and Methodology
We examined the District’s financial management practices for the period July 1, 2014 through October 31, 2015. We expanded our scope back to the 2011-12 fiscal year for trend analysis.

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 C of this report.

Comments of District Officials and Corrective Action
The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. Except as specified in Appendix A, District officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix B includes our comment on the issues raised in the District’s response letter.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective
action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, Responding to an OSC Audit Report, which you received with the draft audit report. The Board should make the CAP available for public review in the District Clerk’s office.
Financial Management

The Board is responsible for adopting budgets that contain estimates of actual and necessary expenditures that are funded by planned and realistic revenues. Sound budgeting provides sufficient funding for necessary operations. The estimation of fund balance is an integral part of the budget process. Fund balance represents resources remaining from prior fiscal years that can be used to provide a cushion for unexpected fluctuations in operations, assist with cash flow fluctuations or lower property taxes for the ensuing fiscal year. A district may retain a portion of fund balance, referred to as unrestricted fund balance, within the limits established by the New York State Real Property Tax Law (Real Property Tax Law). Districts may establish reserves to restrict a reasonable portion of fund balance for specific purposes in compliance with statutory directives. The Board should prepare a multiyear financial plan based on reasonable estimates that project future revenues, expenditures, reserve amounts and fund balance amounts.

The Board and District officials did not develop reasonable budgets or effectively manage the District’s financial condition to ensure that the general fund’s unrestricted fund balance was within the statutory limit. From fiscal years 2011-12 through 2014-15, the District improperly calculated its unrestricted fund balance and spent nearly $23.8 million (93 percent) less of appropriated fund balance and reserves than were budgeted to finance operations. As a result, the District’s recalculated year-end unrestricted fund balance averaged about 9.4 percent of the next year’s budgetary appropriations over the last four years, which is more than two times the statutory limit. In addition, the retirement contribution, liability, employee benefit accrued liability and unemployment reserves, totaling approximately $18 million, appear to be overfunded or unwarranted. Finally, the Board and District officials have not developed a multiyear financial plan.

Budgeting and Use of Fund Balance

The Board is responsible for preparing and presenting the District’s budget to the public for vote. In preparing the budget, the Board must estimate what the District will receive in revenue (e.g., State aid), how much fund balance will be available at fiscal year-end (some or all of which may be used to fund the ensuing year’s appropriations) and, to balance the budget, what the expected tax levy will be. Accurate estimates help ensure that the levy of real property taxes is not greater than necessary. Real Property Tax Law limits the amount of unrestricted fund balance a school district can retain to no more than 4 percent of the next year’s budgetary appropriations.
The District appropriated $25.5 million of reserves and unrestricted fund balance as a financing source in the annual budgets for fiscal years 2011-12 through 2014-15. However, the District’s budgets resulted in operating surpluses in two of the four years reviewed and the District only needed a small amount ($702,247 or less than 3 percent) of fund balance to finance operations over the same period, as shown in Figure 1.

### Figure 1: District Budget

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<tbody>
<tr>
<td>Appropriated Reserves</td>
<td>$4,864,790</td>
<td>$5,446,758</td>
<td>$5,479,344</td>
<td>$3,736,088</td>
<td>$19,526,980</td>
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<tr>
<td>Appropriated Fund Balance</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$6,000,000</td>
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<tr>
<td>Total Budgeted Appropriated Reserves and Fund Balance</td>
<td>$6,364,790</td>
<td>$6,946,758</td>
<td>$6,979,344</td>
<td>$5,236,088</td>
<td>$25,526,980</td>
</tr>
<tr>
<td>Operating Surplus/(Deficit)</td>
<td>$2,157,448</td>
<td>$299,764</td>
<td>($897,902)</td>
<td>($857,063)</td>
<td>$702,247</td>
</tr>
</tbody>
</table>

The District appropriated $19.5 million of reserves as a financing source in the annual budgets for 2011-12 through 2014-15. Reserve moneys are restricted funds. When reserve funds are appropriated as a financing source, there is no impact on unrestricted fund balance. However, because the District inappropriately reduced unrestricted fund balance by the amount of appropriated reserves, it made it appear that it was in compliance with the statutory limitation, as shown in Figure 2.

