

Westmoreland Central School District

State Transportation Aid

DECEMBER 2017



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

Contents

Report Highlights	1
State Transportation Aid.	2
How Should District Officials Apply for and Monitor Transportation Aid?	2
Officials Did Not Apply for Transportation Aid in a Timely Manner.	2
What Do We Recommend?	4
Appendix A: Response From District Officials.	5
Appendix B: Audit Methodology and Standards.	7
Appendix C: Resources and Services	8

Report Highlights

Westmoreland Central School District

Audit Objective

Determine whether the District applied for all State transportation aid to which it was entitled for the purchase of new buses.

Key Findings

- District officials did not apply for State transportation aid within one year of purchase for 18 buses purchased during our audit period.
- During our audit, the Business Manager prepared and submitted State aid forms to the New York State Department of Education (SED) for the 18 buses. The District should receive approximately \$1.3 million in transportation aid for these buses over the next five years through 2021-22.

Key Recommendations

- Implement procedures to ensure the timely preparation and submission of transportation aid forms.
- Ensure the Business Manager prepares an annual reconciliation of transportation aid expected to be received with the actual amounts received.

District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Westmoreland Central School District (District) is located in the Towns of Vernon, Westmoreland and Whitestown and the City of Rome in Oneida County.

The seven-member Board of Education (Board) is responsible for the general management and control of District financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for day-to-day District management under the Board's direction. The Business Manager oversees the District's business operations and is responsible for applying for State transportation aid for buses purchased.

Quick Facts

Employees	147
Enrollment	957
2016-17 Budget Appropriations	\$21.2 Million
Number of Buses Owned	23

Audit Period

January 1, 2008 – June 30, 2017

State Transportation Aid

The New York State Education Department (SED) provides school districts with transportation aid for the assumed debt service expenditures associated with the approved cost of purchased buses. SED establishes the approved bus purchase cost¹ and calculates the assumed annual debt service expenditures based on amortization schedules.² The assumed annual debt service expenditures (calculated by SED)³ multiplied by the District's annual State share ratio for transportation aid (which may vary from year-to-year) determines the amount of transportation aid a district is entitled to each year.

How Should District Officials Apply for and Monitor Transportation Aid?

District officials should apply for all available State transportation aid. To receive transportation aid, officials must submit an aid form⁴ to SED accompanied by a detailed purchase order for each bus within one year from the date of purchase. Upon SED review and approval, the District is sent an award letter listing the buses approved and the approved aid amount.

District officials should implement procedures to ensure that State aid applications are submitted in a timely manner. District officials should also prepare an annual reconciliation of expected aid to be received with the actual amount of aid received.

Officials Did Not Apply for Transportation Aid in a Timely Manner

District officials purchased 18 buses for a total combined cost of approximately \$1.6 million during our audit period. Before our audit fieldwork, the Business Manager did not submit an aid form to SED to claim transportation aid for any of these buses. We project the District is eligible to receive about \$1.3 million of transportation aid for these bus purchases, based on the District's average State share ratio for transportation aid and deduction amounts (Figure 1). Had the aid forms been filed timely, the District could have received \$920,300 of this aid from 2008-09 through 2016-17 to help offset the associated debt service costs for the buses.

1 The net bus purchase price is the gross bus cost including options, less any trade-in allowances, federal grants or State grants used to finance the purchase.

2 The assumed amortization schedules are based on the approved cost of each bus, a statewide average interest rate, a term of five years and equal semiannual assumed payments of principal and interest.

3 SED calculates deductions, against the assumed annual debt service, based on the mileage of non-aidable transportation and the number of pupils transported.

4 Form SA-16 – Application for approval of Bus Purchase for Purposes of State Aid.

Figure 1: Bus Purchase Costs and Transportation Aid

Fiscal Year	Buses Purchased	Projected Approved Costs	Estimated Transportation Aid ^a
2007-08	2	\$165,089	N/A
2008-09	2	\$182,239	\$14,787
2009-10	2	\$134,829	\$46,320
2010-11	2	\$198,970	\$85,967
2011-12	0	\$0	\$119,344
2012-13	2	\$205,300	\$117,562
2013-14	3	\$241,917	\$136,868
2014-15	2	\$148,491	\$130,006
2015-16	2	\$180,650	\$137,488
2016-17	1	\$112,208	\$131,962
2017-18 through 2021-22	N/A	N/A	\$427,000
Total	18	\$1,569,693	\$1,347,304

^aDistricts receive transportation aid over a five-year period if a bus is purchased during the first six months of the fiscal year (July 1–December 31). Aid is received over a six-year period if a bus is purchased during the last six months of the fiscal year (January 1–June 30). Payments begin 12 months after the purchase order date. For example, for a bus purchased in July 2016, a district would begin receiving aid during 2017-18 and would continue to receive aid for this purchase through 2021-22.

During our audit fieldwork, the Business Manager prepared and submitted separate aid forms to SED for five buses purchased from 2014-15 through 2016-17. On December 5, 2017, the Business Manager prepared and submitted aid forms to SED for the remaining 13 buses purchased from 2007-08 through 2013-14. The District received SED approval for transportation aid for 16 buses, and the remaining two⁵ buses are expected to be approved by SED in the near future. The District should receive approximately \$1.3 million in transportation aid for the 18 buses over the next five years through 2021-22.

