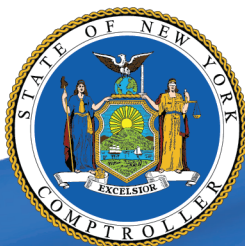


York Central School District

School District Website

MARCH 2021



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

Contents

Report Highlights	1
School District Website	2
How Should Officials Provide Comprehensive Financial Information Transparently to the Public?.	2
Certain Financial Information Was Not Posted on the Website in a Transparent and Comprehensive Manner	2
Which Budgeting and Financial Planning Documents Provide Transparency?	3
Officials Could Enhance the Transparency of Financial Information.	5
How Do Posted Audit Reports and CAPs Provide Transparency?	6
External Audit Reports and CAPs Were Not Posted to the Website.	7
What Do We Recommend?	7
Appendix A: Revenues and Expenditures Comparison – Budget to Reported Actual	9
Appendix B: Response From District Officials.	10
Appendix C: Audit Methodology and Standards.	11
Appendix D: Resources and Services	13

Report Highlights

York Central School District

Audit Objective

Determine whether the York 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 the:

- Final annual budget.
- Budget information – with appended property tax report card, administrator salary disclosure and fund balance information.
- Budget-to-actual results.
- External audit reports and corrective action plan (CAP).

Officials did not prepare:

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

Key Recommendations

District officials must post required information to the District website:

- Final annual budget, external audit reports and CAP.
- Comprehensive budget documents.

District officials should enhance transparency by:

- Posting budget-to-actual results.
- Preparing and posting a multiyear financial plan to help residents see the impact of fiscal decisions over time.

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

Background

The District serves the Towns of Leicester and York in Livingston County, and the Town of Perry in Wyoming 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 Official are accountable to District taxpayers for the use of resources and are responsible for effective financial management of operations.

Quick Facts

Total Website Visits (2018-19)	Unknown
Population (rounded)	5,100
Enrollment	731
2019-20 Budgeted Appropriations	\$17.1 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

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. As a result, the information was not transparent and information posted was limited in comprehensiveness.

Officials did not post the 2019-20 final annual budget, external audit and CAP to the District's website, as required (Figure 1). While not required, preparing a multiyear financial plan is a way for officials to set long-term priorities and work toward goals, avoiding sudden changes in taxes, budgets and fund balance. 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

Officials posted the Board’s budget newsletter on the website, with category totals (program, administrative and capital). However, they did not post appended budget information. Because budget-to-actual documents were not provided on the website, budget assessments would be difficult to make by taxpayers and other interested parties.

