

# New Lebanon Central School District

## School District Website

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**MARCH 2021**

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OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Report Highlights

## New Lebanon Central School District

### Audit Objective

Determine whether the New Lebanon Central School District (District) used its resources to maintain a website that provided the public with transparent and comprehensive financial information.

### Key Findings

District officials maintained a website, but certain financial information was not posted, resulting in a lack of transparency. Information that was posted was limited in comprehensiveness. This prevents taxpayers and other interested parties from readily accessing and reviewing documents to make informed decisions.

Officials did not post:

- Budget-to-actual results; budget documents with fund balance information, appended salary disclosure and all detailed property tax report card information; and annual external audit reports.
- Office of the State Comptroller's (OSC's) audit and corrective action plan (CAP) transparently, or include a specific corrective action per audit recommendation.

Officials did not prepare:

- A multiyear financial plan. Posting a prepared plan further enhances the transparency of the District's fiscal decisions.

### Key Recommendations

- Post the budget-to-actual results, comprehensive budget documents and audits with detailed CAPs to the District website.
- Prepare and post a multiyear financial plan to help residents see the impact of fiscal decisions over time.

District officials agreed with our recommendations and indicated they will take corrective action.

### Background

The District serves the Towns of New Lebanon, Canaan and Chatham in Columbia County, and the Towns of Stephentown and Nassau in Rensselaer County.

The District is governed by a Board of seven elected members, which is responsible for the general management and control of financial affairs. The Superintendent of Schools is responsible for day-to-day management under the Board's direction. The Board, Superintendent and Business Administrator are accountable to District taxpayers for the use of resources and are responsible for effective financial management of operations.

#### Quick Facts

Total Website Visits (2018-2019)	78,948
Population (rounded)	4,100
Enrollment	431
2019-20 Budgeted Appropriations	\$12.5 million

### Audit Period

July 1, 2018 – June 30, 2019. As described in Appendix C, for certain financial information reviews we extended the audit period.

# School District Website

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A district operates to provide public education services for its students. The public's right to know the process of decision making and to review the documents leading to actions is basic. Access to such comprehensive information should not be difficult for the public to obtain.

To this end, various laws and regulations require certain information to be posted on districts' websites to help enhance the public's access to basic information. Further, districts following best practices and guidance should utilize the website as another tool to communicate their financial direction.

In a time when financial resources are limited, making well-informed decisions is critical. Therefore, it is important that the public have access to transparent and comprehensive district financial information. A district's transparency of comprehensive financial information allows the public to formulate questions for officials and ultimately make informed decisions that will impact district programming and the annual tax levy. If residents cannot locate necessary financial information on their district's website, they would have to contact their district directly.

## **How Should Officials Provide Comprehensive Financial Information Transparently to the Public?**

District officials can provide comprehensive financial records and other information to the public in a transparent manner by making the information available on the district website. While certain laws and regulations require a district's website to contain audit reports, CAPs, the original and final annual budgets and any board-adopted multiyear financial plan, other information should be shared with the public in a complete and clear manner. For example, financial reports should either appear prominently on the district's home page or be easy to locate on the website. In addition, voters may find other documents helpful in evaluating the budget and keeping them informed. Such documents include planning documents, budget-to-actual results, board minutes, newsletters, press releases or other materials on district operations.

## **Certain Financial Information Was Not Posted on the Website in a Transparent and Comprehensive Manner**

While District officials maintained a website, certain financial information was not posted to the website and information posted was limited in comprehensiveness and transparency.

Officials did not post the budget-to-actual reports and detailed external audit results to the District's website (Figure 1). In addition, while the OSC audit and the District's CAP were posted, these documents were not in an easily accessible, transparent location and the CAP was incomplete. Officials did not create a

multiyear financial plan and did not conduct any internal audits during our audit period. Therefore, nothing was posted on the website for these items. This information is helpful to voters and can help them make an informed inquiry or decision.

