

Hunter-Tannersville Central School District

School District Website

MARCH 2021



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

Contents

- Report Highlights 1**

- School District Website 2**
 - How Should Officials Provide Comprehensive Financial Information Transparently to the Public?. 2

 - Certain Financial Information Was Not Posted on the Website in a Transparent and Comprehensive Manner 2

 - Which Budgeting and Financial Planning Documents Provide Transparency? 4

 - Officials Could Enhance the Transparency of Financial Information 5

 - How Do Posted Audit Reports and CAPs Provide Transparency? 7

 - Audit Results Were Not Posted to the Website 8

 - What Do We Recommend? 8

- Appendix A: Revenues and Expenditures Comparison – Budget to Reported Actual 9**

- Appendix B: Response From District Officials. 10**

- Appendix C: Audit Methodology and Standards. 11**

- Appendix D: Resources and Services 13**

Report Highlights

Hunter-Tannersville Central School District

Audit Objective

Determine whether the Hunter-Tannersville Central School District (District) used its resources to maintain a website that provided the public with transparent and comprehensive financial information.

Key Findings

District officials maintained a website but certain financial information was not posted, resulting in a lack of transparency. Information that was posted was limited in comprehensiveness. This prevents taxpayers and other interested parties from readily accessing and reviewing documents to make informed decisions.

Officials did not post the:

- Final annual budget.
- Comprehensive budget documents, including appended financial information, such as a property tax report card and administrative salary disclosure.
- Budget-to-actual results, and audit reports and the respective corrective action plans (CAPs).

Officials did not prepare:

- A multiyear financial plan. Posting a prepared plan further enhances the transparency of the District's fiscal decisions.

Key Recommendations

- Post the final annual budget, budget-to-actual results, audit reports and CAPs, and comprehensive budget documents, and include fund balance information and appended documents, such as the property tax report card and administrative salary disclosure.
- Prepare and post a multiyear financial plan to help residents see the impact of fiscal decisions over time.

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

Background

The District serves the Towns of Hunter, Jewett and Lexington in Greene County.

The District is governed by a Board of five elected members, which is responsible for the general management and control of financial affairs. The Superintendent of Schools is responsible for day-to-day management under the Board's direction. The Board and Superintendent are accountable to District taxpayers for the use of resources and are responsible for effective financial management of operations.

Quick Facts

Total Website Visits 12/11/2019-12/17/2019	1,746
Population (rounded)	3,500
Enrollment	364
2019-20 Budgeted Appropriations	\$14.3 million

Audit Period

July 1, 2018 – June 30, 2019.
As described in Appendix C, for certain financial information reviews, we extended the audit period.

School District Website

A district operates to provide public education services for its students. The public's right to know the process of decision making and to review the documents leading to actions is basic. Access to such comprehensive information should not be difficult for the public to obtain.

To this end, various laws and regulations require certain information to be posted on districts' websites to help enhance the public's access to basic information. Further, districts following best practices and guidance should utilize the website as another tool to communicate their financial direction.

In a time when financial resources are limited, making well-informed decisions is critical. Therefore, it is important that the public have access to transparent and comprehensive district financial information. A district's transparency of comprehensive financial information allows the public to formulate questions for officials and ultimately make informed decisions that will impact district programming and the annual tax levy. If residents cannot locate necessary financial information on their district's website, they would have to contact their district directly.

How Should Officials Provide Comprehensive Financial Information Transparently to the Public?

District officials can provide comprehensive financial records and other information to the public in a transparent manner by making the information available on the district website. While certain laws and regulations require a district's website to contain audit reports, CAPs, the original and final annual budgets and any board-adopted multiyear financial plan, other information should be shared with the public in a complete and clear manner. For example, financial reports should either appear prominently on the district's home page or be easy to locate on the website. In addition, voters may find other documents helpful in evaluating the budget and keeping them informed. Such documents include planning documents, budget-to-actual results, board minutes, newsletters, press releases or other materials on district operations.

Certain Financial Information Was Not Posted on the Website in a Transparent and Comprehensive Manner

While District officials maintained a website, certain financial information was not posted to the website. As a result, the information was not transparent, and information that was posted was limited in comprehensiveness.

