



Saranac Central School District

Tuition Billing and Collections

2023M-90 | December 2023

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Report Highlights

Saranac Central School District

Audit Objective

Determine whether Saranac Central School District (District) officials properly billed and collected tuition for nonresident foster care students enrolled at the District.

Key Findings

District officials did not properly bill and collect tuition for nonresident foster care students enrolled at the District. As of March 27, 2023, the District had not collected \$59,336 of tuition billed and did not bill \$4,345 for tuition due. As a result, the District had not been paid \$63,681 of the \$107,167 (59 percent) in tuition owed to the District during the 2019-20 through 2021-22 school years. District officials did not:

- Establish adequate procedures or provide sufficient oversight to ensure tuition bills were prepared and issued to the school districts of origin in a timely manner for all nonresident foster care students enrolled at the District.
- Maintain a receivable control account in the District's accounting records to ensure that tuition billed had been paid.

Key Recommendations

- Establish procedures and provide oversight to ensure tuition bills are prepared for all nonresident foster care students enrolled at the District.
- Maintain a receivable control account in the District's accounting records for nonresident foster care student tuition.
- Consult with the District's legal counsel concerning options available to obtain payment for tuition owed by school districts of origin for prior school years.

District officials were given an opportunity to respond within 30 days in writing to our findings and recommendations but chose not to respond.

Background

The District serves the Towns of Beekmantown, Black Brook, Dannemora, Plattsburgh, Saranac and Schuyler Falls in Clinton County.

The District is governed by an elected seven-member Board of Education (Board) that is responsible for managing and controlling the District's financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The School Business Official is responsible for overseeing financial operations, including tuition billing and collection for nonresident foster care students. The Secretary to the Superintendent (secretary) is responsible for preparing tuition bills and the District Treasurer (Treasurer) is responsible for receiving and depositing tuition payments.

Quick Facts

Nonresident Foster Care Students Enrolled Each School Year

2019-20	4
2020-21	3
2021-22	3
2022-23	3

Tuition Billed	\$107,167
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Tuition Collected	\$47,831
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2022-23

Appropriations	\$40.3 million
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Audit Period

July 1, 2019 – April 30, 2023

Nonresident Foster Care Student Tuition

At times, a school district (district) educates nonresident students, such as foster care students placed in a district by local departments of social services. The district a child or youth attended, or was entitled to attend, when they entered foster care is the district of origin. The district a foster care student is enrolled at is the district of attendance.

The district of origin is financially responsible for the tuition of foster care students originating from the district but attending other districts for general and/or special education programs. The district of attendance is entitled to charge a net cost tuition to the district of origin for foster care students enrolled at their district.¹

The District identifies foster care students based on foster care notification forms received directly from local departments of social services or at the time of the student's enrollment at the District. The notification forms are provided to a help desk technician to record the student's status as foster care in the student information system and to the secretary to assist in preparing tuition bills for nonresident foster care students enrolled at the District.

How Should Officials Ensure Nonresident Foster Care Student Tuition Is Properly Billed and Collected?

District officials should design an effective system for properly billing and collecting tuition for enrolled nonresident foster care students. A district should clearly assign responsibilities for specific billing and collecting activities to an individual(s) and ensure each participant understands the overall objectives and their role in the billing and collection process.

Officials should have procedures in place to ensure that for all nonresident foster care students enrolled at a district, a tuition bill is prepared, accurately calculated and issued to the district of origin in a timely manner (i.e., at least by the end of the school year of attendance). Officials can use New York State Education Department (SED) resources (e.g., foster care billing worksheets, full-time equivalent calculator for attendance, State aid handbooks and State aid output reports) to ensure tuition bills are accurately calculated.

All tuition billed should be recorded in a receivable control account in the accounting records (account that summarizes total billings, collections and unpaid balances). The control account should be reconciled each month to detailed records to ensure that tuition billed has been paid and any remaining unpaid balances are followed up on.