**Figure 1: Financial Information on the Website**

Financial Information	Posted		Posting Required	Comment
	Yes	No		
Budget – Original, Board Adopted for Vote	X		Yes	
Budget – Final Annual	X		Yes	
Multiyear Financial Plan		X	No	
Budget-to-Actual Reports		X	No	
Audits	Posted		Posting Required	Comment
	Yes	No		
External Audit		X	Yes	
External Audit - CAP		X	Yes	
State Comptroller’s Audit (OSC)	X		Yes	
OSC Audit - CAP	X		Yes	
Internal Audit		X	No	Exempt
Internal Audit - CAP		X	No	Exempt

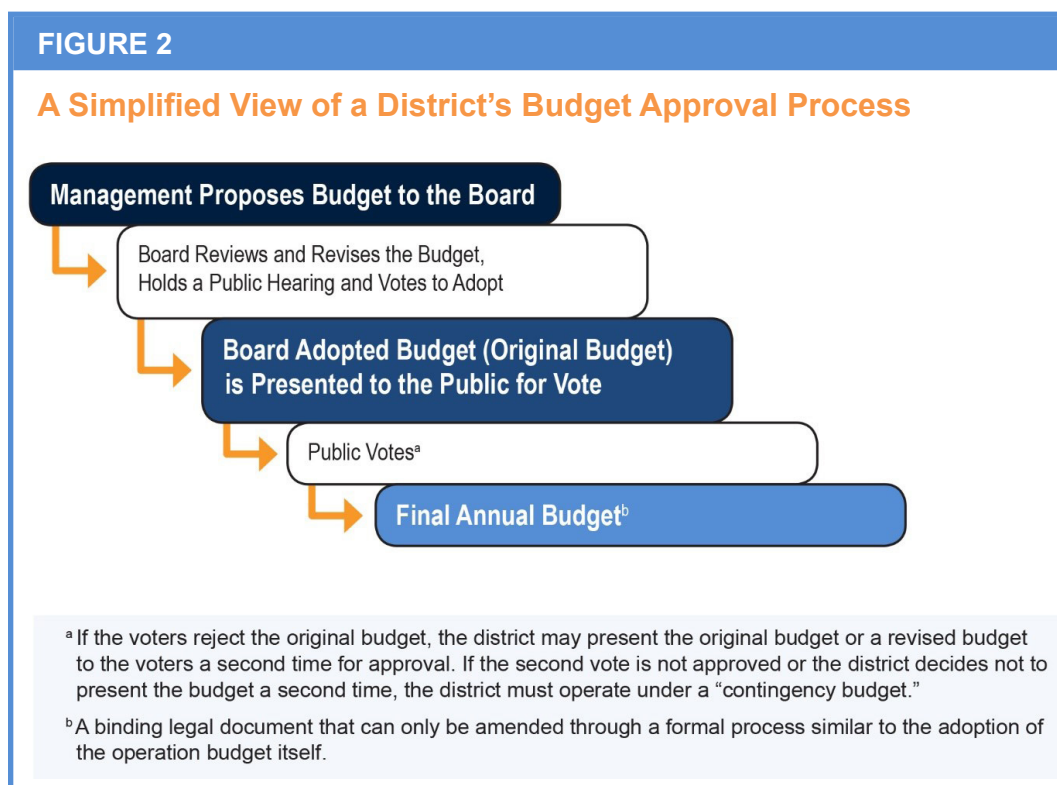
Although officials posted the Board’s original adopted budget on the website, it did not include reports of budget-to-actual results or the appended budget information such as the comprehensive property tax report card and administrative salary disclosure. Because these documents were not in a transparent location, budget assessments would be difficult to make by taxpayers and other interested parties.

For example, while the District’s reported documents showed the Board’s actual revenue amounts were similar to the budgeted amounts, the actual expenditure amounts were less by approximately \$1.7 million combined in 2017-18 and 2018-19. Without budget-to-actual results posted on the website, interested parties cannot determine whether the expenditure estimates were reasonable before voting.