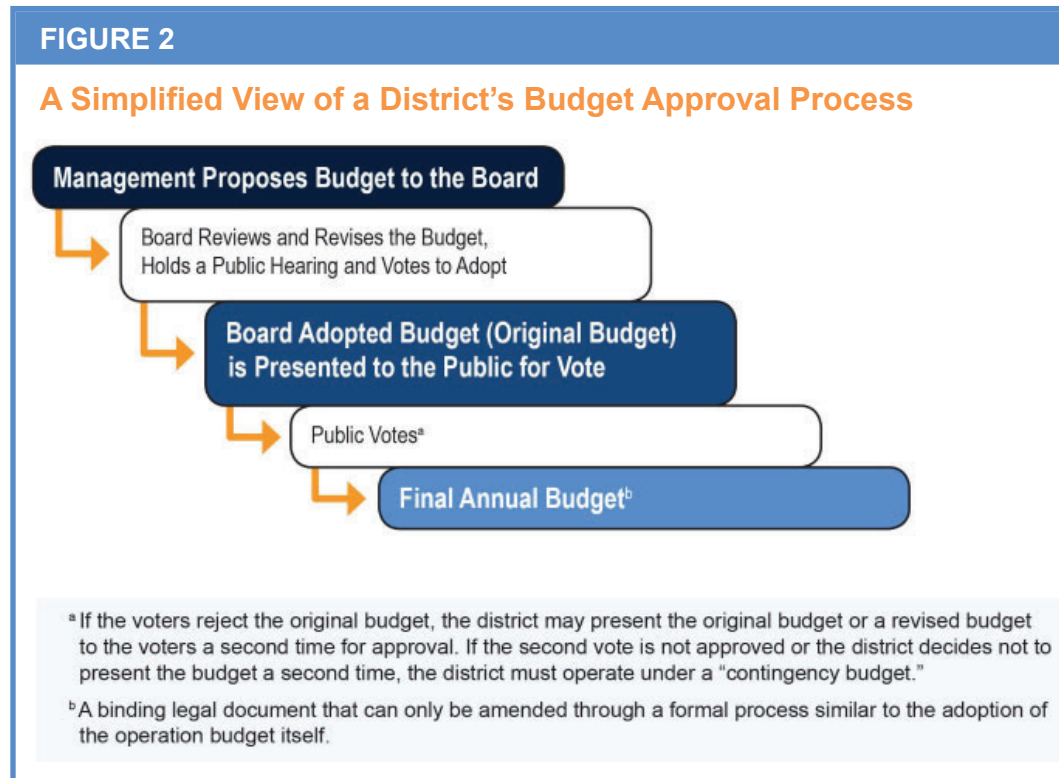
For example, while the District’s financial statements showed the Board’s actual revenue amounts were similar to the budgeted amounts, the actual expenditure amounts were less by approximately \$2 million combined in 2017-18 and 2018-19. Without supporting documents being posted together or to the website, interested parties cannot determine whether the budgeted estimates were reasonable before voting.

The failure to provide and post information 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 reserves¹). Figure 2 shows the budget approval process. Budgets are developed, adopted and subjected to voter approval each year.² 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.

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

- A three-component presentation as follows: administrative, capital and program.

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)

-
- 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.

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

Officials Could Enhance the Transparency of Financial Information

Final Annual Budget – Voters passed the original 2019-20 budget. However, officials did not post the final annual budget on the website, as required. The Superintendent and Board President told us that they were unaware that the final budget was not posted, and the Business Administrator considered the original three-part budget to be the final annual budget.

Budget-to-Actual Reports – Actual revenues and expenditures information for 2018-19 were not located on the website. The Superintendent told us he did not think to have it posted.

Providing historical and current year actual revenue and expenditure results on the same web page as budget information could have enhanced the transparency

of financial information. 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. See Appendix A for a snapshot presentation of the District's budget comparison.

Original Budget – The budget newsletter, which summarized the proposed budget information,³ was posted on the District's website. The budget document included summarized categories for revenues, expenditure component totals and included a comparison between the adopted and prior year final annual budget information. However, it did not include required components such as fund balance information, the appended administrative salary disclosure and the property tax report card. The 2019-20 Budget Newsletter document was located on the District's Newsletters web page, which linked from the District's Home Page, through the District drop down menu.

The Superintendent told us that posting budget items was the Business Administrator's responsibility. During the budget season, there was a former part-time interim Business Administrator in place who, the Superintendent told us, may have been unaware that these documents were to be posted.

Multiyear Financial Plan – District officials have not developed a Board-adopted multiyear financial plan. As a result, no plan was required to be posted to the website. The Superintendent told us that it was a conscious choice to change the Business Office staff and not make a plan while certain officials were in flux. 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,⁴ 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

³ Three-part budget summary included a section for expenditure and revenue summary totals by category for 2019-20 and 2018-19 years, with comparison. Also included were pie charts for 2019-20 expenditures and 2019-20 revenues, and a bar chart showing historical comparison of the tax cap and levy.

⁴ 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.

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.

External Audit Reports and CAPs Were Not Posted to the Website

Officials did not post the 2017-18 external audit reports or related CAP to the website, as required. The District had completed the audit of its financial records for 2017-18. The Superintendent told us that he thought the reports were posted to the website and that the former Business Official was responsible for having these posted. The Board President told us the District switched websites, which factored into the reports not being posted.