The 2019-20 original adopted budget category totals (program, administrative and capital) were posted to the website,¹ while the final annual budget, monthly

¹ District officials could not provide support that showed by who and when the financial information was posted to the website.

budget-to-actual results, audit reports and corresponding CAPs were not (Figure 1). Officials did not create a multiyear financial plan and did not conduct any internal audits during our audit period. Therefore, nothing was posted on the website for these items. This information is helpful to make an informed inquiry or decision.

Figure 1: Financial Information on the Website

Financial Information	Posted		Posting Required	Comment
	Yes	No		
Budget – Original, Board Adopted for Vote	X		Yes	
Budget – Final Annual		X	Yes	
Multiyear Financial Plan		X	No	
Budget-to-Actual-Reports		X	No	
Audits	Posted		Posting Required	Comment
	Yes	No		
External Audit		X	Yes	
External Audit - CAP		X	Yes	
State Comptroller’s Audit (OSC)		X	Yes	
OSC Audit - CAP		X	Yes	
Internal Audit		X	No	Exempt
Internal Audit - CAP		X	No	Exempt

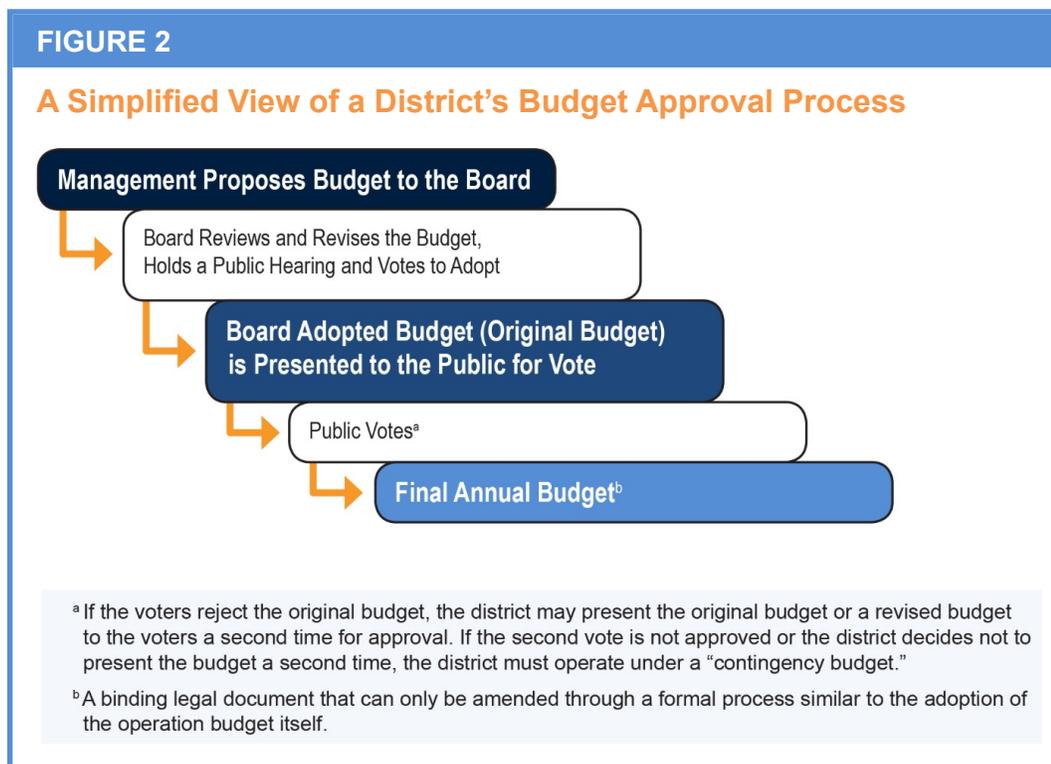
Officials posted the original adopted three-part budget totals, without category details to the website. They also did not post budget-to-actual results reports, fund balance detail or the appended budget information such as the property tax report card and administrative salary disclosure. Because these documents were not posted to the website, budget assessments would be difficult to make by taxpayers and other interested parties.

For example, while the District’s financial statements showed the Board’s actual revenue amounts were similar to the budgeted amounts, the actual expenditure amounts were less by a combined total of approximately \$2.2 million in 2017-18 and 2018-19. Without supporting documents being posted, interested parties cannot determine whether the budgeted estimates were reasonable before voting.

The failure to provide and post comprehensive financial information, such as audit reports and corrective action plans, prevents the taxpayers and other interested parties from readily accessing and reviewing documents to make informed decisions.

Which Budgeting and Financial Planning Documents Provide Transparency?

