

Chenango Forks Central School District

Nonresident Tuition

NOVEMBER 2020



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

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Report Highlights

Chenango Forks Central School District

Audit Objective

Determine whether Chenango Forks Central School District (District) officials properly identified and billed tuition for nonresident students.

Key Finding

- District officials did not adopt a clear and comprehensive nonresident admission/ tuition policy. As a result, we could not determine exactly which students should have been classified as a nonresident student and should have been billed tuition. In addition, some student records contained insufficient documentation to support residency or exceptions to the policy.

Key Recommendation

- Clarify the “Admission of Non-Resident Students” policy (Policy) to include all applicable exceptions.

District officials agreed with our recommendations and indicated they would or had already initiated corrective action.

Background

The District serves the Towns of Barker, Chenango, Fenton, Maine and Triangle in Broome County and the Town of Greene in Chenango County. It is governed by an elected five-member Board of Education (Board) responsible for the general management and control of operations.

The Superintendent of Schools (Superintendent) is the chief executive officer responsible, with other administrative staff, for day-to-day management under the Board’s direction. The Board outsourced select financial operations to the Broome-Tioga Board of Cooperative Educational Services (BOCES), including the support and maintenance of the District’s student management system (SMS), which houses enrollment data. The Registrar maintains students’ folders and the Transportation Director updates student enrollment data in the SMS.

Quick Facts

2019-20 Budgeted Appropriations	\$34.3 million
Total Enrollment	1,400
Potential Nonresident Student Enrollment	31

Audit Period

July 1, 2017 – April 30, 2019. We extended our audit period to January 9, 2014 to review prior versions of the Board’s nonresident tuition policy.

Nonresident Tuition

School districts may admit nonresident students upon the consent of a district's trustees or board of education, and upon terms adopted by the trustees or board. Such terms may include the charging of tuition for nonresident students at amounts established by the board.¹ Districts must ensure that their nonresident student admission policies are applied uniformly and evenhandedly.²

Prior to 2014, the Board's Policy allowed the admission of nonresident students into the District. However, effective July 1, 2013, the Board closed admission to nonresident students, with limited exceptions.

On January 9, 2014, the Board revised its policy to reflect this change, which included the following exceptions:

- A nonresident child of a District employee may attend a District school provided that they pay tuition in accordance with the employee's collectively bargained contract.
- High school seniors whose parents or guardians become nonresidents during the academic year or the immediately preceding summer may complete the school year without paying tuition.³
- For students in pre-K through grade 11, the Policy expressly provides that "students whose parents or guardians become non-residents must enroll in the district they reside within." However, District officials told us that the District allowed nonresident students who were admitted prior to the 2014 Policy change to be "grandfathered in," so that they could remain in the District provided that they paid nonresident tuition. District officials also told us that siblings of nonresident students who had been "grandfathered in" were also permitted to attend the District under its unwritten policy. Although this "grandfathered in" exception is not included in the current Policy, the Board resolution that generally closed admission to nonresident students did reference this exception.

1 Education Law, Sections 3202 and 1709 (13)

2 See, e.g., OSC Opn No. 62-941; 2000 Op Comm Ed No. 14,469; 2001 Op Comm Ed No. 14,623.

3 For the purposes of this report, we assume the validity of the nonresident admittance exceptions set forth in the District's policy.

How Should District Officials Support Student Residency Determinations and Ensure the Policy Is Applied Consistently?

Parents/guardians seeking their child's enrollment in a school district must submit the documentation/information required by the district to prove their physical presence in that district.⁴ Parents/guardians may also need to submit proof of parental relationship or that the child resides with the parent/guardian in the district.⁵

A school district's board (or its designee) must review the documentation submitted by parents/guardians and determine residency for each child, and should apply the traditional two-factor test, i.e., by considering whether a student lives in the district and intends to remain there. Those factors become more complex when determining the residence of a child with divorced parents, particularly those with a joint custody agreement.

The District's procedures require parents or legal guardians to submit to the District's Registrar a completed registration form along with documentation supporting a child's eligibility to attend the District. District officials should ensure that parents or legal guardians provide proper and sufficient documentation to support a child's residency upon enrollment, as well as documentation reflecting any changes to a student's residency status during the school year. For example, divorced parents should provide documentation supporting their custody arrangement; as a best practice, the District should require affidavits from divorced parent(s) explaining the nature of their child's residency when a custody agreement is not on file with the District. Documentation should also be updated and maintained to identify changes in the custodial parent's/guardian's residency. This documentation should be current, maintained in the student's folder and updated in the SMS database.

4 Proper documentation that a district may require to prove residency includes mortgage, deed or lease documents to a house, condominium or apartment; a statement by a parent/guardian's landlord, property owner or co-tenant, whom the parent/guardian leases property from or shares property within the district; another statement by a third party regarding the parent/guardian's physical presence in the district; a pay stub; an income tax form; utility or other bill; a driver's license; rent payment receipts; a letter from an employer; voter registration documents; a State-issued identification and/or identification used by federal, State or local agencies.

5 A board of education or its designee may not require submission of a judicial custody order or an order of guardianship as a condition of enrollment. Instead, the board may accept an affidavit detailing that they are the parent(s) with whom the child lawfully resides, or that they are the person(s) in parental relation to the child, over whom they have total and permanent custody and control, and describing how they obtained total and permanent custody and control. 8 NYCRR, Section 100.2 (y)(3)(i)(c)(2).

