

North Rose-Wolcott Central School District

Smart Schools Bond Act Allocations

DECEMBER 2022



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

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Report Highlights

North Rose-Wolcott Central School District

Audit Objective

Determine whether North Rose-Wolcott Central School District (District) officials properly applied for all Smart Schools Bond Act (SSBA) allocations for eligible technology purchases.

Key Finding

- District officials did not submit SSBA allocation claims totaling \$1.35 million, related to eligible technology purchases made during fiscal years 2019-20, 2020-21 and 2021-22. Officials were unable to provide an explanation for why they did not properly submit claims to obtain reimbursement for the District's technology expenditures from the State.

Key Recommendation

- Apply for all SSBA allocations for eligible technology purchases as soon as possible.

District officials agreed with our recommendations and have initiated corrective action.

Background

The District serves the Towns of Butler, Huron, Lyons, Rose, Savannah, Sodus and Wolcott in Wayne County. The Board of Education (Board), which is composed of seven elected members, governs the District. 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 Director of Finance and Operations (Director) is responsible for overseeing the District's non-instructional operations, including the financial operations, under the direction of the Superintendent and the Board.

Quick Facts

Annual Budget 2021-22	\$32.2 million
Total SSBA Allocations	\$1.48 million
Total Eligible SSBA Expenditures, through April 2022	\$1.35 million
Student Enrollment	1,065

Audit Period

July 1, 2020 – April 28, 2022

Smart Schools Bond Act Allocations

The SSBA of 2014 authorized New York State to issue \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to enhance learning and increase opportunities for students throughout all New York State schools. Furthermore, the 2014-15 Enacted State Budget included a methodology to calculate the SSBA allocation amount for each eligible school district. In order to obtain SSBA allocations, school districts are required to prepare and submit a Smart Schools Investment Plan (SSIP) to the New York State Education Department (NYSED) detailing how they propose to use the funds to upgrade and improve the school district's information technology environment. The District's most recent plan was approved by NYSED in March 2019. The District's total SSIP budget is \$1.48 million.

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total SSIP
budget is
\$1.48 million.

Why Should District Officials Apply for SSBA Allocations in a Timely Manner?

Each school district within New York State was allocated an amount of SSBA allocations based on the percentage of State aid received. The prompt recognition of one-time revenues, such as SSBA allocations, in the same period as corresponding expenditures helps to ensure accurate budgeting and financial reporting, is beneficial for cash flow purposes, helps to reduce or eliminate the need to levy additional real property taxes, and gives a more accurate representation of the net cost of operations.

District Officials Did Not Submit SSBA Allocation Claims in a Timely Manner

The District was allocated approximately \$1.48 million through the SSBA to finance improvements to its educational technology and infrastructure to promote learning and create opportunities for students. As of March 2022, the District made eligible technology purchases in the 2019-20, 2020-21 and 2021-22 fiscal years totaling \$1.35 million. However, as of April 2022, District officials had not applied for SSBA reimbursements for these purchases.

The current administrative team was unaware and unsure why the previous administration had not applied for the District's SSBA allocations and did not have an adequate explanation for why they had not filed the claims. The District appointed the current Superintendent in July 2020. Additionally, from October 2021 through February 2022, an Acting Assistant Superintendent of Business (Acting ASB) oversaw the District's business operations. As of February 2022, the Board appointed the Director to fulfill the role of the business official.

The Acting ASB informed us that when he initially started at the District, he noticed a receivable recorded in the capital projects fund for SSBA revenues totaling \$1.27 million. Upon further investigation, the Acting ASB found that although

this amount was recorded as a receivable, the applications to receive these allocations were never prepared and submitted. During our audit fieldwork, the Acting ASB went through all of the technology expenditures with the Information Technology Coordinator to verify that all SSBA claims were appropriately documented and supported and were in fact reimbursable expenditures through the SSBA; which we reviewed and concurred were reasonable within the District's approved SSIP. Additionally, as of the end of our audit fieldwork, the District was preparing the claims to receive \$1.27 million, and had \$136,000 of unspent SSBA allocations remaining to be used towards future SSIP expenditures.

Additionally, when claims for reimbursements are not submitted in a timely manner, the District risks these claims being overlooked and forgotten. Furthermore, the District's adopted budgets included tax levy increases of \$238,912 in 2019-20, \$227,564 in 2020-21 and \$259,742 in 2021-22. These unclaimed reimbursements (i.e., SSBA expenditures) as a percentage of the annual tax levy increase ranged from 29 percent to 471 percent (Figure 1). Had District officials submitted claims for reimbursement of SSBA funds in a timely manner, these tax increases might have been reduced or eliminated.

Figure 1: SSBA Expenditures as a Percentage of Tax Levy

Year	SSBA Expenditures	Total Tax Levy Increase	SSBA Expenditures as a Percentage of Tax Levy Increase
2019-20	\$202,261	\$238,912	85%
2020-21	\$1,071,257	\$227,564	471%
2021-22	\$74,940	\$259,742	29%
Total	\$1,348,458	\$726,218	186%

What Do We Recommend?

District officials should:

1. Apply for all SSBA allocations for eligible technology purchases as soon as possible.

Appendix A: Response From District Officials



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Director of Business
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Michael L. Pullen
Superintendent of Schools

Megan C. Paliotti
Assistant Superintendent
for Instruction and School Improvement

December 2, 2022

Mr. Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
16 West Main Street, Suite 522
Rochester, NY 14614-1608

Dear Mr. Grant:

The North Rose-Wolcott Central School District is in receipt of the draft audit report prepared by your office covering claims for the District's Smart School Bond Act (SSBA) allocation. We would like to extend our appreciation to the principal and associate examiners who were both very professional and courteous throughout their examination. We also appreciate the comments shared during the exit discussion held with District representatives on Friday, December 2, 2022.

Key Finding:

- The audit report found that allocation claims for the SSBA totaling \$1.35 million, relating to eligible technology purchases made during the fiscal years, 2019-20, 2020-21, and 2021-22 were not submitted.

Key Recommendation:

- Apply for all SSBA allocations for eligible technology purchases as soon as possible.

The District agrees with the findings of the draft audit report and the auditors recommendation. In addition, the District has responded to the findings of this audit report and has promptly submitted the claim for all eligible technology SSBA expenditures. We wish to express our appreciation for the recommendations provided by this thorough and professional audit. As we move forward, we will continue to address any issues raised by any audit report the District receives to ensure the proper safeguarding of District assets.

With sincere regards,

Lucinda Collier
President, Board of Education

Michael Pullen
Superintendent of Schools

Appendix B: 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 interviewed District officials and reviewed Board meeting minutes, adopted budgets, SSBA documentation and District policies to gain an understanding of the District's operations as they pertain to the audit objective.
- We reviewed the District's SSIP to determine when the plan was approved, total budget and whether all required criteria was met. We additionally reviewed the District Information Technology Plan to determine whether it aligned with the SSIP.
- We reviewed NYSED's website to verify that the District was allocated \$1.48 million in SSBA funding.
- We reviewed and analyzed 17 claims totaling \$1.35 million from July 1, 2019 through April 28, 2022 to determine whether purchases were supported by adequate documentation, for appropriate purposes and eligible for reimbursement based on SSBA requirements and the SSIP.

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.

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 C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

www.osc.state.ny.us/local-government/publications

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

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/files/local-government/publications/pdf/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

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

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Contact

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