



Truxton Academy Charter School

Tuition Billing and Collections

2025M-8 | June 2025

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Report Highlights

Truxton Academy Charter School

Audit Objective

Determine whether Truxton Academy Charter School (School) officials accurately billed and collected tuition.

Key Findings

Although School officials accurately billed and collected basic tuition totaling \$2.14 million, officials overbilled school districts of residence (resident districts) \$84,689 for State aid attributable to students receiving special education services from 2022-23 through 2023-24.

These findings occurred because School officials did not follow New York State Education Department (NYSED) guidance for calculating State aid, did not always maintain necessary documentation to support calculations of the amounts billed or ensure billings were accurate and did not establish adequate procedures for tuition billing.

Recommendations

The audit report includes five recommendations that, if implemented, will improve the School's tuition billing and collections.

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

Audit Period

July 1, 2022 – March 8, 2024.

We extended the audit period back to July 1, 2021 to review billings and collections for four resident districts and forward to August 27, 2024 to review the status of the 2023-24 school year reconciliations.

Background

The School is located in the Town of Truxton in Cortland County and is governed by a Board of Trustees (Board), composed of between six and nine members, responsible for the general management and control of the School's financial and educational affairs.

The School's budgeted appropriations are funded primarily through revenues derived from billing school districts for resident students that attend the School and certain State and federal revenues.

The Executive Director (Director) is the chief executive officer and is responsible, along with other administrative staff, for the School's day-to-day management under the Board's direction including billing resident districts.

Quick Facts	
Enrollment	109
OSC Calculated Billable Tuition	\$2,192,810
Actual Tuition Payments Received	\$2,267,793

Tuition Billing and Collection

How Should a Charter School Bill for Resident Tuition?

A charter school is required to bill the resident district basic tuition for each student enrolled and attending the charter school and residing in their respective resident district. The amount billed for basic tuition is calculated based on an annual reimbursement rate per student established by the NYSED for each resident district. The applicable rate is multiplied by the student's period of attendance (i.e., their full-time equivalency, or FTE¹) at the charter school.

Charter schools are also required to bill the resident district for the additional cost of providing special education services directly or indirectly to each student with a disability enrolled in the charter school and residing in the resident district for State aid purposes (i.e., public excess cost aid). NYSED provides a worksheet used for calculating public excess cost aid, which is pre-populated with data submitted to NYSED for each resident district. In addition, charter schools are required to calculate and input into the worksheet:

- Their 10-month annualized cost,
- The enrollment FTE for each student, and
- The resident district's public excess cost aid ratio and the service weighting level based on the type and frequency of services outlined in the student's individualized education program (IEP).²

The worksheet is designed to use these variables to determine how much the charter school can bill for public excess cost aid.

The charter school board should develop adequate procedures to ensure the accuracy of billing and collecting tuition and public excess cost aid and ensure adequate documentation is maintained to support the calculation of all costs billed to the resident district for each student attending the charter school. These procedures should also ensure that charter school officials follow NYSED guidance for public excess cost aid billing.

The charter school is also required to submit an invoice every two months to each resident district, estimating the amount payable over six billing cycles, with the first invoice submitted to the resident districts on or before June 1st. The invoice is accompanied by a roster, which includes the students' physical addresses, student and parent/guardian names and FTE dates, as well as an updated proof of residency. Upon receipt of the invoice, payments are required to be made by the resident district within 30 days.

At the end of the school year, the charter school must provide a final reconciliation report to each resident district, reconciling the actual enrollment FTE of each student, the annual tuition amounts due, the total payments made by the resident district and any adjustment in payments due to or from the charter school for the completed year. Excess tuition collected should be returned at reconciliation. For each student enrolled in the charter school with a disability, the reconciliation report should also include

¹ 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 1.0, while a student who is enrolled for only half of the school year has an FTE of 0.5.

² See Appendix C for the methodology for calculating basic tuition and public excess cost aid.

the level of special education services provided by the charter school and the calculated annual excess cost incurred in providing such services for each student.

Tuition Billing Accuracy Can Be Improved

We reviewed all invoices billed to the 14 resident districts for the period covering July 1, 2022 through December 31, 2023, and all invoices billed to a sample of four resident districts for the 2021-22 school year. We reviewed the amount billed and calculated and compared the amounts that should be billed (\$2,192,810) to the receipts collected and deposited from July 1, 2021 through March 8, 2024 (\$2,267,793) to determine whether tuition was billed accurately and whether all amounts were collected, recorded, supported and deposited. In addition, we reviewed the reconciliation submitted to each resident district during the audit period to determine whether the School received all tuition and public excess cost aid due to it and returned any overpayments collected.