District Officials Did Not Maintain a Clear and Comprehensive Written Policy or Require Adequate Proof of Residency to Consistently Identify Nonresident Students

District officials did not adopt a clear and comprehensive nonresident admission/ tuition policy. Although they told us that certain nonresident students, and their siblings, were “grandfathered in,” the Policy does not mention this. Further, the Board passed a resolution to close tuition to nonresident students, except for those governed by an employment contract or “grandfathered in,” effective July 1, 2013, but did not formally update the Policy to incorporate these changes until January 9, 2014. Based on this, it cannot be determined exactly which nonresident student exceptions District officials intended to include in the Policy, or whether certain students should have been admitted to the District.

We compared the addresses of all students enrolled per the SMS database to those on the District’s tax roll to verify the number of documented nonresident students enrolled during our audit period. We identified 31 students enrolled during our audit period who potentially should have been identified as nonresident students. District officials identified 26 of these 31 students as nonresidents and billed them for attending the District’s schools. However, one of these students enrolled with the District on August 23, 2013 – after the Board resolution to close tuition to nonresident students but before the Board formally updated the Policy to close tuition to them – and, therefore, it is unclear whether this student should have been admitted to the District.

Of the five other students we identified as potential nonresidents, District officials told us that four had divorced parents and resided with one parent outside the District, while the other parent lived within the District’s boundaries. Further, District officials told us that two of the four students moved outside the District’s boundaries during their senior year and, therefore, were tuition-exempt under the Policy’s senior-year exception. However, there was no documentation in those two students’ folders of the students moving outside the District’s boundaries during their senior year or the summer before. Further, all four students’ folders lacked evidence of joint custody or of the continued residence of the other parent living in the District. The fifth student, who was identified and billed as a nonresident during the 2016-17 school year, was not charged for tuition in accordance with the District’s policy despite attending the District as a nonresident for one month during the 2017-18 school year before discontinuing attendance.

What Do We Recommend?

The Board and District officials should:

1. Clarify the written Policy to include all exceptions to the general rule of not admitting nonresident students, which are currently unwritten practice, to provide the District's taxpayers with a more accurate depiction of the District's admissions protocol.
2. Periodically update and review enrollment documentation to ensure that the current records, including the SMS database, are properly supported and up to date.

Appendix A: Response From District Officials

Chenango Forks Central School



Lloyd L. Peck, Ed.D.
Superintendent of Schools
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1 Gordon Drive, Binghamton, NY

Unit Name: Chenango Forks CSD
Audit Report Title: Nonresident Tuition
Audit Report Number: 2020M-69

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Audit Recommendation:

The Board and District officials should:

1. Clarify the written Policy to include all exceptions to the general rule of not admitting nonresident students, which are currently unwritten practice, to provide the District's taxpayers with a more accurate depiction of the District's admissions protocol.
2. Periodically update and review enrollment documentation to ensure that the current records, including the SMS database, are properly supported and up to date.

Implementation Plan of Action(s):

The implementation plan should be in sufficient detail to-

1. The BOE will vote on policy 5152 on November 11, 2020. The policy will be updated to include language to the general rule of not admitting nonresident students and the exemptions for doing so.
2. The enrollment reports will be provided quarterly to principals, Mr. McDermott, and Dr. Peck. The BEDS Day data is typically available mid-October if data is locked. The BEDS Data is updated weekly with any data changes. The June data is used for the End of Year review prior to certification. That schedule can be more frequent, perhaps monthly, if needed. Attendance and discipline data are provided monthly.

Implementation Date:

November 13, 2020

Person responsible for Implementation:

Lloyd L. Peck, Ed.D. and Kathleen Edwards

Signed:

Name: Lloyd L. Peck, Ed.D.
Title: Superintendent of Schools

10-20-2020
Date

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 Board minutes, financial reports, the Education Law, NYSED rules and regulations and Commissioner decisions, the District's written policies and other documentation to obtain an understanding of the policies and procedures governing students' residency determinations.
- We compared District employees' home addresses per the payroll database to home addresses of students enrolled per the SMS to determine whether there were employees living outside the District with a child attending the District without paying nonresident tuition.
- We compared the Board's nonresident tuition rates to NYSED maximum rates to verify that the Board's rates did not exceed the rates.
- We reviewed transportation costs, District bus routes and out-of-District addresses to determine whether the District incurred any transportation costs resulting from the enrollment of nonresident students.
- We traced all the nonresident tuition amounts billed by the District during our audit period for the 26 nonresident students identified by the District to receipts records and bank deposits to determine whether they were recorded, collected and deposited.
- We compared the home addresses of 44 students enrolled during our audit period per the SMS database to the property addresses per the District's tax roll to determine whether the home addresses were within the District's boundaries.
 - We selected all students enrolled with an out-of-District address to examine whether District officials properly identified all nonresident students attending the District and billed them for nonresident tuition as appropriate under the Policy.
 - We selected a sample of 19 residential addresses within this District by selecting every 50th residential address beginning with the first address identified each year. We then determined whether District officials obtained sufficient documentation to determine residency. There was a total population of 1,805 addresses in 2017-18 and 1,488 addresses in 2018-19.
 - We selected every 10th address listed as "vacant property" from the tax roll, beginning with the first vacant property listed, for a sample of 13 addresses. We reviewed documentation provided to determine whether it

was sufficient to determine residency. We also physically observed three of these properties to determine whether they appeared to be vacant properties.

- We selected a sample of 12 addresses that did not exactly match an address on the tax roll, out of a population of 289 addresses, by selecting every 10th address without a match, beginning with the first address; and determined whether there was proper documentation to determine residency and whether the address was within the District's boundaries.

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. 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.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/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.state.ny.us/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

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

www.osc.state.ny.us/local-government/academy

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