The failure to provide and post comprehensive financial information, such as external audits and a multiyear financial plan, prevents the taxpayers and other interested parties from readily accessing and reviewing documents to make informed decisions.

## Which Budgeting and Financial Planning Documents Provide Transparency?

Final Annual Budget – A budget is a detailed financial plan of estimated expenditures (proposed spending) and means of financing (estimated revenues and appropriated fund balance and reserves<sup>1</sup>). Figure 2 shows the budget approval process. Budgets are developed, adopted and subjected to voter approval each year.<sup>2</sup> Ideally, amounts to be placed in reserves should be included in the annual budget to ensure taxpayers are aware of the board’s intent to fund reserves in the upcoming year. After the public vote, the final annual budget must be posted on the district’s website, as required by law.



Budget-to-Actual Reports – Officials should provide support for their budgetary estimates using actual historical trends, including projections of current year spending and receipts based on year-to-date actual amounts, along with analyses of identified future needs and risks to compute budget items. Actual revenue and expenditure information should be made available to provide district taxpayers with an understanding of the budget’s status.

1 Planned use of unexpended surplus money from prior years’ operations

2 With the exception of the Big Five districts (Buffalo, New York City, Rochester, Syracuse and Yonkers)

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Original Budget – A comprehensive, board-adopted budget must be posted and include:

- A three-component presentation as follows: administrative, capital and program.
- Categories of revenues, expenditures and fund balance information and comparison data and changes from the prior year school budget.
- Appended documents, including the administrator salary disclosure and property tax report card with a schedule of reserves, among other items.

The appended administrator salary disclosure is a report of highest payroll for administrator titles and amount in the district (reported in 2019-20 all administrators with salaries exceeding \$138,000). The district's property tax report card includes details on the national consumer price index, district enrollment, fund balance, spending and tax levies for the current and future school year.

The appended property tax report card also includes information on each district's reserve fund balances as of March 31, including each reserve's name, a short description, and any planned use of the funds in the upcoming school year. Reviewers can use this information to assess whether the amount in each reserve fund is reasonable.

An unrealistic budget can result in a tax levy that is more than needed. The law restricts districts in the amount of unexpended surplus funds they can keep, so that they do not – intentionally or unintentionally – retain large sums of money unless it is intended for a specific purpose. Conversely, an unrealistic budget can also result in a tax levy that is insufficient to fund district operations.

Multiyear Financial Plans – District officials can set long-term priorities and work toward goals by using a multiyear financial plan. A plan can help stakeholders see the impact of the fiscal decisions over time. They can decide what funding choices to make in advance, avoiding sudden tax increases or dramatic budget cuts and accumulating excessive fund balance. If the board adopted a multiyear financial plan, it must be posted on the district website. Elements of a plan should include revenue and expenditure projections, annual surpluses/(deficits), reserves, fund balances and a fiscal improvement plan.

## **Officials Could Enhance the Transparency of Financial Information**

Final Annual Budget – Voters passed the original 2019-20 budget and officials posted the final annual budget on the website, as required. The budget web page indicated the taxpayers' approval of the budget and a link to the 2019-20 detailed budget. The Budget Information web page is linked directly from the District's Home Page.

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An unrealistic budget can result in a tax levy that is more than needed.

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Budget-to-Actual Reports – Actual revenues and expenditures information for 2018-19 were not located on the District website. District officials told us they provided information on actuals, such as cash receipts and disbursements, in the Treasurer reports located on the Board of Education page as an agenda item. However, although these reports provided monthly revenue and expense details, they did not provide cumulative results by revenue and expense category. Further, there was no comparison to the budget.

Providing historical and current-year actual revenue and expenditure results and posting them on the same web page as budget information could have enhanced the transparency of financial information regardless of whether any major budgetary issues occurred or not. To adequately evaluate budgets, the current budget must be compared to previous budgets and evaluated in comparison to actual spending and receipts. Such comparisons help to identify any ongoing problems the District is having with its budgets.