⁵ Due to a software problem, SEDs approval is currently pending for two buses with purchase orders dated February 29, 2008.

The Business Manager told us that he did not previously apply for State aid because he believed the District's financial consultants were preparing and submitting the State aid forms for these bus purchases. District officials did not establish adequate procedures to ensure that aid applications were submitted in a timely manner and the Business Manager did not prepare an annual reconciliation of transportation aid expected to be received with the actual amounts received. Had District officials implemented these procedures, they may have been able to identify that the bus purchase transportation aid was not claimed and received sooner.

What Do We Recommend?

District officials should:

1. Implement procedures to ensure that State transportation aid applications are prepared and submitted in a timely manner.
2. Ensure that the Business Manager prepares an annual reconciliation of transportation aid expected to be received with the actual amounts received.

Appendix A: Response From District Officials



P.O. Box 430 5176 Route 233 Westmoreland, New York 13490
Phone 315-557-2614 Fax 315-853-4602

Board of Education
John Acee, *President*
Joseph Vanderhoff, *Vice President*
Kelly Flint
Charlene Hartman
Heather Johnson
Glen Masner
Pamela Murphy

Superintendent of Schools
Rocco Migliori
315-557-2614

Superintendent's Secretary
Betty Masner
315-557-2614

Board Clerk
Mary Ann Hawkins
315-557-2658

School Business Administrator
Mark Kennedy
315-557-2612

Administration
High School Principal
Joshua Saxton
315-557-2616

Middle School Interim Principal
David Langone
315-557-2618

*Elementary Principal/Coordinator
of Special Education*
Mary Anne O'Connell
(315) 557-2637

*Director of Pupil Personnel/
Curriculum K-12*
Kevin Healy
315-557-2697

Curriculum Specialist
JoAnn Ottman
315-557-2636

Athletic Director
John Sharrino
315-557-2658

www.westmorelandschool.org

December 15, 2017

Office of the State Comptroller
Attn: Rebecca Wilcox, Chief Examiner
State Office Building, Room 409
333 E. Washington Street
Syracuse, NY 13202-1428

Dear Chief Examiner Wilcox:

The Westmoreland Central School District is in receipt of the draft audit report of State Transportation Aid for the period January 1, 2008 – June 30, 2017. Please accept this correspondence as the official Audit Response as well as the Corrective Action Plan.

The Board of Education and the District Administration of the school district would like to begin by thanking the examiners for their patience and professionalism throughout the audit and for the recommendations to:

- Implement procedures to ensure the timely preparation and submission of transportation aid forms
- Ensure the Business manager prepares an annual reconciliation of transportation aid expected to be received with the actual amounts received

We are pleased to report that the District will be receiving transportation aid for all bus purchases from June 2008 – June 2017. The appropriate forms have been submitted, received and approved by the New York State Education Department.

In response to the above recommendations we have or will be enacting the following steps:

- The School Business Official will prepare and submit all necessary transportation aid forms as soon as the business portal opens. A calendar will be established and shared with the Board of Education. He will also work loosely with the fiscal advisors of the District to ensure the information is accurate and timely.

-
- The School Business Official will share with the Board of Education Finance Committee and/or the entire Board of Education all State Aid information at regular intervals.
 - The School Business Official will reconcile the transportation budget at least twice each year and share with the entire Board of Education.

The Board of Education and the District Administration are committed to continuously improving processes and policies governing District finances.

Rocco Migliori
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. To achieve the audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed District officials and reviewed various transportation State aid documents and SED regulations to gain an understanding of the transportation State aid process for bus purchases and the District's procedures over the purchase of buses.
- We reviewed all District bus purchases during our audit period and determined whether District officials submitted State aid forms to SED to receive transportation State aid for the buses purchased.
- We performed calculations to determine the amount of transportation State aid that the District should have received from 2008-09 through 2016-17. We calculated the projected SED-approved cost amortized over five years for each bus purchased and projected the amount of transportation aid the District was entitled to receive each year.

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.

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 2116-1(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 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. We encourage the Board to make the CAP available for public review in the District Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

http://www.osc.state.ny.us/localgov/regional_directory.pdf

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

<http://www.osc.state.ny.us/localgov/costsavings/index.htm>

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

<http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>

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

<http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm>

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

<http://www.osc.state.ny.us/localgov/planbudget/index.htm>

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

<http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf>

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

<http://www.osc.state.ny.us/localgov/finreporting/index.htm>

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

<http://www.osc.state.ny.us/localgov/researchpubs/index.htm>

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

<http://www.osc.state.ny.us/localgov/training/index.htm>

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.state.ny.us

www.osc.state.ny.us/localgov

Local Government and School Accountability Help Line: (866) 321-8503

SYRACUSE REGIONAL OFFICE –Rebecca Wilcox, Chief Examiner

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel:(315) 428-4192 • Fax: (315) 426-2119 • Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)