The OSC audit report and related CAP, issued in the last five years, were easily located on the Business Office web page.⁵ However, 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 that the final annual budget is posted to the website, as required.
2. Must ensure comprehensive budget documents are posted that include fund balance information and the appended financial information, such

⁵ Refer to *York Central School District – Online Banking (2016M-295)* released in November 2016.

as administrator salary disclosure, and the property tax report card, as required.

3. Should provide further transparency by posting budget-to-actual results to the website.
4. Should prepare and post a multiyear financial plan to the website to help residents, taxpayers and the public see the impact of fiscal decisions.
5. Must ensure that the external audit reports are posted to the website as required, and should post the related CAP in the same location for transparency.

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

Figure 3: Budget to Reported Actual Results

Categories	2017-18		2018-19	
	Original Budget	Actual Results	Original Budget	Actual Results
Revenues and Other Sources	\$16,626,226	\$15,895,543	\$16,771,418	\$16,148,572
Expenditures				
General Support	\$1,844,540	\$1,663,900	\$1,852,830	\$2,193,824
Instruction	8,468,157	8,059,471	8,764,090	8,361,716
Pupil Transportation	1,155,859	929,464	1,164,352	1,004,303
Community Services	6,100	3,433	6,100	4,399
Employee Benefits	3,916,553	3,371,693	3,946,977	3,443,110
Debt Service - Principal	910,167	910,167	735,000	735,000
Debt Service - Interest	214,850	214,848	192,069	192,069
Other Financing Uses	110,000	104,564	110,000	138,786
Expenditures and Other Financing Uses	\$16,626,226	\$15,257,540	\$16,771,418	\$16,073,207
Operating Results - Surplus		\$638,003		\$75,365
Tax Levy Increase Percentage from Prior Year	0.0%		0.22%	

Appendix B: Response From District Officials

York Central School

David M. Furletti, *Superintendent*

Paul J. Liess, Jr, *School Business Official*

Aubrey L. Krenzer, *Director of Curriculum & Instruction*



Lindsey M. Peet, *Middle/High School Principal*

Danielle M. Hoch, *Elementary School Principal*

Amcigh J. Coates, *Pupil Personnel Services Director*

January 28, 2021

Office of the State Comptroller
110 State Street
Albany, NY 12236

The York Central School District has had the opportunity to review the preliminary draft of the audit. The district continues to take its fiduciary responsibility to the community very seriously. We will continue to act in an open and transparent manner, utilizing the district website as a tool for this communication.

The audit noted five recommendations:

1. Must ensure that the final annual budget is posted to the website, as required.
2. Must ensure comprehensive budget documents are posted that include fund balance information and the appended financial information, such as administrator salary disclosure, and the property tax report card information, as required.
3. Should provide further transparency by posting budget-to-actual results to the website.
4. Should prepare and post a multiyear plan to the website to help residents, taxpayers and the public see the impact of fiscal decisions.
5. Must ensure that the external audit reports are posted to the website as required, and should post the related CAP in the same location for transparency.

As YCSD was in the process of moving between website providers is a reality, it does not remove the responsibility for the missing required information. All required documents have already been updated and current on the district website. Long range fiscal planning is important to the district and will continue to comply with all laws and regulations regarding Board of Education adopted multiyear plans.

York Central School District agrees that effective communication and transparency is important in building trust and in providing sufficient information to the community so that they may vote on the annual budget with the necessary information.

Respectfully submitted,

David M. Furletti

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The York Central School District rises to the challenges and provides opportunities for empowerment, exploration, growth and success.

Appendix C: Audit Methodology and Standards

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 screenshots of the District's website taken August 23, 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.
- 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 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 2116-1(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

Regional Office Directory

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

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

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

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

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

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

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

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

Contact

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