School officials did not develop adequate procedures to ensure that the amounts billed to each resident district were calculated accurately in accordance with NYSED guidelines, supported and collected. While billings for basic tuition totaling \$2.14 million were generally supported and calculated accurately, the amount billed for public excess cost aid during the audit period, totaling \$136,963, was not always calculated accurately, collected, nor was supporting documentation maintained for the amounts billed or for the methodology used to arrive at the amount billed. Although not all tuition was accurately calculated and billed, all tuition recorded as received (\$2,267,793) was deposited.

Overbilled Public Excess Cost Aid – The School incurred additional costs for providing special education services to students with a disability, in excess of the amount received for basic tuition for these students. School officials billed for these excess costs from the resident district in which each student who received the service resides.

The Head of School³ initially calculated and billed three resident districts’ public excess cost aid totaling \$30,348 for 2022-23 using a calculated annual cost ranging from \$4,294 to \$6,634⁴ per student; however, she resigned prior to final reconciliation. At reconciliation, the Director made an adjustment and increased the amount billed to \$117,095, using a revised annual cost of \$19,105 per student for 2022-23. The Director told us that School officials were unable to determine the methodology and accuracy of the public excess cost aid billed based on the records maintained by the former Head of School. For the first three billing cycles of 2023-24, the School continued to bill at this revised rate; however, at reconciliation, the School revised the annual rate to \$9,934 per student and billed two resident districts \$19,868 total in public excess cost aid for the first three billing cycles (Figure 1).

Figure 1: Overbilled Public Excess Cost Aid

School Year	Actual Billed Amount	OSC Calculation	Amount Overbilled
2022-23	\$117,095	\$34,628	\$82,467
2023-24 ^a	\$19,868	\$17,646	\$2,222
Total	\$136,963	\$52,274	\$84,689

a) As of the third billing cycle (November and December bill) for 2023-24

3 A Head of School was hired on July 1, 2022, and was responsible for basic tuition and public excess cost aid calculations and billings. When she resigned on October 20, 2023, the Board created an executive director position to be responsible for the calculations and billings for basic tuition and public excess cost aid.

4 OSC calculated an annual cost ranging from \$891 to \$5,758 per student for 2022-23.

However, we calculated the School's 10-month annualized cost, the FTE and the School's cost of providing special education services to each student and inputted the data into the NYSED-provided worksheet for each resident district and calculated the public excess cost aid to be \$34,628 for 2022-23 and \$17,646 for the first three of six billing cycles of 2023-24. Our calculations included an additional \$3,175 for services provided to two students in 2022-23 and \$2,685 for one of these students for the first three billing cycles of 2023-24, that were not billed as of the third billing cycle in 2023-24.

The Head of School told us that she did not have the user access used by the prior administrator to log onto the application used by the resident district to access the information needed to bill for one student. In addition, the Director told us that during the school year, the second student intermittently attended the School and the resident district, and was also home-schooled. The Director said that the School did not have access to this student's IEP information until May 2024, and as a result of these issues, these two students were never billed. However, had School officials established adequate procedures for tuition billing, the information needed could have been obtained from the resident district or found among the records requested by the School at enrollment, such as the service level outlined and received per the student's IEP, the student's FTE and the data needed to calculate the School's 10-month annualized cost of providing special education services.

Furthermore, the revised annual rate per student of \$9,934 was used by the Director to bill two resident districts for the first three billing cycles of 2023-24. We compared the amounts billed to the amounts we calculated as billable and determined that officials overbilled an additional \$2,222 in public excess cost aid.⁵ School officials provided us with the methodology used to calculate the revised \$9,934 per student rate used for 2023-24. We determined that the methodology used by the School did not follow NYSED guidance because officials ignored the service weighting level which is based on the type and frequency of services outlined in the student's IEP. The lack of adequate procedures, correct methodology and adequate documentation to support the calculation of the amount billed resulted in three resident districts being overbilled by \$84,689 during our audit period.

