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April 5, 2024

Mrs. Arlise Carson, Interim Superintendent of Schools  
Members of the Board of Education  
Wyandanch Union Free School District  
1445 Dr. Martin Luther King, Jr. Blvd  
Wyandanch, NY 11798

Report Number: B24-7-2

Dear Interim Superintendent Carson and Members of the Board of Education:

Chapter 18 of the Laws of 2020, as amended by Chapter 56 of the Laws of 2020,<sup>1</sup> authorizes the Wyandanch Union Free School District (District) to issue debt not to exceed \$4.5 million to liquidate the accumulated deficit in the District's general fund as of June 30, 2019. Local Finance Law (LFL) Section 10.10(d) requires municipalities and school districts that have been authorized to issue obligations to fund operating deficits to submit to the State Comptroller each year, starting with the fiscal year during which the municipality or school district is authorized to issue the deficit obligations, and for each subsequent fiscal year during which the deficit obligations are outstanding, their proposed budget for the next succeeding fiscal year.

The proposed budget must be submitted no later than 30 days before the date scheduled for the governing board's vote on the adoption of the final budget or the last date on which the budget may be finally adopted, whichever is earlier. The State Comptroller must examine the proposed budget and make recommendations, as deemed appropriate. Recommendations, if any, are made after the examination into the District's estimates of revenues and expenditures.

The Board of Education (Board), no later than five days prior to the adoption of the budget, must review all recommendations made by the State Comptroller and may make adjustments to its proposed budget consistent with those recommendations. All recommendations that the Board rejects must be explained in writing to the State Comptroller. The District may not issue bonds unless and until adjustments to the proposed budget consistent with recommendations of the State

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<sup>1</sup> Section 42-c of Part A of Ch. 56 L. 2020

Comptroller are made, or any recommendations that are rejected have been explained in writing to the State Comptroller.

Our Office completed a review of the District’s proposed budget for the 2024-25 fiscal year. The objective of the review was to provide an independent evaluation of the proposed budget. Our review addressed the following question related to the District’s proposed budget for the upcoming fiscal year:

- Are the significant revenue and expenditure projections in the District’s proposed budget reasonable?

Based on the results of our review, we found that the significant revenue projections in the District’s proposed budget are reasonable. However, appropriations for health insurance and New York State and Local Retirement System (NYSLRS) expenditures appear over-estimated and should be reviewed by the Interim Superintendent and Board.

To accomplish our objective in this review, we requested your proposed budget, salary schedules, debt payment schedules and other pertinent information. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases or decreases. We analyzed, verified and/or corroborated trend data and estimates, where appropriate. We identified any significant new or unusually high revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to determine the nature of the items and to assess whether the estimates were realistic and reasonable.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

The proposed budget package submitted for review for the 2024-25 fiscal year consisted of the following:

- 2024-25 Proposed Budget
- Supplementary Information

The proposed budget submitted to our Office is summarized in Figure 1:

<b>Figure 1: 2024-25 Wyandanch Union Free School District Proposed Budget</b>				
<b>Fund</b>	<b>Appropriations and Provisions for Other Uses</b>	<b>Estimated Revenue</b>	<b>Appropriated Fund Balance</b>	<b>Real Property Taxes</b>
General	\$116,135,685	\$93,030,658	\$0	\$23,105,027