Final Annual Budget – A budget is a detailed financial plan of estimated expenditures (proposed spending) and means of financing (estimated revenues and appropriated fund balance and reserves²). Figure 2 shows the budget approval process. Budgets are developed, adopted and subjected to voter approval each year.³ Ideally, amounts to be placed in reserves should be included in the annual budget to ensure taxpayers are aware of the board’s intent to fund reserves in the upcoming year. After the public vote, the final annual budget must be posted on the district’s website, as required by law.



Budget-to-Actual Reports – Officials should provide support for their budgetary estimates using actual historical trends, including projections of current year spending and receipts based on year-to-date actual amounts, along with analyses of identified future needs and risks to compute budget items. Actual revenue and expenditure information should be made available to provide district taxpayers with an understanding of the budget’s status.

2 Planned use of unexpended surplus money from prior years’ operations

3 With the exception of the Big Five districts (Buffalo, New York City, Rochester, Syracuse and Yonkers)

Original Budget – A comprehensive, board-adopted budget must be posted and include:

- A three-component presentation as follows: administrative, capital and program.
- Categories of revenues, expenditures and fund balance information and comparison data, and changes from the prior year school budget.
- Appended documents, including the administrator salary disclosure and property tax report card with a schedule of reserves, among other items.

The appended administrator salary disclosure is a report of highest payroll for administrator titles and amount in the district (reported in 2019-20 all administrators with salaries exceeding \$138,000). The district's property tax report card includes details on the national consumer price index, district enrollment, fund balance, spending and tax levies for the current and future school year.

The appended property tax report card also includes information on each district's reserve fund balances as of March 31, including each reserve's name, a short description, and any planned use of the funds in the upcoming school year. Reviewers can use this information to assess whether the amount in each reserve fund is reasonable.

An unrealistic budget can result in a tax levy that is more than needed. The law restricts districts in the amount of unexpended surplus funds they can keep, so that they do not – intentionally or unintentionally – retain large sums of money unless it is intended for a specific purpose. Conversely, an unrealistic budget can also result in a tax levy that is insufficient to fund district operations.

Multiyear Financial Plans – District officials can set long-term priorities and work toward goals by using a multiyear financial plan. A plan can help stakeholders see the impact of the fiscal decisions over time. They can decide what funding choices to make in advance, avoiding sudden tax increases or dramatic budget cuts and accumulating excessive fund balance. If the board adopted a multiyear financial plan, it must be posted on the district website. Elements of a plan should include revenue and expenditure projections, annual surpluses/(deficits), reserves, fund balances and a fiscal improvement plan.

Officials Could Enhance the Transparency of Financial Information

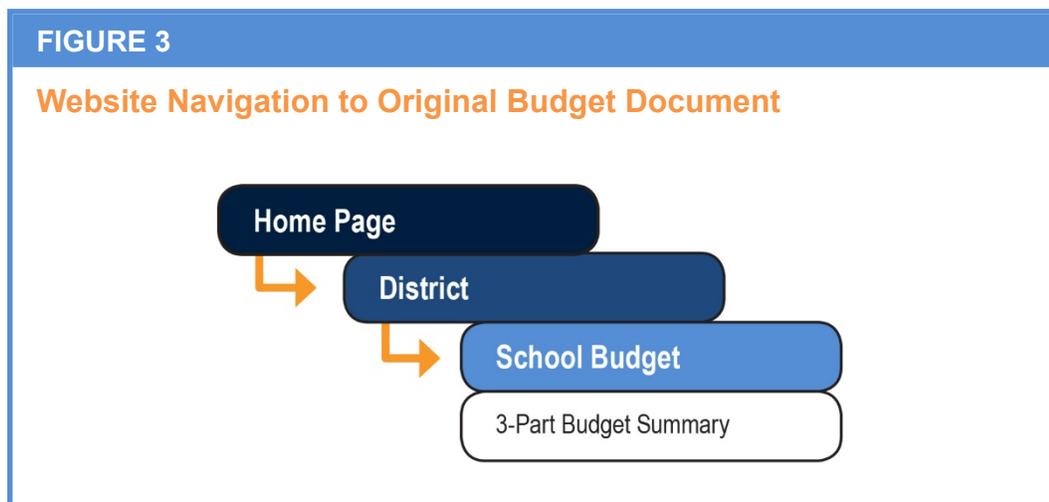
Final Annual Budget – Voters passed the original 2019-20 budget. However, officials did not post the final annual budget on the website, as required. The Superintendent attributed the lack of posting the final annual budget to a lack of oversight by District officials.

