



**BATAVIA CITY SCHOOLS**

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Batavia, NY 14020

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***Scott C. Rozanski, Business Administrator***

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Minutes of Audit Committee Meeting – September 17, 2013

Audit Committee Members: Mike Grammatico, Phil Ricci, Gail Stevens

District Employees: Christopher Dailey (Superintendent), Scott C. Rozanski (Business Administrator), Sally Sanford (Treasurer), Nancy Mitchell (Claims Auditor), Pam Buresch (Medicaid Compliance Officer)

Others Present: Kathryn Barrett and Joe Fenicchia – Freed Maxick CPAs

**Medicaid Update:** Ms. Buresch reported that there were no finding on the testing performed for the latest quarter (ending June 2013). Approximately 20% of the students receiving Medicaid are being selected for the District's self audit. A concern that out of district providers (ODP) are not providing proof of attendance in a timely manner was discussed. The District will inform ODP that attendance logs must be submitted with session notes.

**Internal Claims Auditor:** Nancy Mitchell reviewed the findings from May 9, 2013 through September 12, 2013. There are no significant findings to report.

**Minutes:** The minutes of the May 14, 2013 audit committee were approved (Motion made by Phil Ricci and seconded by Gail Stevens, passed 3-0).

**External Audit Exit Interview:** Ms. Barrett and Mr. Fenicchia distributed the draft of the external audit and reviewed the draft management report. The District continues to maintain healthy fund balances and reserve funds as both revenues and expenditures were conservatively budgeted based on actual performance. There were only three immaterial financial adjustments that were noted in the draft management report and two management letter comments. The Extraclassroom Activities Funds (Student Accounts) received an unqualified audit report this year, the first time in many years, due to the significant attentiveness of the funds by Ms. Sanford.

**Extraclassroom Activity Funds – 2012-13:** Two reports, one each from January and April 2013, were distributed and reviewed of the Extraclassroom self audit findings. These self audits along with BOE/Audit Committee support for addressing weaknesses in controls have led to the positive audit report for June 30, 2013. Effective with the 2013-14 school year, Ms. Sanford has taken over the Central Treasurer duties.

**Tax Levy:** Increases in assessments, a zero tax levy increase and prior year tax adjustments have led to a \$0.91 decrease in the tax rate/thousand of assessed valuation.

**Banking:** Mr. Rozanski informed the committee that all banking is now being processed on a dedicated computer to further limit the risk of unauthorized access. The committee requested an RFP for banking services be processed in the 2013-14 school year. Mr. Rozanski reported that once the first draft of the budget is complete, an RFP will be processed.

**M&T Collateral:** M&T is requesting that the District authorize a letter of credit as acceptable collateral. This type of collateral is more cost effective for M&T and there is no benefit to the District. Once interest rates rise, M&T proposes that they would switch the District back to its current collateral. The committee decided to ask Mr. Ricci and Mr. Grammatico to further review the request before a decision is made.

**Building Aid:** The District has been notified that NYS will be taking back \$588,499 in building aid as the final cost reports on several projects have finally been audited (even though they were submitted several years ago) and the District has been overpaid. This is the second time in three years that adjustments for overpayments for Building Aid have been made. The District Debt Service Fund is affected by this and is currently is funded until the 2016-17 school year. Mr. Rozanski reported that according to NYSED, there should be no more surprises as all our completed final costs reports have been audited. Future capital projects NYS Building Aid will not begin to be paid until the project is fully completed which will prevent overpayments from happening in the future but will also delay the project funding.

**Telephone Audit:** Proposal from Allan Rotto consultants for a telephone utility audit was reviewed. The fee for this service is 33% of any past findings (overpayments; taxes; etc). The District had an audit a few years ago from Troy and Banks and we are not expecting any findings but since it is at not cost, the committee approved the proposal.

**Seneca Powers/Tax Certiorari:** The District is aware that Seneca Powers has settled their tax certiorari claim. School taxes from 2012-13 of \$133,916.60 will be written off to the tax certiorari reserve fund leaving a balance in this reserve fund of approximately \$157,393.

**Batavia City Taxes:** Over the past few years' the District has written off taxes that were uncollected by the City of Batavia. The District checked with our attorney's at Harris Beach and has been informed that this is incorrect. Mr. Rozanski has passed the information on to the City of Batavia and is awaiting their response.

**Next Meeting:** The next meeting is tentatively set for January 21, 2014.

Respectfully Submitted,

Scott C. Rozanski,  
Business Administrator/Board of Education Clerk