### Figure 2: Unrestricted Fund Balance at Year-End

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<tr>
<td>Total Beginning Fund Balance</td>
<td>$32,881,370</td>
<td>$35,038,818</td>
<td>$35,338,582</td>
<td>$34,440,690</td>
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<tr>
<td>Add: Operating Surplus/(Deficit)</td>
<td>$2,157,448</td>
<td>$299,764</td>
<td>($897,902)</td>
<td>($857,063)</td>
</tr>
<tr>
<td>Total Ending Fund Balance</td>
<td>$35,038,818</td>
<td>$35,338,582</td>
<td>$34,440,690</td>
<td>$33,583,627</td>
</tr>
<tr>
<td>Less: Non-spendable</td>
<td>$2,308,189</td>
<td>$1,732,607</td>
<td>$1,732,607</td>
<td>$1,717,957</td>
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<tr>
<td>Less: Restricted Funds</td>
<td>$21,097,995</td>
<td>$22,466,836</td>
<td>$23,177,666</td>
<td>$23,785,390</td>
</tr>
<tr>
<td>Less: Encumbrances</td>
<td>$989,228</td>
<td>$360,098</td>
<td>$418,840</td>
<td>$278,526</td>
</tr>
<tr>
<td>Less: Fund Balance Appropriated for the Ensuing Year*</td>
<td>$6,946,758</td>
<td>$6,979,344</td>
<td>$5,236,088</td>
<td>$3,842,257</td>
</tr>
<tr>
<td>Total Unrestricted Funds at Year-End</td>
<td>$3,696,648</td>
<td>$3,799,697</td>
<td>$3,875,489</td>
<td>$3,959,497</td>
</tr>
<tr>
<td>Ensuing Year's Budgeted Appropriations</td>
<td>$92,416,183</td>
<td>$94,992,417</td>
<td>$96,887,219</td>
<td>$98,793,915</td>
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<tr>
<td>Unrestricted Funds as a Percentage of the Ensuing Year's Budget</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
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* This amount reflects incorrectly included appropriated reserves of $4,864,790 for 2012, $5,446,758 for 2013, $5,479,344 for 2014 and $3,736,088 for 2015. See Figure 1.
When adding back unused appropriated fund balance and inappropriate use of reserves to reduce unrestricted fund balance, the District exceeded the 4 percent statutory limit on unrestricted fund balance in each year. Recalculated unrestricted fund balance ranged between 7.3 percent and 11.5 percent of the ensuing year’s budget, as indicated in Figure 3.

![Figure 3: Unused Fund Balance](chart)

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<tbody>
<tr>
<td>Total Unrestricted Funds at Year-End</td>
<td>$3,696,649</td>
<td>$3,799,967</td>
<td>$3,875,489</td>
<td>$3,959,497</td>
</tr>
<tr>
<td>Add: Appropriated Fund Balance Not Used to Fund Ensuing Year's Budget</td>
<td>$1,500,000</td>
<td>$602,108</td>
<td>$642,937</td>
<td>$915,012</td>
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<tr>
<td>Add: Appropriated Reserves the District Inappropriately Reduced Unrestricted Fund Balance By</td>
<td>$5,446,758</td>
<td>$5,479,344</td>
<td>$3,736,088</td>
<td>$2,342,257</td>
</tr>
<tr>
<td>Total Recalculated Unrestricted Funds</td>
<td>$10,643,407</td>
<td>$9,881,419</td>
<td>$8,254,514</td>
<td>$7,216,766</td>
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<tr>
<td>Ensuing Year's Budgeted Appropriations</td>
<td>$92,416,183</td>
<td>$94,992,417</td>
<td>$96,887,219</td>
<td>$98,793,915</td>
</tr>
<tr>
<td>Recalculated Unrestricted Funds as Percentage of Ensuing Year’s Budget</td>
<td>11.5%</td>
<td>10.4%</td>
<td>8.5%</td>
<td>7.3%</td>
</tr>
</tbody>
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* 2014-15 unused appropriated fund balance is estimated based on an average of the three previous years.

The District increased the tax levy from $48.7 million in 2011-12 to $51.9 million in 2014-15, an increase of almost $3.2 million, or about 6.6 percent. These increases may not have been necessary if District officials had used reasonable budget estimates.

The result of these budgeting practices made it appear that the District needed to both use fund balance and raise taxes to close projected budget gaps. District officials told us that they prefer to be fiscally conservative when budgeting. They maintain extra fund balance because they are concerned about future fiscal challenges, such as reductions in State aid funding.