The Business Administrator told us that he did not consider including cumulative actual expenditures and revenues, as this information had not been requested by interested parties. See Appendix A for a snapshot presentation of the District's budget comparison.

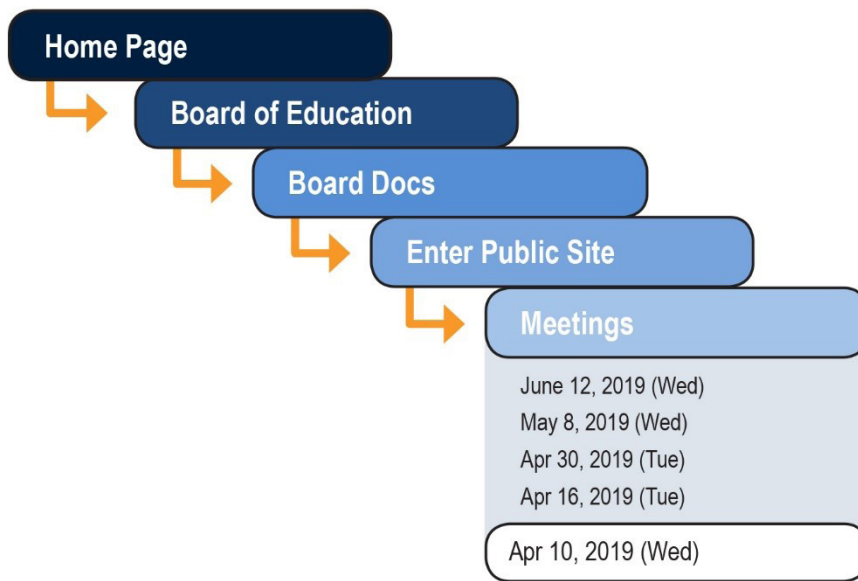
Original Budget – The budget newsletter was posted on the District's website. The document was located on the Budget Information web page, which linked from the District's Home Page. The budget documents included categories for revenues, expenditures, and comparison between the adopted and prior year final annual budget.

The District's property tax report card was posted, in part, within the budget newsletter on the website. However, the information in the newsletter did not include a schedule of reserves with the planned use of each in the ensuing year, or fund balance detail. A more comprehensive version of the property tax report card was posted to the Board of Education web page as an agenda item at the April 10, 2019 meeting for Board action. Interested parties would have to search through Board agendas by meeting dates or know the document name to search for the document (Figure 3).



FIGURE 3

Website Navigation to Comprehensive Property Tax Report Card



The administrative salary disclosure was not posted as required. The Business Administrator told us because it had not been requested, he did not consider including it on the website.

Multiyear Financial Plan – District officials have not developed a board-adopted multiyear financial plan. The Superintendent told us that although officials talk about long-term plans, it has never been part of their culture to have one developed, adopted and posted. However, having a prepared, adopted and posted plan helps officials and the public see the impact of fiscal decisions over time and the effect on District priorities and goals.

**How Do Posted Audit Reports and CAPs Provide Transparency?**

An audit (external or internal) is an integral part of a district’s system of checks and balances and providing an objective review of stewardship and fostering accountability to taxpayers and the public. The board is required to secure an annual audit by an independent auditor including an annual audit of district federal award programs, if warranted,<sup>3</sup> and the extra-classroom activity fund.

Districts must post on their websites the annual external audit report that is issued by a certified public accounting firm and the CAP prepared in response to any findings contained in the annual external audit report or management letter, or

<sup>3</sup> The Uniform Guidance requires that an annual audit of the district’s federal award programs be included with the annual school district audit if \$750,000 or more in federal aid was expended during the corresponding year.

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any final audit report issued by OSC. Districts are required to post the final audit report from OSC on their internet websites for a period of five years.

CAPs provide an opportunity for the governing board to provide direction, and communicate how audit findings and recommendations will be used positively to improve operations and internal controls. A CAP helps ensure corrections occur and should include a detailed description of what action has already occurred or is planned in response to each recommendation, who within the district is responsible for implementation and the implementation date.

