

Keene Central School District

Transportation State Aid

JULY 2021



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

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Report Highlights

Keene Central School District

Audit Objective

Determine whether Keene Central School District (District) officials applied for all applicable transportation aid for new bus acquisitions in a timely manner.

Key Findings

District officials did not apply for all applicable transportation aid in a timely manner and were at risk of losing \$20,513 for new bus acquisitions.

- The District did not properly file for transportation aid for seven buses. However, after we identified the risk of lost aid, the Treasurer prepared and submitted State aid applications for five of these buses and indicated she will file for the remaining two.
- Officials did not establish adequate procedures to ensure the District applied for all State aid for new bus acquisitions.
- Officials did not perform an annual reconciliation of the District's State aid receipts, records and reports.

Key Recommendations

- File the appropriate State aid applications for the two remaining buses identified in this report.
- Implement procedures to ensure transportation aid applications are accurately prepared and submitted in a timely manner.
- Prepare an annual reconciliation of transportation aid expected to be received with actual amounts received.

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

Background

The District serves the Towns of Jay and Keene in Essex County.

The five-member elected Board of Education (Board) is responsible for the general management and control of financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer and, along with other administrative staff, is responsible for day-to-day management under the Board's direction.

The District Treasurer (Treasurer) oversees business operations, maintains financial records and is responsible for preparing and submitting the State aid forms for new bus acquisitions.

The New York State Education Department (SED) provides transportation capital aid to school districts for the assumed debt service expenditures associated with the approved cost of purchased buses.

Quick Facts

2019-20 Appropriations	\$6.4 million
Enrollment	160
Employees	55
District-Owned Buses	9

Audit Period

July 1, 2011 – November 30, 2020

Transportation State Aid

How Should District Officials Apply for and Monitor Transportation State Aid?

District officials are responsible for ensuring that a district receives all the State aid it is entitled to for the purchase of new school buses. A well-designed system of controls over the State aid process consists of assigning employees responsibility for specific activities to ensure they understand the overall objectives and their role in the process. Periodic monitoring of the process by officials and an annual reconciliation of State aid helps ensure a district will receive all of the aid revenue to which it is entitled.

To receive State aid, a district must apply to SED, providing detailed purchase information for each new bus purchased within one year of the purchase date, using the State Aid Management System (SAMS) website. After providing the necessary bus purchase information, districts generally receive immediate approval from SED.

Districts receive State aid on bus acquisitions over a five- or six-year period beginning 12 months after the purchase order or upon the lease title transfer date. State aid payments are made over a five-year period if the bus is acquired during the first six months of the fiscal year (July 1 through December 31) and over a six-year period if the bus is acquired during the last six months of the fiscal year (January 1 through June 30). SED estimates the assumed annual debt service cost for bus acquisitions based on assumed amortization schedules, using a statewide average interest rate. The assumed annual debt service cost, after making deductions for other purposes and non-allowable pupils, multiplied by a district's annual State-share ratio for transportation aid (which may vary from year-to-year), determines the amount of State aid a district is entitled to each year.

A well-designed system of controls over the State aid process consists of assigning employees responsibility for specific activities to ensure they understand the overall objectives and their role in the process.

Officials Did Not Apply for All Applicable Transportation Aid

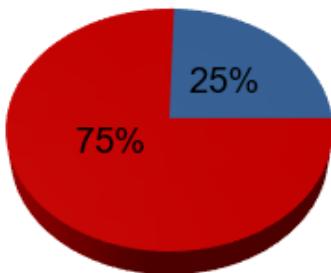
The District did not apply for all the State aid to which it was entitled for new bus acquisitions. We reviewed all nine of the District's new bus purchases during our audit period and found the District submitted the proper applications to SED for only two of the nine buses. The seven buses that were not reported to SED were acquired for a combined cost of \$361,195.

By not submitting the proper applications for the seven buses, the District was in danger of potentially losing \$20,513, or 75 percent of its total eligible transportation State aid (Figure 1).

