

Hammond Central School District

Financial Management

2024M-70 | October 2024

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Report Highlights

Hammond Central School District

Audit Objective

Determine whether the Hammond Central School District (District) Board of Education (Board) and District officials properly managed fund balance and reserve funds.

Key Findings

The Board and District officials did not properly manage the District’s fund balance and reserve funds. As a result, they levied more taxes than needed to fund operations and were not transparent with taxpayers. The Board and District officials:

- Overestimated budgetary appropriations by an annual average of \$1.5 million from 2020-21 through 2022-23. This made it appear that the District needed to increase real property taxes and use appropriated fund balance to close projected budget gaps, when the District’s actual annual revenues were sufficient to cover annual expenditures.
- Reported surplus fund balance that exceeded the statutory limit by \$624,000. This amount increased to \$1.6 million when adding back the unused appropriated fund balance that was not needed.
- Did not follow legal requirements when they used reserves funds totaling \$1.6 million. In addition, they exceeded the voter-approved funding level for the capital reserve fund by \$900,000.
- Accumulated excessive balances totaling about \$600,000 in three reserves.
- Did not budget to fund reserves. From July 1, 2020 through June 30, 2023, more than \$1.5 million in fiscal year-end unbudgeted transfers were made to increase various reserve funds. Among these was a \$350,000 transfer to increase the employee benefit accrued liability reserve (EBALR) that was already significantly overfunded.

Recommendations

The audit report includes nine recommendations which, if implemented, would improve the Board and District officials’ financial management practices.

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

Audit Period

July 1, 2020 – December 11, 2023

Background

The District serves the Towns of Hammond, Macomb, Morristown, and Rossie in St. Lawrence County, and Alexandria in Jefferson County.

The elected, seven-member Board manages and controls the District’s financial and educational affairs. The Superintendent of Schools (Superintendent) is responsible, along with other administrative staff, for the District’s day-to-day management under the Board’s direction.

The District’s Business Manager oversees the business office, maintains financial records and prepares financial reports. The Board, Superintendent, and Business Manager are responsible for developing and monitoring the annual budget. The current Business Manager began in July 2022.

Quick Facts	
Student Enrollment	240
2023-24 Appropriations	\$9.5 million
Total Reserve Funds as of June 30, 2023	\$4 million

Financial Management

How Should a School Board and District Officials Manage Fund Balance?

Fund balance is the difference between revenues and expenditures accumulated over time. School districts may retain a portion of surplus fund balance¹ for unexpected occurrences and fluctuations in cash flow. However, a school district board (board) and officials must comply with New York State Real Property Tax Law Section 1318, which limits the amount of surplus funds that a school district can retain to no more than 4 percent of the budget. Officials must apply any surplus fund balance in excess of the 4 percent limit to reduce the upcoming year's real property tax levy or appropriately fund needed reserves.

To properly manage fund balance, a board and school district officials should develop and adopt reasonably estimated and structurally balanced budgets. Budgets should be based on historical data or known trends in which recurring revenues finance recurring expenditures. In preparing the budget, the board must estimate the amounts the school district will spend and receive, the amount of fund balance that will be available at fiscal year-end to use toward the upcoming year's budget, and the expected real property tax levy. Accurate and reasonable budget estimates help ensure that the tax levy is not greater than necessary, the budget is presented transparently to the public, and surplus fund balance does not exceed the legal limit. During the fiscal year, as school district officials have a better understanding of the results of financial operations, they should consider using anticipated surplus fund balance to finance one-time expenditures, fund needed reserves or pay off debt.

With help from school district officials, the board is responsible for monitoring the results of financial operations as the fiscal year progresses. School district officials should provide the board with quarterly budget status reports that compare budgeted appropriations and estimated revenues with actual results, so that the board can monitor the progress of the school district's financial activities throughout the year.

The Board and District Officials Did Not Properly Manage Fund Balance

The Board and District officials overestimated appropriations and allowed surplus fund balance to exceed the statutory limit. As a result, District officials levied higher property taxes than necessary to fund operations and were not transparent with taxpayers.

We compared estimated revenues and appropriations in the general fund with actual operating results for the 2020-21 through 2022-23 fiscal years. Estimated revenues were generally reasonable. However, District officials overestimated appropriations by an average of \$1.5 million (19 percent) per year, for a cumulative total of \$4.4 million (Figure 1).