Further, districts are required to establish an internal audit function. A district is eligible for exemption from the internal audit requirement if it has less than eight teachers, less than \$5 million in general fund expenditures in the previous school year, or less than 1,500 enrolled students in the previous year. However, boards, by policy, can require an internal audit function even if exempt. The internal auditor's primary responsibility is to assist in ensuring that risks to district assets are identified and that appropriate internal controls are in place to address those risks.

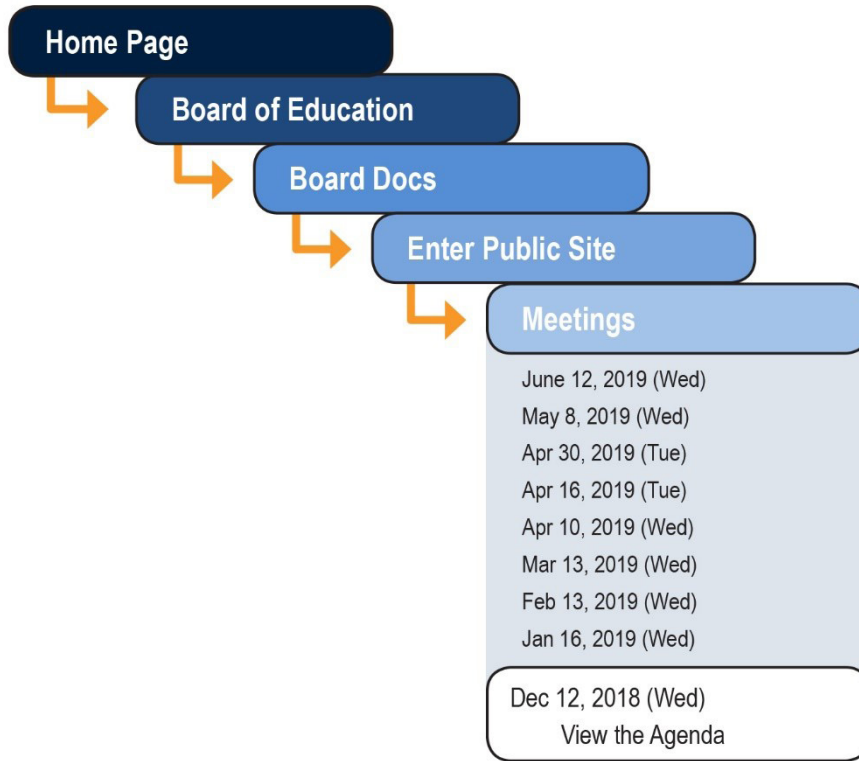
### **Audits and CAPs Could Be More Transparent and Comprehensive**

The District posted a summary version of the 2017-18 external audit results to its website (Figure 4), rather than the detailed reports for the audits of the financial statements and the extra-classroom activity fund, management letter and a related CAP. The summary included a brief financial overview, statement of revenues and expenditures, budget-to-actual totals, balance sheet and statement of revenues, and expenses and changes in fund balance. The summary external audit document was located on the Board of Education web page as an attachment to a Board agenda dated December 12, 2018.

However, visitors to the website must search through Board agendas to find the summary audit document. Posting the detailed audit reports more directly from the home page would have been more transparent and comprehensive. The Superintendent told us the audit summary posted was meant to be easier for the user to digest.