Unreturned Tuition at Settlement – On August 17, 2023, the Director submitted a final reconciliation to each resident district for 2022-23. This reconciliation included the actual FTE enrollment of each student attending the School in the prior school year, the total amount billed and a request for any outstanding payments due (within 30 days of receipt). However, because officials overbilled for public excess cost aid, the amount identified at settlement incorrectly included amounts identified as due to the School rather than the actual amounts overpaid that had not been returned to the resident districts.

During the audit period, the School collected \$2,267,793 (Figure 2) in basic tuition and public excess cost aid. This amount includes total gross overpayments of \$101,905 received due to adjustments in annual rates, enrollment FTE and overbilling of public excess cost aid.⁶ In addition, as of March 8, 2024, resident districts owed the School a total gross amount of \$26,922.⁷

⁵ Note that the amounts billed were not necessarily the amounts collected.

⁶ Refer to Appendix A for a detailed listing of resident districts that require a refund for the overpayments of tuition and public excess cost aid.

⁷ In certain instances, a particular resident district overpaid in one school year and underpaid in another school year. See Figure 3 in Appendix A for net amounts overpaid or underpaid by resident districts during our audit period.

Figure 2: Basic Tuition and Public Excess Cost Aid Billable (2021-22 through 2023-24) Versus Collected (as of March 8, 2024) - (Gross Amounts)

School Year	Billable – OSC Calculation	Collected	Unreturned to Resident Districts	Owed to the School
2021-22	\$461,145	\$461,145	\$0	\$0
2022-23	1,246,782	1,336,655	92,310	2,437
2023-24	484,883	469,993	9,595	24,485
Totals	\$2,192,810	\$2,267,793	\$101,905	\$26,922

A lack of adequate procedures for tuition and public excess cost aid billing, coupled with turnover in staff responsible for billing, and the limited resources available to charter schools for public excess cost aid billing increases the risks for inaccurate tuition billing and collection, overpayments by resident districts and uncollected tuition revenues needed for operations. The Director told us that they were working on developing procedures for billing and collections and were aware of the overpayments with plans to return all overpayments collected. The Director also told us that she was receiving training in tuition billing and collections and working on billing and payment issues with one resident district for unpaid tuition. However, as of August 27, 2024, the School has not submitted a final reconciliation for the 2023-24 school year nor returned any excess tuition collected during the audit period.

What Do We Recommend?

The Board and Director should:

1. Ensure that School officials responsible for billing obtain adequate training to ensure that bills are calculated following NYSED guidance.
2. Update the procedures to be followed for tuition and public excess cost aid billing and collections, the maintenance of adequate documentation for the amount billed, the enforcement of unpaid amounts and return of overpaid amounts.

The Director should ensure that:

3. The methodology used to calculate annual public excess cost aid for each special education student receiving services follows NYSED guidance, and that all public excess cost aid is accurately billed and collected and any overpayments are returned to the resident districts timely.
4. Adequate documentation is maintained to support the tuition and public excess cost aid billed to each resident district.
5. All outstanding tuition due to the School at the end of the school year is collected, and any billing and payment discrepancies are resolved with each resident district.

Appendix A: Resident Districts Billed by the School

Figure 3: Basic Tuition and Public Excess Cost Aid Billable (July 1, 2021 through December 31, 2023) Versus Collected (as of March 8, 2024) by Resident District

Resident District	Billable	Collected	Owed to the School	Unreturned to Resident District
Cazenovia Central School District	\$59,483	\$63,664	\$0	\$4,181
Cincinnati Central School District	116,576	118,477	0	1,901
Cortland Enlarged City School District ^a	654,189	690,375	0	36,186
DeRuyter Central School District	39,343	39,343	0	0
Dryden Central School District	496	12,850	0	12,354
Groton Central School District ^b	57,952	51,985	5,967	0
Homer Central School District ^a	947,306	966,480	0	19,174
Lafayette Central School District	28,857	28,857	0	0
Marathon Central School District	34,646	38,159	0	3,513
Marcellus Central School District	6,359	7,880	0	1,521
McGraw Central School District	144,763	144,763	0	0
Solvay Union Free School District ^c	26,727	25,836	891	0
Syracuse City School District	19,414	22,948	0	3,534
Tully Central School District ^b	56,699	56,176	523	0
Totals	\$2,192,810	\$2,267,793	\$7,381	\$82,364

a) The amounts shown as unreturned are net amounts for the audit period.

b) The School billed the resident district for basic tuition but it remained uncollected as of March 8, 2024.

c) The School never billed the resident district for 2022-23 public excess cost aid.