¹ For guidance on fund balance classification and reporting see <https://www.osc.ny.gov/files/local-government/publications/pdf/gasb54.pdf>.

Figure 1: Overestimated Appropriations (rounded to \$1,000)

	2020-21	2021-22	2022-23	Total
Appropriations	\$8,747,000	\$9,302,000	\$9,198,000	\$27,247,000
Less Actual Expenditures	\$7,351,000	\$7,485,000	\$7,983,000 ^a	\$22,819,000
Overestimated Appropriations	\$1,396,000	\$1,817,000	\$1,215,000	\$4,428,000
Percent Overestimated	19%	24%	15%	19%
a) Excludes \$1.9 million unbudgeted transfer to the capital projects fund.				

The most significant budget variances during the three-year period included the following:

- Employee salaries were overestimated by more than \$1.1 million (12 percent), which averaged about \$375,000 per school year.
- Health insurance benefits were overestimated by more than \$1 million (20 percent), which averaged about \$358,000 per school year.
- Bus purchases were overestimated by about \$656,000 (68 percent), which averaged about \$219,000 per school year.
- Special education programs were overestimated by about \$409,000 (15 percent), which averaged about \$136,000 per school year.

The Superintendent told us that it was difficult to estimate these appropriations due to various uncertainties. For example, health insurance appropriations were based on estimates provided by the District's health insurance consortium. However, officials should review the estimates for reasonableness and consider the District's actual historical expenditures which have been lower the past few years. In addition, officials also budget extra for special education programs in case special needs students move into the District during the school year, which could increase the District's costs. In addition, a large cushion is built into the appropriation for bus purchases to accommodate potential fluctuations in pricing and unforeseen expenditures. While budgeting to consider unexpected costs is understandable to a degree, officials consistently overestimated these appropriations and could have more effectively used historical information to develop more realistic budgets.

Because the Board and officials overestimated appropriations, it appeared that the District needed to increase real property taxes and use appropriated fund balance to close projected budget gaps each year. Officials appropriated approximately \$1 million of fund balance each fiscal year in the 2020-21 through 2022-23 budgets. However, the District's actual annual revenues were sufficient to cover annual expenditures, so the District did not use any of the appropriated fund balance. Had the Board and officials budgeted for more realistic appropriations, they could have reduced real property taxes.

Instead of incurring planned operating deficits, the District experienced operating surpluses of \$665,000 in the 2020-21 fiscal year and \$701,000 in the 2021-22 fiscal year. In the 2022-23 fiscal year, the District incurred an "operating deficit" of approximately \$1.2 million. However, this only occurred because officials used reserve funds to make a \$1.9 million transfer to the capital projects fund, which

was not in the original budget.² As such, the District did not use any of the appropriated fund balance this year either. Without this transfer, the District experienced an operating surplus of approximately \$738,000.

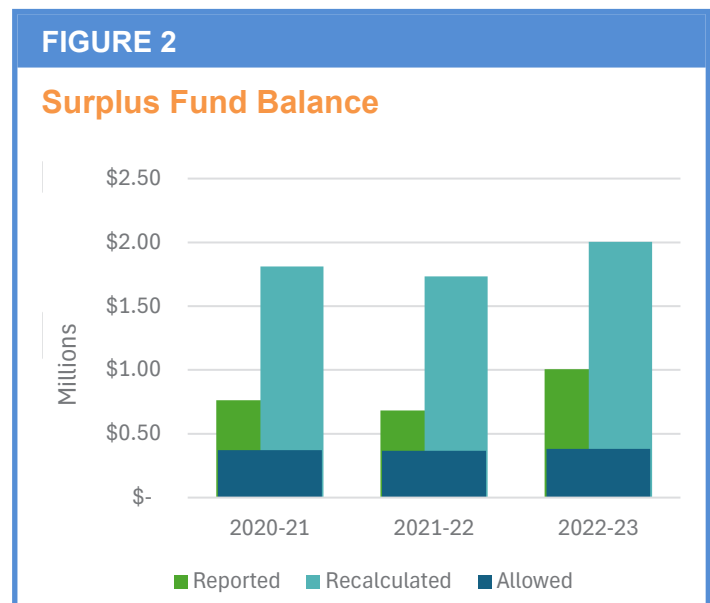
Furthermore, the Board and officials have continued to overestimate appropriations. The 2023-24 budget appropriations of \$9.5 million are 19 percent higher than the 2022-23 actual expenditures of \$8 million. Historically, actual expenditures have increased by about 3 percent a year. As such, the District will most likely generate another operating surplus in 2023-24, and it will not need to use the \$1 million of fund balance appropriated in the budget.