The District should bill tuition in the current school year based on an estimated net cost. Officials should then monitor these bills and the corresponding payments

¹ Refer to Appendix A for additional information on calculation of tuition charges.

received to ensure that the district of origin is issued a correct refund, or accurately billed additional tuition charges, in the subsequent school year based on the actual net cost to the District.

Officials Did Not Ensure Nonresident Foster Care Student Tuition Was Properly Billed and Collected

The District had nonresident foster care students who were enrolled at the District during our audit period as follows: four students in 2019-20 and three students each in 2020-21, 2021-22 and 2022-23. We reviewed the supporting documentation for the tuition billed and collected for these nonresident foster care students to determine whether the tuition billed was accurately calculated, billed in a timely manner and paid by the district of origin.

While the tuition billed was accurately calculated, as of March 27, 2023, the districts of origin had not paid tuition billings totaling \$59,336 for two nonresident foster care students enrolled during the 2019-20 school year and a nonresident foster care student enrolled during the 2020-21 school year. In addition, the secretary did not bill the district of origin \$4,345 for tuition owed for two nonresident foster care students enrolled during the 2021-22 school year.

As a result, as of March 27, 2023, the District had not been paid \$63,681 of the \$107,167 (59 percent) in tuition owed to the District during the 2019-20 through 2021-22 school years (Figure 1).

Figure 1: Nonresident Foster Care Student Tuition as of March 27, 2023 School Years 2019-20 through 2021-22

School Year	Tuition			
	Billed	Not Billed	Collected	Not Collected
2019-20	\$69,294	\$0	\$12,464	\$56,830
2020-21	28,607	0	26,101	2,506
2021-22	4,921	4,345	4,921	4,345
Total	\$102,822	\$4,345	\$43,486	\$63,681

This occurred because officials did not establish adequate procedures or provide sufficient oversight to ensure nonresident foster care tuition was properly billed and collected. For example, the secretary prepared tuition bills based on the foster care notification forms provided to her. However, the secretary did not obtain a report from the student information system of all foster care students enrolled at the District each school year, to compare to the notification forms she had, to ensure she prepared tuition bills for all nonresident foster care students enrolled at the District. Because the secretary had not been provided with a foster care notification form for a student enrolled during the 2021-22 school year,

...[O]fficials did not establish adequate procedures or provide sufficient oversight to ensure nonresident foster care tuition was properly billed and collected.

she did not prepare a tuition bill for the student because she was not aware the student was enrolled.

In addition, although the School Business Official reviewed the tuition bills prepared by the secretary for accuracy prior to their issuance, there were no independent reviews to ensure the secretary prepared tuition bills for all nonresident foster care students enrolled at the District. As a result, although the secretary received a notification form for a student enrolled during the 2021-22 school year, she mistakenly did not prepare a tuition bill for this student. This error was not identified and corrected because of the lack of oversight of the secretary's preparation of tuition bills.

Furthermore, officials did not maintain a receivable control account in the District's accounting records for nonresident foster care student tuition billed and collected during our audit period or have other procedures to reconcile the amounts billed to the corresponding payments received. As a result, officials had limited assurance the districts of origin paid the tuition they were billed.

Officials were not aware of the tuition that had not been billed and collected for nonresident foster care students who were enrolled at the District during the 2019-20 through 2021-22 school years until we notified them on March 27, 2023. The secretary subsequently prepared and issued tuition bills for the \$4,345 owed by a district of origin for two students enrolled during the 2021-22 school year that had not been previously billed. The District received the corresponding tuition payments in April 2023. As a result, as of April 30, 2023, the District was still owed a combined total of \$59,336 in tuition for two students enrolled during the 2019-20 school year and a student enrolled during the 2020-21 school year.