**Reserves**

A board may establish reserve funds in accordance with applicable laws to provide financing for specific purposes. Generally, school districts are not limited to how much money can be held in reserves, but should maintain reserve balances that are reasonable. The Board should adopt a written plan communicating its rationale for maintaining reserve funds; objectives for each established reserve; optimal or targeted funding levels; and conditions under which each fund’s assets will be used, replenished and discontinued. It is important that school districts maintain reserve balances that are reasonable. Funding reserves at greater than reasonable levels essentially results in real property tax levies that are higher than necessary.
As of June 30, 2015, the District had seven reserve funds:  
1. retirement contribution, employee benefit accrued liability, capital, liability, unemployment, workers’ compensation and tax certiorari, with balances totaling nearly $23.8 million. The Board adopted a fund balance management plan that states the purposes for six of these reserve funds. However, the plan does not address the workers’ compensation reserve fund or state the optimal or targeted funding levels and conditions under which each fund’s assets will be used, replenished and discontinued.

We analyzed these reserves for reasonableness and adherence to statutory requirements. District officials have accumulated excessive balances in four reserve funds and have not determined whether the amounts are reasonable or necessary. The capital, workers’ compensation and tax certiorari reserves appeared to maintain reasonable amounts and adhere to statutory requirements. However, the amounts retained in the retirement contribution, liability, employee benefit accrued liability and unemployment reserves, totaling approximately $18 million, appear to be overfunded or unwarranted.

**Retirement Contribution Reserve** – As authorized by General Municipal Law (GML), this reserve can only be used to pay retirement contributions to the New York State and Local Retirement System. If the Board determines that the reserve is no longer needed, it may terminate the reserve by resolution. The resolution must transfer any moneys remaining to one or more reserve funds established pursuant to Education Law or to a repair reserve fund established pursuant to GML.

As of June 30, 2015, this reserve had a balance of approximately $8.9 million. District officials did not use moneys from this reserve to pay for the District’s contributions from the 2011-12 through 2014-15 fiscal years totaling $7.6 million. Instead, they budgeted for retirement costs in the general fund and levied taxes to fund them. Moreover, this level of funding will cover the District’s retirement expenses for approximately five years. The District does not have a written plan indicating why the Board feels that this funding level is necessary. Therefore, we question whether this reserve is warranted.

**Liability Reserve** – Education Law authorizes the Board to establish and maintain a liability reserve to cover payments for liability claims. Once established, this reserve may not be reduced below the total amounts estimated to be necessary to cover incurred but unsettled...

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1 Reserve totals as of June 30, 2015: retirement contribution $8,876,788, employee benefit accrued liability $4,614,171, capital $4,054,229, liability $2,811,131, unemployment $1,696,739, workers’ compensation $1,165,417, and tax certiorari $567,455.
claims or lawsuits, including related expenses. Payments may not be made for purposes other than those for which the reserve was established, unless authorized by public vote. A board may authorize use of the reserve funds (other than amounts allocated for unsettled claims or suits including related expenses) to pay premiums for insurance policies purchased to insure subsequent losses in areas previously self-insured, in the event of dissolution of the self-insurance plan.²

As of June 30, 2015, this fund had a balance of $2.8 million. District officials told us that this reserve was established for a specific lawsuit that was settled in 2012 and cost between $75,000 and $150,000. However, the District did not utilize this fund for the settlement. District officials also told us the reserve is now intended for potential future liabilities and that there are no current ongoing lawsuits against the District. As a result, for more than three years, the District reserved these funds without a justified reason and held these funds in a manner that did not benefit taxpayers.

Employee Benefit Accrued Liability Reserve (EBALR) – Local governments, including school districts, are required to measure and report liabilities for compensated absences (i.e., annual and sick leave time accruals). However, they are not required to fund the liability. GML allows local governments and school districts to establish an EBALR to pay costs associated only with compensated leave paid directly to or on the behalf of employees when they separate from District employment. GML does not set a limit on the amount of funds a school district can maintain in an EBALR. However, the balance in this reserve must be reasonable and meet specific legal requirements.

As of June 30, 2015, this reserve had a balance of approximately $4.6 million. However, District officials provided supporting documentation for approximately $2.1 million in long-term liabilities for compensated absences. District officials used about $106,000 from this reserve to pay for compensated leave benefits during our audit period. Because there is no authority to establish a reserve for retirement benefits that are not based on accrued leave, the District has set aside $2.5 million more than needed to fund costs that can be paid from the EBALR.