**Revenues**

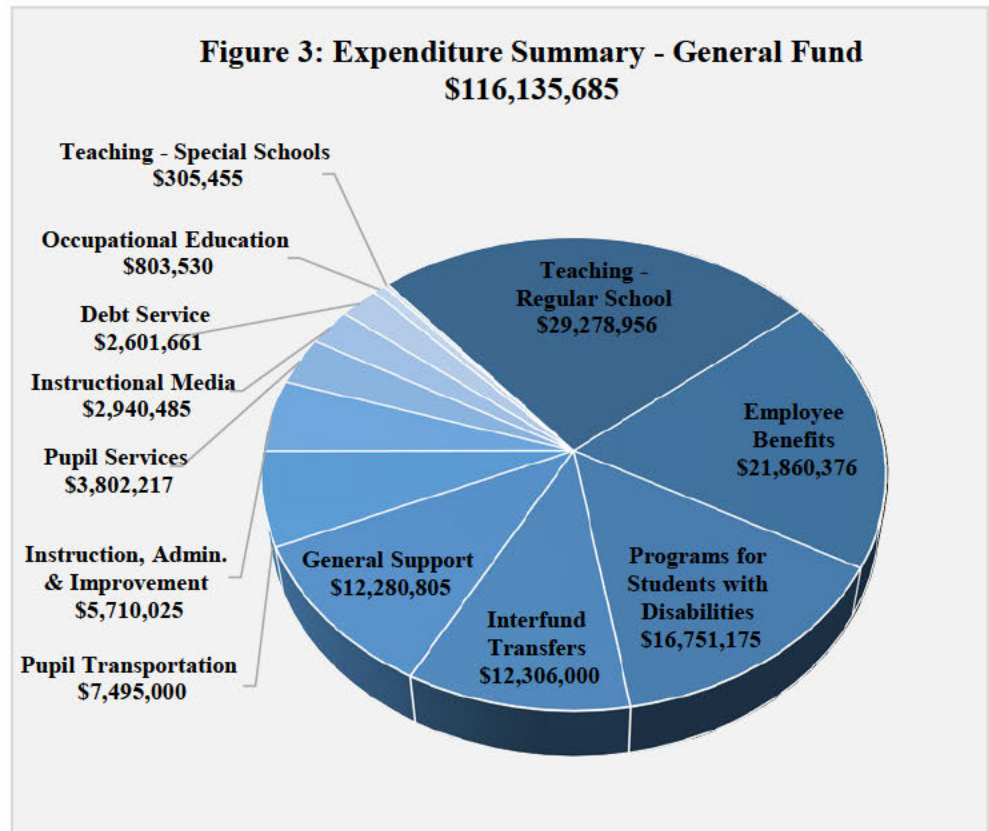
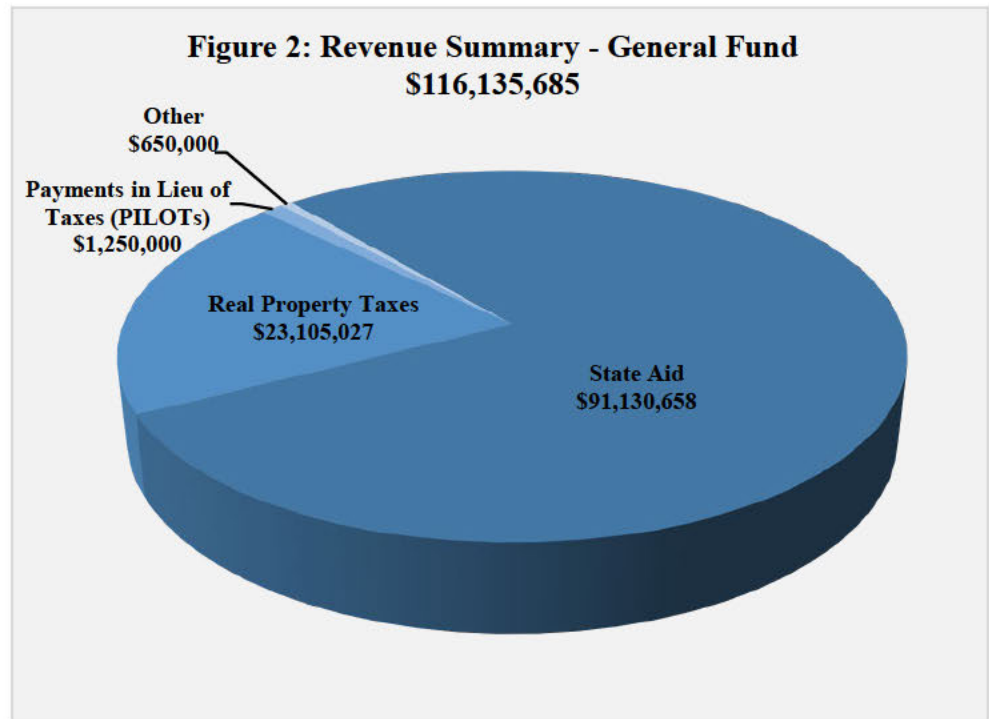
The proposed budget submitted to our Office for the District’s general fund revenues is summarized in Figure 2:

**Expenditures**

The proposed budget submitted to our Office for the District’s general fund expenditures is summarized in Figure 3:

Health Insurance – The proposed budget includes approximately \$10.9 million in health insurance appropriations, which represents 9.4 percent of the total proposed budget. This appropriation is approximately \$1.5 million, or 17 percent, more than the \$9.4 million projected expenditure for 2023-24.

Based on documentation provided by District officials, estimated 2024-25 health insurance costs could total \$9.5 million, which is \$1.4 million less than the \$10.9 million appropriation. The \$10.9 million appropriation includes \$1.4 million for health insurance declination payments. However, these declination payment costs were already included in the proposed



budget under budget code “9089 *Other Employee Benefits*.” District officials stated that they will revise this estimate to \$9.5 million. We caution the Board to be mindful of this when adopting the budget.

Retirement – Although the estimated NYSLRS employer contribution rate for 2024-25 is 15.2 percent, the District’s proposed budget includes approximately \$1 million in NYSLRS appropriations, which is approximately \$414,000, or 70 percent, more than the \$590,000 projected expenditure for 2023-24. In addition, the proposed NYSLRS appropriation is approximately \$295,000, or 42 percent, more than the \$710,000 average NYSLRS expenditure incurred during the last five years. We caution the Board to be mindful of this when adopting the budget.

### **Tax Cap Compliance**

General Municipal Law Section 3-c establishes a tax levy limit on local governments and school districts. The law generally precludes local governments and school districts from adopting a budget with a tax levy that exceeds the prior year tax levy by more than 2 percent or the rate of inflation, whichever is less, unless at least 60 percent of District voters approve a budget that requires a tax levy that exceeds the statutory limit.

The District’s proposed budget complies with the tax levy limit because it includes a tax levy of \$23,105,027, which is within the limits established by law. In adopting the 2024-25 budget, the Board should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it obtains the proper voter approval to override the tax levy limit prior to adopting the budget.

We request that you provide us with a copy of the adopted budget.

We hope this information is useful as you adopt the upcoming budget for the District. If you have any questions on the scope of our work, please feel free to contact Ira McCracken, Chief of Municipal Audits, of the Hauppauge Regional Office, at (631) 952-6534.

Robin L. Lois, CPA  
Deputy Comptroller

cc: Jessica Reed, District Clerk  
Calvin Wilson, Business Official Consultant  
Albert Chase, Fiscal Monitor  
Kimberly Jean-Pierre, NYS Assemblywoman, District 11  
Helene E. Weinstein, Chair, NYS Assembly Ways and Means Committee  
Michael Benedetto, Chair, NYS Assembly Education Committee  
Carl E. Heastie, NYS Assembly Speaker  
Monica R. Martinez, NYS Senator, District 4  
Shelly B. Mayer, Chair, NYS Senate Education Committee  
Liz Krueger, Chair, NYS Senate Finance Committee  
Andrea Stewart-Cousins, NYS Senate Majority Leader  
Sharon Cates-Williams, Executive Deputy Commissioner, State Education Department  
April E. Poprilo, District Superintendent – Western Suffolk BOCES  
Blake G. Washington, Director, Division of the Budget  
Ira McCracken, LGSA Regional Chief of Municipal Audits