In addition, as of April 30, 2023, based on the estimated net cost to the District, the District could have billed the districts of origin a combined total of \$20,757 in tuition for the three nonresident foster care students enrolled at the District during the 2022-23 school year. However, the secretary had not prepared tuition bills for these students. This occurred because it was the District's procedure to wait to prepare and issue tuition bills until the final tuition rates were issued in the subsequent school year, instead of preparing and issuing preliminary tuition bills in the current school year based on the estimated net cost to the District.

However, this billing method results in tuition not being billed and paid in a timely manner. For example, the tuition bills prepared as of March 27, 2023, for the eight nonresident foster care students who were enrolled at the District during the 2019-20 through 2021-22 school years, were prepared between 162 and 207 days after the end of the school years the students were enrolled. As a result, the corresponding tuition payments made were also delayed, which deferred the District's access to funds that could be used for operations. In addition, this resulted in the Treasurer recording and recognizing tuition revenues in the

District's accounting records in the subsequent fiscal year when payments were received, instead of in the prior fiscal year that the tuition charges were related to.

Because officials did not establish adequate procedures or provide sufficient oversight of nonresident foster care student tuition billings and collections, the District did not realize significant revenues to which it was entitled. The number of discrepancies we identified indicates the District's procedures for nonresident foster care student tuition billing and collection require improvement to ensure future tuition is properly billed and collected.

What Do We Recommend?

District officials should:

1. Establish procedures and provide oversight to ensure tuition bills are prepared and issued to the districts of origin in a timely manner for all nonresident foster care students enrolled at the District.
2. Maintain a receivable control account in the District's accounting records for nonresident foster care student tuition and prepare a monthly reconciliation of this account with the supporting detailed records to ensure all tuition billed is paid in a timely manner.
3. Consult with the District's legal counsel concerning options available to obtain payment for the identified tuition owed by districts of origin for prior school years.
4. Monitor future tuition bills issued in the current school year (based on the estimated net cost) and the corresponding payments received to ensure that the district of origin is issued a correct refund, or accurately billed additional tuition charges, in the subsequent school year (based on the actual net cost to the District).

Appendix A: Calculation of Tuition Charges

A Commissioner of Education regulation prescribes that the charge for instruction of nonresident students should not exceed the actual net cost of educating the students. If the accounting records of the district providing the education are not maintained in a manner which would indicate the net cost, the nonresident tuition formula can be used.

SED produces nonresident tuition reports each year for each district, which calculate an estimated nonresident tuition (NRT) rate for the current school year and an actual NRT rate for the prior school year in various categories (e.g., K-6 general education, 7-12 general education, K-6 special education and 7-12 special education). The estimated NRT rates can be used during the current school year for preliminary billing purposes, but the NRT rates should be adjusted when the actual NRT rates are issued in the subsequent school year.

The applicable NRT rate also should be multiplied by a student's full-time equivalent (FTE) attendance when calculating the tuition to be charged. FTE is the decimal expression of a student's enrollment duration compared to the length of the annual school year. For example, a student who is enrolled for a full school year has an FTE of 1, while a student who is enrolled for only half of the school year has an FTE of 0.5.

In addition, when a district of attendance charges tuition for a foster care student who is enrolled in an all-day instructional program operated by a Board of Cooperative Educational Services (BOCES), the district's tuition should include the BOCES tuition charges minus any State aid that is attributable to the student's attendance. The initial tuition charged by a BOCES can be used during the current school year for preliminary billing purposes, but the tuition should be adjusted when the BOCES issues its final tuition rates in the subsequent school year.

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 various records and reports to gain an understanding of the District's procedures for billing and collecting tuition for nonresident foster care students enrolled at the District. We documented any associated effects of deficiencies in those procedures.
- We reviewed supporting documentation for the tuition billed and collected for all nonresident foster care students who were enrolled at the District during our audit period to determine whether the tuition billed was accurately calculated, billed in a timely manner and paid by the district of origin. For tuition that was not properly billed and collected, we determined the reason and calculated the amounts of any tuition not paid.

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.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/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.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/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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