FIGURE 1

Eligible Transportation State Aid

- Not Received
- Received



This total eligible transportation State aid consists of amounts that the District would have received between fiscal years 2012-13 and 2025-26 as shown in Figure 2:

Figure 2: Transportation State Aid for Bus Acquisitions

Fiscal Year	Total	Received ^a	Potential Lost
2012-13	\$404	\$0	\$404
2013-14	717	229	488
2014-15	1,163	218	945
2015-16	1,147	215	932
2016-17	2,752	222	2,530
2017-18	2,377	232	2,145
2018-19	2,042	0	2,042
2019-20	2,140	0	2,140
2020-21	2,860	886	1,974
2021-22 to 2025-26 ^b	11,568	4,655	6,913
Total	\$27,170	\$6,657	\$20,513

a) Amounts received are for the two buses with properly submitted applications to SED.

b) Projected aid lost for transportation aid and deduction amounts for fiscal years 2017-18 through 2020-21.

We notified District officials that the proper applications were not submitted to SED to receive approval for aid for the seven buses. As a result, the Treasurer prepared and submitted State aid applications for five of the seven buses,¹ making up \$12,445 of the total transportation aid potentially lost. SED reviewed the submissions and notified the District that the buses had been approved for transportation aid and the accompanying approved costs. For the two remaining

¹ Purchased in fiscal years 2011-12, 2012-13, 2014-15, 2015-16 and 2018-19.

buses,² the Treasurer indicated she will gather the required documentation (e.g., lease agreements, invoices) and prepare and submit State aid applications, making up \$8,068 of the total transportation aid potentially lost.

Although SED verbally indicated that it would approve State aid for the buses in question, officials' failure to submit State aid applications for all new bus acquisitions in a timely manner resulted in delayed payments of State aid. This occurred because District officials did not establish adequate procedures to ensure the District applied for all of its entitled State aid, including providing proper oversight of the Treasurer, who was responsible for preparing and submitting applications for State aid. In addition, officials did not perform an annual reconciliation of the District's State aid receipts, records and reports. As a result, officials did not have the means to ensure the District applied for and received all of its eligible State aid for new bus acquisitions.

What Do We Recommend?

District officials should:

1. Establish and implement procedures to ensure that transportation aid applications are accurately prepared and submitted in a timely manner.
2. Ensure that the Treasurer prepares an annual reconciliation of transportation aid expected to be received with the actual amounts received.

The Treasurer should:

3. File the appropriate State aid applications for the two remaining buses identified in this report.

² Purchased in fiscal years 2011-12 and 2015-16.

Appendix A: Response From District Officials



KEENE CENTRAL SCHOOL

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Robert J. Woughter, *K-12 Principal*
Jatha E. Johnson, *School Counselor 7-12*
Nicky Gabrielsen, *School Counselor K-6*
Melissa I. Durham, *District Treasurer*
Cindy Summo, *Secretary/District Clerk*

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July 16, 2021

Gary G. Gifford
Glens Falls Regional Center
One Broad Street Plaza
Glens Falls, New York 12801-4396

RE: Response to Report of Examination 2021M-63

Dear Mr. Gifford,

The Keene Central School Board of Education and administration acknowledge receipt of the above referenced draft report of the recent audit conducted by your office. We have reviewed the report and concur with the findings.

Recent changes in staffing and a better understanding of the process has allowed the district to make the necessary changes to address the reporting and oversight of bus purchases and the reconciliation of the associated state aid.

On behalf of Keene Central School District we want to thank the audit staff involved in performing our audit for their professionalism and courteous manner given to our staff throughout the process.

Sincerely,

Daniel J. Mayberry
Superintendent/SBO

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 various transportation aid documents and SED regulations to gain an understanding of the transportation aid process for bus purchases and the District's procedures for applying for State aid for bus purchases.
- We reviewed purchase orders, invoices, insurance policies and a vehicle inventory list and observed buses at the District to determine the population.
- We reviewed adopted budgets to determine whether bus purchases were voter approved.
- We reviewed all bus purchase documentation and SED and SAMS reports for our audit period to determine whether District officials submitted State aid applications to receive transportation aid for new bus acquisitions.
- We performed calculations to determine the amount of transportation aid lost or not received for buses not reported. We projected the amounts for fiscal years 2021-22 through 2025-26 using the District's average State share ratio for transportation aid and deduction amounts for fiscal years 2017-18 through 2020-21.

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.

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 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

<https://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf>

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas
<https://www.osc.state.ny.us/local-government/publications>

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
<https://www.osc.state.ny.us/local-government/publications>

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
<https://www.osc.state.ny.us/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.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers
[https://www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

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

Contact

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