An unrealistic budget can result in a tax levy that is more than needed.

Budget-to-Actual Reports – Actual revenues and expenditures information for 2018-19 were not located on the District’s website. The Superintendent told us she did not see a need to post budget-to-actual reports because no major issues occurred with the budget during the year.

Providing historical and current year actual revenue and expenditure results and posting them on the same web page as budget information could have enhanced the transparency of financial information regardless of whether any major budgetary issues occurred or not. To adequately evaluate budgets, the current budget must be compared to previous budgets and evaluated in comparison to actual spending and receipts. Such comparisons help to identify any ongoing problems the District is having with its budgets. See Appendix A for a snapshot presentation of the District’s budget comparison.

Original Budget – The three-part budget summary document was posted on the District’s website. The document was located on the school budget web page, which linked through the District tab, from the District’s Home Page (Figure 3).



The budget document summarized categories for revenue, expenditure component totals (without category details) and included a comparison between the adopted and prior year adopted budget. However, budget documents posted must also include fund balance, the appended property tax report card (including a schedule of reserves with the planned use of each in the ensuing year) and the annual administrative salary disclosure. The Superintendent and Board President told us they were unaware these missing items needed to be posted to the website.

Multiyear Financial Plan – The Superintendent and Board President told us they did not develop a board-adopted multiyear financial plan for the District. Instead, planning was limited to departments as needed. However, had a plan been prepared and posted, it could have helped officials and the public see the impact of fiscal decisions over time and the effect on District priorities and goals.

How Do Posted Audit Reports and CAPs Provide Transparency?

An audit (external or internal) is an integral part of a district’s system of checks and balances and providing an objective review of stewardship and fostering accountability to taxpayers and the public. The board is required to secure an annual audit by an independent auditor including an annual audit of district federal award programs, if warranted,⁴ and the extra-classroom activity fund.

Districts must post on their websites the annual external audit report that is issued by a certified public accounting firm and the CAP prepared in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by OSC. Districts are required to post the final audit report from OSC on their internet websites for a period of five years.

CAPs provide an opportunity for the governing board to provide direction, and communicate how audit findings and recommendations will be used positively to improve operations and internal controls. A CAP helps ensure corrections occur and should include a detailed description of what action has already occurred or is planned in response to each recommendation, who within the district is responsible for implementation and the implementation date.

Further, districts are required to establish an internal audit function. A district is eligible for exemption from the internal audit requirement if it has less than eight teachers, less than \$5 million in general fund expenditures in the previous school year, or less than 1,500 enrolled students in the previous year. However, boards, by policy, can require an internal audit function even if exempt. The internal auditor’s primary responsibility is to assist in ensuring that risks to district assets are identified and that appropriate internal controls are in place to address those risks.

⁴ The Uniform Guidance requires that an annual audit of the district’s federal award programs be included with the annual school district audit if \$750,000 or more in federal aid was expended during the corresponding year.

Audit Results Were Not Posted to the Website

Officials did not post the 2017-18 external audit reports or a related CAP to the District's website. The District had completed audits of its financial records.⁵ The Superintendent and Board President told us they were unaware of the requirement to post the external audit documents to the website.

The OSC audit report and CAP, issued within the last five years, were not posted on the website.⁶ The Superintendent told us personnel changes had left the current administration unaware that the audit occurred. Posting audit reports and CAPs to the website in a transparent manner could increase public understanding and oversight of the District.

District officials did not implement the internal audit function based on the student enrollment exemption. As a result, no internal audit was required.

What Do We Recommend?

The Board:

1. Must ensure that the final annual budget, audit reports and CAPs are posted to the website, as required.
2. Must ensure comprehensive budget documents are posted that include fund balance and the appended financial information, such as administrator salary disclosure and the property tax report card, as required.
3. Should provide further transparency by posting budget-to-actual results to the website.
4. Should prepare and post a multiyear financial plan to the website to help residents, taxpayers and the public see the impact of fiscal decisions.

⁵ External audit documents for school year 2017-18 included the audits of the financial statements and the extra-classroom activity fund and management letter.

⁶ Refer to *Hunter-Tannersville Central School District— Financial Condition (2013M-376)* released in March 2014.