FIGURE 4

Website Navigation to the Summary Audit Report

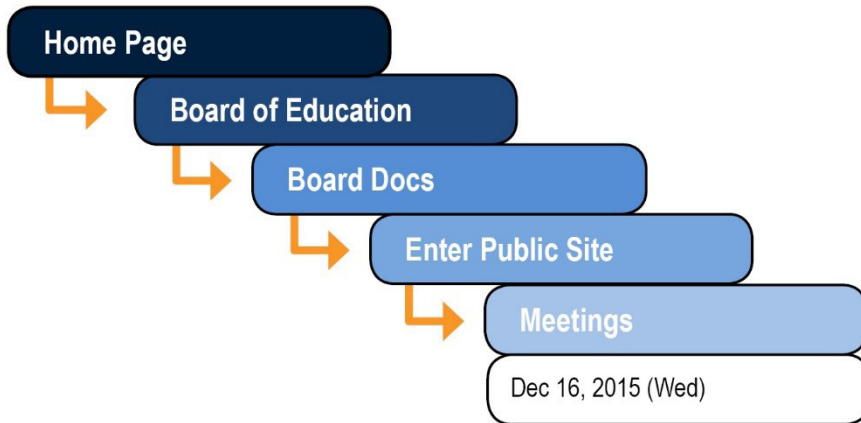


The OSC audit report and CAP, issued within the last five years, were located on the Board of Education web page, attached to Board agenda dated December 16, 2015 (Figure 5).<sup>4</sup> The Superintendent told us she thought this was a transparent location. However, this requires interested parties to look through all agendas to locate the report and CAP. Further, the CAP did not fully address developing a plan to use the surplus fund balance identified in the report. The Superintendent and Board President told us this recommendation was addressed internally.

<sup>4</sup> Refer to *New Lebanon Central School District– Financial Condition (2015M-222)* released in December 2015.

**FIGURE 5**

**Website Navigation to the OSC Audit Report and CAP**



District officials did not implement the internal audit function based on the student enrollment exemption. As a result, no internal audit was required.

**What Do We Recommend?**

The Board:

1. Must ensure the posted budget documents include fund balance and the appended financial information, such as a detailed property tax report card and administrator salary disclosure, as required.
2. Should provide transparency by posting budget-to-actual results to the website.
3. Should prepare and post a multiyear financial plan to the website to help residents, taxpayers and the public see the impact of fiscal decisions.
4. Must ensure that the detailed external audit reports and related CAPs are posted to the website, as required. Provide further transparency by posting OSC audits and related CAPs in a website location easily accessed by the public and should ensure the CAP addresses all audit findings.

# Appendix A: Revenues and Expenditures Comparison – Budget to Reported Actual

Figure 6: Budget to Reported Actual Results

Categories	2017-18		2018-19	
	Original Budget	Actual Results <sup>a</sup>	Original Budget	Actual Results
<b>Revenues and Other Sources</b>	<b>\$12,409,824</b>	<b>\$12,304,361</b>	<b>\$12,519,094</b>	<b>\$12,457,095</b>
<b>Expenditures</b>				
General Support	\$1,661,722	\$1,543,034	\$1,631,442	\$1,506,001
Instruction	5,642,478	5,326,880	5,558,504	5,360,976
Pupil Transportation	915,218	806,318	885,258	725,484
Employee Benefits	3,181,692	2,960,900	3,436,240	3,175,908
Debt Service - Principal	695,000	695,000	715,000	715,000
Debt Service - Interest	53,025	53,024	31,825	31,825
Other Financing Uses	260,689	31,991	260,825	259,319
<b>Expenditures and Other Financing Uses</b>	<b>\$12,409,824</b>	<b>\$11,417,147</b>	<b>\$12,519,094</b>	<b>\$11,774,513</b>
<b>Operating Results - Surplus</b>		<b>\$887,214</b>		<b>\$682,582</b>
<b>Tax Levy Increase (Decrease) Percentage from Prior Year</b>	<b>(1.18%)</b>		<b>0.00%</b>	

a The 2017-18 actual results reflect an adjustment made for activity related to the approved capital project.

# Appendix B: Response From District Officials

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New Lebanon  
Central School  
District

1/25/2021

Dear Ms. Julie Landcastle,

I write in response to the draft audit report on the "New Lebanon Central School District - School District website." After reviewing this report I agree to its findings. The recommendations will ensure transparency with our community in regards to the district's financial statements and budget overview.