Unemployment Insurance Reserve – GML authorizes the establishment of an unemployment insurance reserve, by Board authorization, if the District opts to reimburse the State Unemployment Insurance Fund for payments made to claimants. If, at the end of any fiscal year, the money in the fund exceeds amounts required to be paid, the Board,

² Pursuant to GML, a school district may also discontinue the liability reserve fund and transfer the unexpended balance to an insurance reserve fund.
within 60 days of the close of the fiscal year, may elect to transfer all or part of the excess amount to certain other reserve funds. The Board also can apply all or part of the excess to the budget appropriation of the next succeeding fiscal year.

As of June 30, 2015, the reserve had a balance of $1.7 million. The average annual expense for the last four years was approximately $59,000. Based on this cost level, the District’s current reserve balance would cover unemployment insurance claims for approximately 28 years. Because the District budgets for these expenditures in the general fund and, therefore, levies taxes to fund them, we question why the Board and District officials are continuing to hold a substantial balance in this reserve. District officials told us that they established the unemployment reserve when the District was facing layoffs.

While the Board members made the decision to fund these reserves, they do not have a plan for the use of the reserves, including how and when disbursements should be made, optimal or targeted funding levels, and why these levels are justified. Because of the accumulation of reserve funds without any specific plan for their appropriate use, District officials may have missed opportunities to use these funds productively.

**Multyear Plan**

It is important for District officials to develop a multyear financial plan to estimate the future costs of ongoing services. Effective multyear plans project operating and financing sources over a three- to five-year period. They also allow District officials to identify developing revenue and expenditure trends, set long-term priorities and goals, and avoid large fluctuations in tax rates. Multyear plans help District officials to assess the effect and merits of alternative approaches to address financial issues, such as using unrestricted fund balance to finance operations and accumulating money in reserve funds. Long-term financial plans work in conjunction with Board-adopted policies and procedures to provide necessary guidance to employees on the financial priorities and goals set by District officials. Additionally, District officials must monitor and update long-term financial plans on an ongoing basis to ensure that their decisions are guided by the most accurate information available.

The District does not have a multyear financial plan. District officials explained that they do not find projections to be reliable and that they generally break down after 18 months. The District’s lack of an adequate multyear financial plan inhibits District officials’ ability to effectively manage the District’s finances. Adequate multyear planning is increasingly important due to legislative changes in recent years that limit school districts’ ability to finance operations through tax increases. Consequently, District officials need to remain
cognizant of the future when strategically planning. Without a well-designed plan, it is difficult for the Board to make timely and informed decisions about the District’s programs and operations.

**Recommendations**

The Board and District officials should:

1. Ensure that the amount of the District’s unrestricted fund balance is in compliance with the Real Property Tax Law statutory limit. Amounts in excess should be used in a manner that benefits District taxpayers. Such uses could include, but are not limited to, reducing real property taxes, funding one-time expenditures, paying-off debt or funding necessary reserves.

2. Develop procedures to adopt more realistic budgets that avoid raising more real property taxes than necessary.

3. Ensure that reserve fund balances are maintained at reasonable levels and take appropriate action, in accordance with statute, to remedy reserves with excess funds.

4. Update the District’s fund balance management plan to clearly communicate the optimal or targeted funding levels and conditions under which each reserve fund’s assets will be used, replenished and discontinued in accordance with legal requirements. This plan should include the workers’ compensation reserve.

5. Develop and adopt a multiyear financial plan for a three- to five-year period that addresses the District’s use of reserves and any economic or environmental factors.
APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials’ response to this audit can be found on the following pages.
May 10, 2016

Ann Singer, Chief Examiner
Office of the State Comptroller
Division of Local Government and School Accountability
Statewide and Regional Projects
State Office Building, Suite 1702
44 Hawley Street
Binghamton, NY 13901

Re: District Response to Preliminary Draft Findings for an Audit of Baldwinsville CSD

Dear Sirs:

Baldwinsville Central School District considers every audit a learning experience – an opportunity to get better at what we do. What we do is manage the district’s finances with a focus on instruction while maintaining our financial health. This includes staying within the property tax cap requirements, operating with efficiency and, like any business, working to have a healthy and fiscally prudent balance sheet.

The New York State Comptroller’s two (2) person field audit team was in the District for approximately 6 weeks, from November 3 to December 11, 2015. Our staff was instructed to answer questions freely and provide them with reports from our accounting system and access to any of our records. Your field auditors were courteous and respectful of the Business Office’s daily routine.