Over the last three years, the District reported surplus fund balances that were between 7.4 and 10.6 percent of the following year's budgeted appropriations. As of June 30, 2023, the District reported that its surplus fund balance exceeded the statutory limit by about \$624,000 (6.6 percentage points).

The District's practice of annually appropriating fund balance that is not needed to finance operations is, in effect, a reservation of fund balance that is not provided for by statute and circumvents the statutory limit imposed on the level of surplus fund balance. When adding back the unused appropriated fund balance that was not needed, the recalculated fiscal year-end surplus fund balance was even higher.

For perspective, the recalculated amount ranged from 18.8 to 21.1 percent of the following year's budgeted appropriations. This exceeded the statutory limit by 14.8 to 17.1 percentage points. At the end of the 2022-23 fiscal year, the recalculated surplus fund balance was \$2 million, which exceeded the statutory limit by \$1.6 million (Figure 2).

Although the District reported surplus fund balance that was over the 4 percent statutory limit at the end of each fiscal year, the Board continued to increase the tax levy by an annual average of \$127,000 (3 percent) in the 2021-22 through 2023-24 budgets. If officials continue the same budgeting practices, the District will continue to generate annual operating surpluses and not use fund balance appropriated in the budget. This will likely lead to further accumulation of surplus fund balance that exceeds the statutory limit. By maintaining surplus fund balance over the statutory limit, officials are withholding significant funds from productive use, such as funding needed reserves or reducing the tax levy to provide relief to taxpayers.



² District voters approved a capital project proposition in March 2023, which provides that the project would be partially funded by a capital reserve fund. Concerns with the District's use of other reserve funds to finance this project are addressed later in this report.

In addition, the Board does not receive quarterly budget status reports. While the Business Manager provided budget status reports to the Superintendent, they were only given to the Board when they were working to develop the upcoming year's budget. As a result, the Board could not see how actual expenditures compared against the budgeted appropriations throughout the year. By periodically reviewing these reports, the Board could identify and inquire about significant budget variances, including unspent appropriations.

How Should a School Board and District Officials Properly Manage Reserve Funds?

School districts are allowed to establish reserve funds to accumulate and restrict funds for certain future purposes (e.g., capital projects or retirement expenditures). Although school districts are generally not limited as to the amount of funds that can be held in reserves, a board should maintain reserve balances that are reasonable. Reserve funds should not be merely a “parking lot” for excess cash or fund balance. A board should balance the intent for accumulating funds for identified future needs with the obligation to ensure real property taxes are not higher than necessary.

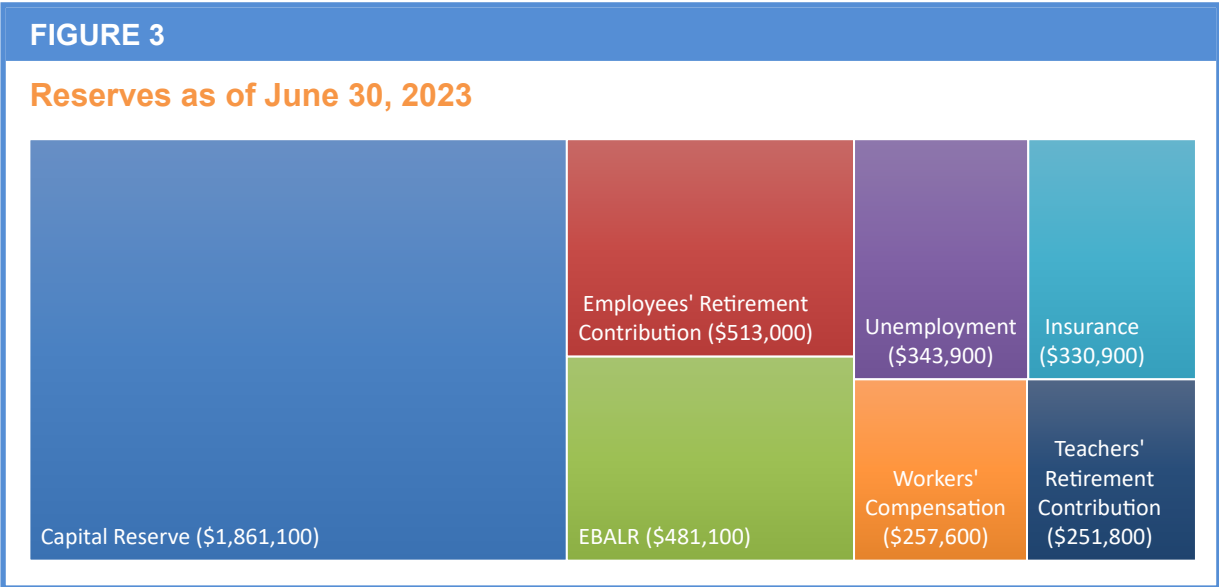
Additionally, when the board sets money aside in reserves, it must comply with the applicable legal provisions which determine how reserves are established and how they may be funded, expended and discontinued.³ To be transparent about school finances, the board should include amounts to be placed in reserve funds in the annual budget. By making provisions to raise resources for reserve funds explicit in the proposed budget, the board gives taxpayers an opportunity to know its plan for funding reserves.