As the new superintendent of the New Lebanon Central School District, I am using this audit as an opportunity to enhance communication and transparency with our tax payers. I have already met with stakeholders and made plans to make changes to our web-site and to add documents like the external audit, budget to actual reports and internal audit reports. Creating a multi-year financial plan based on our district's goals is a project I am working on. Once completed, this will be posted on our website so that the public can see the impacts of fiscal decisions over time and its effect on the district's goals and outcomes.

We are creating a section on our website to post any and all performed audits on the district. Do you recommend that we post the draft audit received before this response or wait until the final version is shared with us?

Please let me know if you have any other questions or need any additional information from the district. I look forward to seeing the final audit report.

Sincerely,

Andrew Kourt  
New Lebanon CSD Superintendent



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## Appendix C: Audit Methodology and Standards

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We conducted this audit 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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We selected the District for audit using a random number generator applied to a list of districts (excluding NYC schools) not currently in the OSC audit process at the time of selection.
- We reviewed the 2019-20 budget documents (original proposed, final annual, appended property tax report card), multiyear financial plan, budget-to-actual revenues and expenditures, 2017-18 external audit and corrective action plan, most recent OSC audit and corrective action plan, and internal audit and corrective action plan, if available. We selected this financial information to be included in our audit because of the historical risk related to lack of transparency of this financial information to the public. We reviewed the District's website on August 8-9, 2019, August 12, 2019 and on September 3, 2019 to determine whether the District is providing the public with transparent and comprehensive financial information.
- We interviewed District officials to gain an understanding of the process for approving, finalizing, posting and maintaining certain financial information on the District's website.
- We reviewed District policies to gain an understanding of information required to be posted to its website.
- We reviewed Board minutes for 2018-19 to determine whether the Board took any action related to the 2019-20 budget work and appended property tax report card, 2018-19 reserve activity, multiyear financial plan, actual expenditures and revenue reports, most recent audit reports and associated CAPs. We reviewed Board minutes from July 1, 2014 through June 30, 2018 to determine whether the Board documented or discussed any actions related to the financial information audited during those years, if we did not find it in the 2018-19 minutes.
- We created a hypertext markup language (HTML) file that was a snapshot of the District's website to provide a single date of reference during audit testing.
- In addition to determining whether the item was located on the website at the time of testing, we reviewed the District's support showing the item's activity on the website, if available – a date of posting, updating and/or deleting. We determined reasonable reliability of the last modified date on the report for tested information by observing transactions being posted to the system on December 4, 2019 and by comparing dates of instructions communicated between District staff to post items to the website, and/or captured images of the web pages.

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- We did not audit the accuracy of the financial information posted to the District website. However, we determined reasonable reliability of financial information by analyzing various documents on the District's website for consistency of information provided, adhering to the law and District policies, and transparency of posted documents and website location.
  - We reviewed four employees' administrative permissions, and the process of posting information through a visual review.
  - We reviewed emails pertaining to our audit objective to gain an understanding of how employees are instructed to post financial information to the website.
  - We included a comparison of revenue and expenditure results reported from the external audit reports to show budget-to-actual results for 2017-18 and 2018-19.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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.

The Board has the responsibility to initiate corrective action. 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, 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. 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 CAP should be posted on the District's website for public review.



## Appendix D: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional\\_directory.pdf](http://www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/local-government/publications?title=&body\\_value=&field\\_topics\\_target\\_id=263196&issued=All](http://www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/local-government/fiscal-monitoring](http://www.osc.state.ny.us/local-government/fiscal-monitoring)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/local-government/publications?title=&body\\_value=&field\\_topics\\_target\\_id=263206&issued=All](http://www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All)

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/local-government/resources/planning-resources](http://www.osc.state.ny.us/local-government/resources/planning-resources)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf](http://www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf)

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/local-government/required-reporting](http://www.osc.state.ny.us/local-government/required-reporting)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/local-government/publications?title=&body\\_value=&field\\_topics\\_target\\_id=263211&issued=All](http://www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

## Contact

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[www.osc.state.ny.us/local-government](http://www.osc.state.ny.us/local-government)

Local Government and School Accountability Help Line: (866) 321-8503

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