Appendix B: Response From School Officials



Truxton Academy Charter School

April 21, 2025

Lucas Armstrong, Chief of Municipal Audits
Office of the New York State Comptroller
Binghamton Regional Office
44 Hawley Street - Suite 1702
Binghamton, NY 13901-4417

Mr. Armstrong,

On behalf of the Board of Trustees and administration at Truxton Academy Charter School, we would like to thank your team for the courteous and professional manner in which they conducted their audit to determine whether school officials accurately billed and collected tuition from July 1, 2022 – March 8, 2024.

It was determined that we correctly billed and collected basic tuition, however we overbilled some resident school districts for State aid related to special education services during 2022–23 and 2023–24. We agree with OSC findings and recognize this happened because we did not have adequate billing procedures in place that accurately followed New York State Education Department guidelines or maintained proper documentation to support billing calculations.

We have begun implementing the five recommendations made by OSC and will be submitting a full corrective action plan demonstrating our commitment to strengthen our financial policies and procedures to meet all NYSED guidelines.

Truxton Academy is dedicated to transparency relating to all aspects of our school, particularly to sound fiscal management.

On behalf of the Board of Trustees and President, Stuart Young,

Patricia Dawson, Executive Director
Truxton Academy Charter School

cc:



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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 Section 2854 of the New York State Education Law, as amended by Chapter 56 of the Laws of 2014. 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 School officials and reviewed various records and reports to gain an understanding of the procedures governing charter school billing for basic tuition and public excess cost aid to resident districts for students attending the School and residing in the resident district during the audit period.
- We reviewed all invoices and supporting documentation submitted by the School to each resident district for basic tuition and public excess cost aid billed for the 109 students enrolled during our audit period for the period covering July 1, 2022 through December 31, 2023 to determine whether the amount billed was accurately calculated, accurately billed to the correct resident district using the correct NYSED established rate and full-time equivalency, or FTE, and adequately supported by a correct roster for the audit period. We also reviewed all invoices billed to a sample of four resident districts for the 2021-22 school year that showed a discrepancy between the amount billed and the OSC-calculated amount billable.
- Based on NYSED guidance for charter school billings and collections, we recalculated the basic tuition and public excess cost aid that should have been billed and compared our calculation to the invoice amount billed and documentation maintained to determine whether School officials accurately billed and whether the documentation maintained supported the amount billed and received during the audit period.
- We traced the revenues recorded as collected totaling \$2,267,793, to the amount billed for the period of July 1, 2021 through March 8, 2024, to determine whether all amounts billed during the audit period were collected, and we followed up on August 27, 2024 to determine whether any overpayments received were returned to each resident district.
- We used the NYSED worksheet to calculate the public excess cost aid per student that should be billed to each resident district during the audit period. Note that the NYSED worksheet is pre-populated with several data fields, which are based on the prior school year data submitted to NYSED by each resident district, and includes additional data such as the yearly consumer price index, the yearly NYSED calculated public excess cost aid ratio⁸ and service level weighing.⁹ See: <https://stateaid.nysed.gov/speced/>.
- We calculated the total annual gross salaries and benefits of the special education coordinators providing direct special education services to students with a disability for the period July 1, 2022 through June 30, 2024. Gross salaries and benefits were prorated for the two coordinators hired during the 2022-23 school year using a 75:25 percent ratio. For the 2023-24 school year, 100 percent of gross salaries and benefits was used.

⁸ These numbers are captured on the NYSED State Aid Management System (SAMS) State Aid Output Reports. See <https://eservices.nysed.gov/publicsams/>.

⁹ For more information, see https://stateaid.nysed.gov/speced/html_doc/pwdset.htm.

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- We used NYSED's FTE tool to calculate each student's billable FTE, based on the first and last day of the School's and student's service dates. See: <https://stateaid.nysed.gov/ftecalc/calcfte.htm>.
 - The total cost per student was calculated by multiplying the gross salaries and benefits by the total placement time divided by the total teachers' time and then dividing the results by a prorated cost per student based on the number of students attending each session.
 - We reviewed the final reconciliation submitted to each resident district including the methodology used by the School to recalculate the public excess cost aid per student for the 2023-24 school year.

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. We encourage the Board to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. 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. We encourage the Board to make the CAP available for public review.

Appendix D: 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

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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

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