The board should adopt a comprehensive written reserve fund policy and/or plan that states its rationale for establishing reserve funds, objectives for each reserve, maximum targeted funding levels and conditions under which reserves will be used or replenished. The board and officials should review reserve balances at least annually to help ensure that the amounts reserved are necessary and reasonable. A reserve fund policy/plan can help ensure that reserve balances are funded as intended.

³ For guidance on reserve funds, officials can refer to the following publication: Local Government Management Guide Reserve Funds (<https://www.osc.ny.gov/files/local-government/publications/pdf/reserve-funds.pdf>).

The School Board and District Officials Did Not Properly Manage Reserve Funds

As of June 30, 2023, the District had seven reserve funds totaling approximately \$4 million (Figure 3).



The Board approved a written reserve fund plan in December 2020 based on balances in each reserve as of June 30, 2020. It includes the following information for each reserve:

- Purpose and intended use of the reserve,
- Funding methods,
- Monitoring of the reserve,
- Targeted funding level and recommended balance,
- Actual balance, and
- Excess or insufficient balance

However, the Business Managers did not provide the Board with annual reports on reserves and officials have not updated the plan since it was first approved. Without up-to-date information, the Board's ability to make informed decisions regarding the funding and use of reserves was limited. In addition, officials did not follow the necessary legal requirements when they used approximately \$1.6 million from the EBALR and repair reserve funds. Also, three reserves were overfunded by a total of about \$600,000 as of June 30, 2023 and the Board exceeded the capital reserve maximum funding level authorized by the voters by approximately \$900,000. The remaining three reserve funds were reasonably funded.

Improper Use of Reserve Funds – In May 2022, District voters approved a capital reserve fund for up to \$1 million to defray the cost of construction and reconstruction of District buildings and facilities. In June 2022, the Board authorized a transfer of \$200,000 from the EBALR to help fund the capital reserve fund. However, this transfer to the capital reserve fund was not a proper use of EBALR funds. New York State General Municipal Law (GML) Section 6-p provides that an EBALR generally must be used for cash payments to employees for accrued, but unused sick, vacation and certain other leave time, upon leaving District employment, and for expenditures related to the reserve’s administration. Also, officials were not transparent with taxpayers and residents because they accumulated money for one purpose and used it for another.⁴

In February 2023, the Board approved transferring another \$1.4 million from the EBALR and the repair reserve fund to the capital reserve fund. Officials transferred \$700,000 from the EBALR and \$699,695 from the repair reserve fund to the capital reserve fund, which at that time, had a balance of \$501,574. This depleted the repair reserve fund and brought the total capital reserve fund balance to about \$1.9 million, which exceeded the \$1 million maximum funding level approved by the voters. The Board did not obtain additional voter approval to increase this funding level.

In March 2023, District officials presented a proposition to voters to request approval to undertake a \$6.7 million capital improvement project (Project) to be funded in part by using \$1.9 million from the capital reserve fund. Voters approved the proposition and officials transferred the \$1.9 million to the capital projects fund during the 2022-23 fiscal year to make funding available to start the Project.

Similar to the previous \$200,000 EBALR transfer, the \$700,000 transfer from the EBALR to finance the capital reserve fund was not proper, because this was not an authorized use of EBALR funds. The Superintendent and Business Manager told us that they used the EBALR to fund the capital reserve fund for the Project because they knew the EBALR was overfunded. However, District officials must adhere to the legal restrictions on the use of reserve funds. Also, they should carefully consider those restrictions prior to funding reserves so they do not set aside more funds than needed for the reserve’s purpose.