Appendix A: Revenues and Expenditures Comparison – Budget to Reported Actual

Figure 4: Budget to Reported Actual Results

Categories	2017-18		2018-19	
	Original Budget	Actual Results	Original Budget	Actual Results
Revenues and Other Sources	\$14,042,262	\$13,528,932	\$14,045,643	\$13,755,076
Expenditures				
General Support	\$1,565,509	\$1,526,876	\$1,655,964	\$1,503,712
Instruction	6,123,316	5,528,028	5,703,825	5,205,395
Pupil Transportation	882,391	579,127	1,079,943	894,070
Employee Benefits	3,959,417	3,497,075	4,104,801	3,592,423
Debt Service - Principal	1,188,700	1,188,700	1,233,950	1,233,950
Debt Service - Interest	222,929	218,428	192,160	192,159
Other Financing Uses	100,000	202,441	75,000	498,136
Expenditures and Other Financing Uses	\$14,042,262	\$12,740,675	\$14,045,643	\$13,119,845
Operating Results - Surplus		\$788,257		\$635,231
Tax Levy Increase Percentage from Prior Year	0.22%		2.00%	

Appendix B: Response From District Officials



Hunter-Tannersville Central School District

Office of the Superintendent

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January 2021

Julie Landcastle, Chief Examiner
Statewide Audit
State Office Building, Suite 1702
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Binghamton, NY 13901-4417

Dear Ms. Landcastle,

Hunter-Tannersville CSD is in receipt of the Draft Audit Report titled *School District Website* for July 1st, 2018-June 30th, 2019.

The Board of Education and District Administration prioritizes fiscal responsibility. Through this comprehensive audit, the district valued the input and feedback we received from the individuals who conducted the audit. A district's website should be a tool for parents and taxpayers to get updates and information. We are in recognition of our deficiency in providing financial documents that are easily accessible by taxpayers. This was not intentional, rather an oversight by the administration. The district believes in the importance of providing comprehensive budget documents to improve transparency.

The district is actively working on a specific corrective action plan, which shall document our objectives to provide a comprehensive budget webpage.

Sincerely,

Mrs. Barbra Bates, Board of Education President

Board of Education
Barbara Bates, President
Andrew Poladian, Vice President
Erika Haines
Andrea Benjamin-Legg
John Aizstrauts

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 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 selected the District for audit using a random number generator applied to a list of districts (excluding NYC schools) not currently in the OSC audit process at the time of selection.
- We reviewed the 2019-20 budget documents (original proposed, final annual, appended property tax report card), multiyear financial plan, budget-to-actual revenues and expenditures, 2017-18 external audit and corrective action plan, most recent OSC audit and corrective action plan and internal audit and corrective action plan, if available. We selected this financial information to be included in our audit because of the historical risk related to lack of transparency of this financial information to the public. We reviewed the District's website on August 5, 2019 and September 30, 2019 to determine whether the District is providing the public with transparent and comprehensive financial information.
- We extended the scope forward to December 11, 2019 through December 17, 2019 for reporting of visitor activity on the District website. The analytics tracking system was unavailable prior to December 11, 2019.
- We interviewed District officials to gain an understanding of the process for approving, finalizing, posting and maintaining certain financial information on the District's website.
- We reviewed District policies to gain an understanding of information required to be posted to its website.
- We reviewed Board minutes for 2018-19 to determine whether the Board took any action related to the 2019-20 budget work and appended property tax report card, 2018-19 reserve activity, multiyear financial plan, actual expenditures and revenue reports, most recent audit reports and associated CAPs. We reviewed Board minutes from July 1, 2014 through June 30, 2018 to determine whether the Board documented or discussed any actions related to the financial information audited during those years, if we did not find it in the 2018-19 minutes.
- We collected screen shots of the District's website to provide a single date of reference during audit testing.
- We did not audit the accuracy of the financial information posted to the District website. However, we determined reasonable reliability of financial information by analyzing various documents on the District's website for consistency of information provided, adhering to the law and District policies, and transparency of posted documents and website location.

-
- We reviewed two employees' administrative permissions, and the process of posting information through a visual review.
 - We reviewed an email from December 3, 2019 pertaining to our audit objective to gain an understanding of how employees are instructed to post financial information to the website. We extended forward the scope to include the December 3, 2019 email for this review.
 - We included a comparison of revenue and expenditure results reported from the external audit reports to show budget-to-actual results for 2017-18 and 2018-19.

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 2116-1(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 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 D: 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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