While we respect the work of the Comptroller’s office, we do respectfully disagree with the Comptroller in the areas of reserve balances and use of designated fund balance in our budget planning. We firmly believe that the existence of reserves on our Balance Sheet - and cash in our bank accounts – is a sign of a fiscally healthy school district. We use the Designated Fund Balance to offset Budgeted Fund Balance as a mechanism to preserve our Balance Sheet. If our budgeted expenses rise higher than our revenues in a particular year we use Designated Fund Balance to make up the difference.

In view of the history of state aid to schools in the past 6 years, having fund balance proved to be of value to Baldwinsville CSD. Since 2009-10 the State of New York through the use of the Gap Elimination Adjustment (GEA) has taken over $29 million in aid from the District. In 2010-11 alone the State took $6.4 million from the District in GEA. If we had precipitously moved to lay people off in response to this we would have had to eliminate over 80 positions. We disclosed this use of Designated Fund Balance in all of our budget newsletters and in open sessions of Board of Education meetings. As the years passed, we lowered the use of Designated Fund Balance as state aid to schools increased.
Not using all the Designated Fund Balance is not illegal nor is it an attempt to over tax our community. Our average annual tax increase the past 6 years was 1.75%. We have been at or under the tax cap for the past three years of its existence. We treat our tax payers with respect.

We recently received our Moody’s Bond Rating report. Our rating is above average for a school district at Aa2. This bond rating is one of the highest ratings for school districts in NYS. This is due to our strong Balance Sheet – our Reserves. This means the District pays less interest when borrowing money. This lowers the cost to our taxpayers and the State of New York for the cost of capital projects.

The District believes that it’s primary mission is providing quality instruction and educational opportunities for our students. Baker High School students earned over 4000 college credit hours in 2014-15. For 2016-16 we offer 15 AP courses. We have 21 courses through OCC, RIT and SUNY Oswego. We have 32 AP scholar award winners in the class of 2016. We were named a 2016 Best Communities for Music Education. 23 students won Scholastic Art Awards. We had nearly 1000 students playing sports in the fall of 2015. The District was noted by Business First Magazine in 2014 as having the lowest administrative costs in Onondaga County and 11th in Upstate NY. We balance the needs of providing this level of education with the financial pressures we face on an annual basis. The tax cap and the vagaries of state aid do bring uncertainty to our fiscal planning.

In fact, the Comptroller has recognized the district’s excellent financial stability for three consecutive years. According to the Comptroller’s data from his Fiscal Stress Monitoring System for the fiscal year ending June 30, 2015, the district received a score of 0% (the best score a district can receive), with NO designation of fiscal stress, indicating that the district is in good fiscal standing. In the Comptroller’s report from the previous two years, the district also received a score of 0% and no designation for fiscal stress. This same report has designated 82 state school districts to be in fiscal stress this year; in other words, they do not have enough money in their fund balance for maximum financial stability. With the Tax Cap the District can no longer tax its way out of a problem and State Aid to Education being inconsistent the District needs to be fiscally conservative in its financial practices.

In budgeting for the years ahead we will engage in a long term plan to reduce some reserves by paying for specific expenses that we will designate each year. However, we are leery of building budgets with annual operating deficits. As we go forward, we will begin a dialogue with our community, staff and Board of Education that we call “Funding the Future”. With this process we will seek other ideas to improve our fiscal situation.

We thank the Comptroller’s Office for their time and effort. We will be following up their report with our Corrective Action Plan within the statutory time limit.

Respectfully,

Victor Jenkins Matthew McDonald
Board President Acting Superintendent
APPENDIX B

OSC COMMENT ON THE DISTRICT’S RESPONSE

Note 1

District officials appropriated $25.5 million in reserves and fund balance from fiscal years 2011-12 through 2014-15. However, the District only used $702,247 (2.8 percent). Appropriating unnecessary fund balance circumvents statutory controls, helps maintain excessive reserves and fund balance and diminishes the transparency of District finances to residents.
APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to review the District’s financial condition for the period July 1, 2014 through October 31, 2015. 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 District’s budget process and financial operations.
- We compared the District’s accounting records to the annual report (form ST-3) and the audited financial statements for reliability.
- We reviewed the District’s relevant policies and procedures and Board minutes.
- We compared budgeted revenues and expenditures with actual revenues and expenditures, results of operation and real property tax increases for fiscal years 2011-12 through 2014-15.
- We evaluated the level of unrestricted fund balance in the general fund for fiscal years 2011-12 through 2014-15 to determine whether the District complied with applicable statutes.
- We reviewed District reserve accounts and related records to determine if funding levels were reasonable.

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 D

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