In addition, District officials did not follow the necessary legal requirements for transferring \$699,695 from the repair reserve fund to the capital reserve fund for use on the Project. GML Section 6-d authorizes a school district’s board to establish a repair reserve fund to be used for certain repairs to capital improvements or equipment that do not recur annually or at shorter intervals. A school district is also authorized to appropriate money in the repair reserve fund to another reserve fund established pursuant to New York State Education Law Section 3651.⁵

To expend money from the repair reserve, the board must first provide the necessary public notice and hold a public hearing on the proposed use of the funds, and subsequently adopt a resolution

⁴ GML Section 6-p generally provides that a school district may only transfer money from an EBALR to other reserve funds following an official determination by the school district that the EBALR fund is no longer needed, and upon certification to the board by the school district’s fiscal and legal officers of the amounts necessary to retain in the EBALR for payment of accrued liabilities. However, District officials did not meet these requirements when transferring funds from the EBALR to the capital reserve fund.

⁵ Education Law Section 3651 authorizes school districts to establish capital and tax certiorari reserve funds.

appropriating money from such fund. In this case, the Board did not provide public notice or hold a public hearing to allow residents to question or voice opinions on the use of money in the repair reserve fund.

Had the Board passed a resolution and held a proper public hearing, it could have transferred \$498,426 from the repair reserve fund to the capital reserve fund, which would have fully funded the capital reserve fund up to the \$1 million maximum amount approved by voters. This action could have allowed a large portion of the repair reserve fund to be used for the Project.

Similarly, had the Board taken the proper legal steps to appropriate money in the repair reserve fund directly to the Project, it may have been able to cover certain components of the Project related to repairs of the District's facilities. However, District officials did not identify or quantify the cost of specific repairs within the scope of the Project. As a result, District officials could not demonstrate that the funds expended from the repair reserve fund on the Project were used for permissible purposes under GML Section 6-d.

The Business Manager told us they thought the repair reserve was allowed to be used for capital projects. However, the Board did not provide the proper public notice and hold a public hearing to transfer funds from the repair reserve fund to the capital reserve fund or to appropriate money from the repair reserve fund for specific repairs within the Project's scope. Therefore, District officials did not follow the applicable legal requirements when they used the repair reserve fund.

Overfunded Reserves – We reviewed the reserve fund balances for reasonableness as of June 30, 2023 and compared the reported balances with targeted funding levels identified in the District's reserve plan. Three of the District's six reserves were overfunded as follows:

- **EBALR** – As previously discussed, officials improperly transferred \$900,000 from the EBALR during the 2021-22 and 2022-23 fiscal years, which reduced the reserve balance to about \$131,000. However, the Board used surplus fund balance to increase this reserve by \$350,000 at the end of the 2022-23 fiscal year, which brought the balance to \$481,000 as of June 30, 2023.

The District's reserve fund plan indicates that this reserve should be funded at a level sufficient to pay for all the accrued leave owed to employees. However, the District's calculation of compensated absences as of June 30, 2023 was only about \$124,000, which means that, by the District's own calculations, the EBALR was overfunded by \$357,000; nearly three times the amount required by the reserve plan. Also, officials did not use the EBALR to pay for unused leave to employees who left District employment during our audit period.

- **Unemployment Insurance Reserve** – The Board established this reserve to reimburse the New York State Unemployment Insurance Fund (NYSUIF) for payments made to claimants on the District's behalf. As of June 30, 2023, the reserve had a balance of approximately \$344,000. The District's reserve fund plan established a funding level of five years' worth of projected unemployment expenditures which was determined to be about \$197,000 when the reserve fund plan was adopted in December 2020. The reserve fund plan identified an excess balance in this reserve of approximately \$146,000; however, officials have taken no action to reduce the reserve and the excess balance in the reserve has grown to \$147,000 due to interest earnings.

Although the plan included annual unemployment cost projections of approximately \$39,300, the District did not incur unemployment expenditures during the 2020-21 through 2021-23 fiscal years, so it has not needed to use this reserve. GML Section 6-m provides that if at the end of any fiscal year, the money in the reserve exceeds amounts required to be paid into the NYSUIF, plus any additional amounts required to pay pending claims, the Board, within 60 days of the close of the fiscal year, may elect to transfer all or part of the excess amounts to another authorized reserve fund or apply all or part of the excess to the upcoming fiscal year's budget. Therefore, the Board has an opportunity to use the excess funds in this reserve to address the District's other operational or capital needs.

- **Workers' Compensation Reserve** – The Board established this reserve to pay for workers' compensation claims and related costs. As of June 30, 2023, the reserve had a balance of approximately \$258,000. The District's reserve fund plan indicates that this reserve should have a maximum funding level of five years' worth of workers' compensation expenditures (about \$162,000). As of the end of the 2022-23 year, this reserve was overfunded by \$96,000 as it had accumulated approximately eight years' worth of related expenditures.

Similar to the unemployment insurance reserve, GML Section 6-j provides the Board with some discretion on the use of excess funds in this reserve. If at the end of any fiscal year, the money in the reserve exceeds the amounts required to be paid for compensation, benefits and expenditures, plus any additional amount required to pay pending claims, the Board, within 60 days of the close of such fiscal year, may elect to transfer all or part of the excess amount to certain other reserve funds, or apply the excess to the upcoming fiscal year's budget.

Furthermore, the Board and District officials did not transparently fund reserves by including funding in the annual budget. From July 1, 2020 through June 30, 2023, the District made fiscal year-end unbudgeted transfers totaling more than \$1.5 million to increase various reserve funds. Among these was the \$350,000 transfer to increase the EBALR that was already overfunded. Funding reserves at levels higher than necessary creates an undue burden on taxpayers and withholds funds that may have been used in a more beneficial way to current District residents and taxpayers.

Why Is Multiyear Financial Planning Important?

The board and officials should develop a comprehensive, written multiyear financial plan to estimate future costs of ongoing services. Multiyear financial planning enables a board and officials to identify revenue and expenditure trends, establish long-term priorities and goals, consider the effect of near-term budgeting decisions on future fiscal years, and assess the merits of alternative approaches (such as using surplus funds or establishing and using reserves) to finance operations.

The Board and District Officials Did Not Develop a Written Multiyear Financial Plan

The Board and District officials did not develop a written multiyear financial plan to help guide long-term decision-making. A multiyear financial plan would be a useful tool for the Board to use to plan for future needs and how to finance them. Although the Superintendent and Business Manager indicated that

they discuss financial decisions with the Board, they have not developed a formal written multi-year financial plan for the Board's consideration and adoption.

The lack of a written multiyear financial plan inhibits the Board and District officials' ability to effectively manage finances. As the District moves forward, a well-designed written financial plan can assist the Board in making informed decisions about programs and operations in a timely matter and help them effectively manage and use fund balance and reserves in the best interest of taxpayers.

What Do We Recommend?

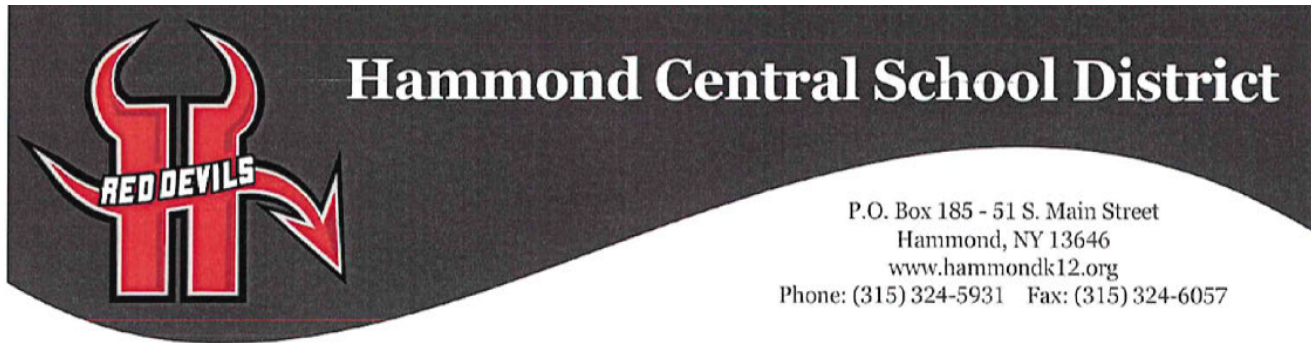
The Board and District officials should:

1. Develop and adopt budgets that include reasonable estimates for appropriations and the amount of fund balance that will be appropriated and used to fund operations.
2. Develop and adopt a plan to reduce surplus fund balance to comply with the statutory limit. Surplus funds can be used for:
 - Reducing District property taxes,
 - Funding one-time expenditures,
 - Funding needed reserves, and
 - Paying off debt.
3. Annually review and update the District's reserve fund plan.
4. Review reserve fund balances to determine whether the amounts are necessary and reasonable. To the extent that they are not, District officials should work with the District's legal counsel to ensure reserves are applied to the budget appropriations of the upcoming fiscal year or to other authorized reserves, in compliance with applicable statute.
5. Ensure reserve funds are only used for allowable expenditures, and public hearings are held, when required. Consult with legal counsel on the appropriate remedy to address the improper use of the EBALR and repair reserve funds.
6. Ensure capital reserve funding does not exceed the amount authorized by voters.
7. Transparently fund reserves by including anticipated funding of reserves in the annual budget.
8. Develop and adopt a written multiyear financial plan to provide a framework for future budgets and help manage the District's fund balance and reserves. The plan should be periodically reviewed and updated as appropriate.

The Superintendent and Business Manager should:

9. Provide quarterly budget status reports to the Board so that Board members can monitor the financial progress of the budget throughout the year.

Appendix A: Response From District Officials



October 2, 2024

Office of the New York State Comptroller
Syracuse Regional Office
Rebecca Wilcox, Chief of Municipal Audits
State Office Building, Room 409
333 E. Washington Street
Syracuse, NY 13202-1428

Re: Response of Report of Examination 2024M-70

Dear Ms. Wilcox,

We are in receipt of your draft report of the State Comptroller's Office audit of the Hammond Central School District for the period of July 1, 2020 - December 11, 2023. The Hammond Central School District Board of Education and Administration acknowledge the preliminary draft findings which focused on our Financial Management processes. Please accept this letter as the District's response to the audit findings.

Administration has reviewed the preliminary report and agrees with its findings and recommendations. The District has a new administrative team in place, as of May 2024 (Superintendent, Principal, and Business Manager), who are working diligently to implement best practices moving forward. These practices include, but are not limited to, the following: developing and adopting budgets that contain reasonable estimates for appropriations and use of fund balances; developing and adopting a plan to reduce surplus fund balance to comply with the statutory limit; updating the District's reserve fund plan; and ensuring reserve funds are only used for allowable expenditures. In addition, the Superintendent and Business Manager are working to develop and adopt a multi-year financial plan to provide a framework for future budgets, and provide quarterly budget status reports to the Board of Education so that board members can monitor the financial progress of the budget throughout the year.

In summary, the Board of Education and District remain committed in our efforts to maintain the long-term health of the District, maintain transparency with taxpayers, and build responsible budgets. With the proper adjustments to our policies and procedures, we believe we will be able to accomplish that in the years to come.

In conclusion, we would like to thank your audit team for their professionalism both during their on-site fieldwork and subsequent correspondence. It was a pleasure working with your audit team. The district will submit a formal Corrective Action Plan within the timeframe required.

Respectfully submitted,

C. Lauren Morley
Superintendent

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed Board meeting minutes, relevant laws, District policies, audited financial statements, budgets, and various records to gain an understanding of the District's budgeting process and how officials managed fund balance and reserves.
- We reviewed adopted general fund budgets from the 2020-21 through 2022-23 fiscal years to determine whether they were reasonable and structurally balanced by comparing adopted budgets with actual results of operations and assessing whether appropriated fund balance was used to fund operations as planned. We analyzed any significant budget-to-actual variances.
- We reviewed the adopted budgets and real property tax levies for the 2021-22 through 2023-24 fiscal years to identify trends in the tax levy.
- We compared the 2023-24 budget to previous year actual results and reviewed the budget status as of April 2024 to assess the likelihood that the District will need to use the fund balance that was appropriated in the budget.
- We analyzed the general fund balance for fiscal years 2020-21 through 2022-23 to identify trends. We calculated surplus fund balance as a percentage of the upcoming year's budgeted appropriations to determine whether it was within the statutory limit.
- We recalculated surplus fund balance as a percentage of the upcoming school year's budget after adding back appropriated fund balance not used to fund the upcoming year's operations.
- We reviewed reserve fund balances and activities from 2020-21 to 2022-23 to assess whether the reserves were funded reasonably and used for their intended purposes.

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

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

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Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
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SYRACUSE REGIONAL OFFICE – Rebecca Wilcox, Chief of Municipal Audits
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