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July 10, 2020

Dr. Gina Talbert, Acting Superintendent  
Members of the Board of Education  
Wyandanch Union Free School District  
1445 Dr. Martin Luther King, Jr. Blvd  
Wyandanch, NY 11798

Report Number: B20-7-7

Dear Acting Superintendent and Members of the Board of Education:

Chapter 18 of the Laws of 2020, as amended by Chapter 56 of the Laws of 2020,<sup>1</sup> authorizes the Wyandanch Union Free School District (District) to issue serial bonds, subject to the provisions of Local Finance Law (“LFL”) Section 10.10, on or before October 31, 2020, in an aggregate principal amount not to exceed \$4.5 million, to liquidate the accumulated deficit in the District’s general fund as of June 30, 2019. Under LFL Section 10.10(d), when a school district is authorized by a special or general law to incur debt to liquidate an operating deficit, it must submit to the State Comptroller each year, starting with the fiscal year during which the municipality or school district is authorized to issue the deficit obligations, and for each subsequent fiscal year during which the deficit obligations are outstanding, the school district’s proposed budget for the next succeeding fiscal year.

Upon receipt, the State Comptroller must examine the proposed budget and make recommendations, as deemed appropriate. Recommendations, if any, are made after the examination into the District’s estimates of revenues and expenditures.

Our Office has recently completed a review of the District’s budget for the 2020-21 fiscal year. The objective of the review was to provide an independent evaluation of the proposed budget. Our review addressed the following questions related to the District’s budget for the 2020-21 fiscal year:

- Are the significant revenue and expenditure projections in the District’s proposed budget reasonable?

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<sup>1</sup> Section 42-c of Part A of Ch. 56 L. 2020.

- Did the District take appropriate action to implement or resolve recommendations contained in the budget review report issued in April 2019?

To accomplish our objective in this review, we requested your proposed budget, salary schedules, debt payment schedules and other pertinent information. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases or decreases. We analyzed, verified and/or corroborated trend data and estimates, where appropriate. We identified any significant new or unusually high revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to determine the nature of the items and to assess whether the estimates were realistic and reasonable. We also evaluated the amount of fund balance appropriated in the 2020-21 budget to be used as a financing source and determined if the amount of fund balance was available and sufficient for that purpose. In addition, we inquired and checked whether written recommendations from the prior year's budget review were implemented or resolved and, therefore, incorporated as part of the current year's budget.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

The budget package submitted for review for the 2020-21 fiscal year consisted of the following:

- Cover Letter
- 2020-21 Adopted Budget
- Supplementary Information

The 2020-21 budget submitted to our Office is summarized as follows:

Figure 1: Revenue Summary - General Fund  
\$71,723,026

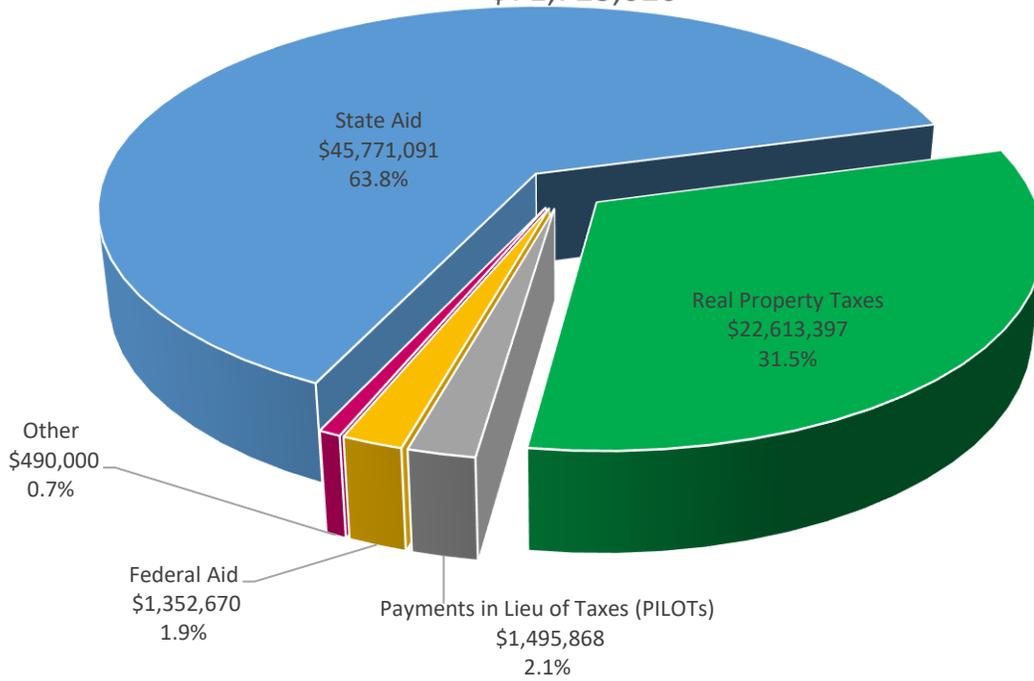
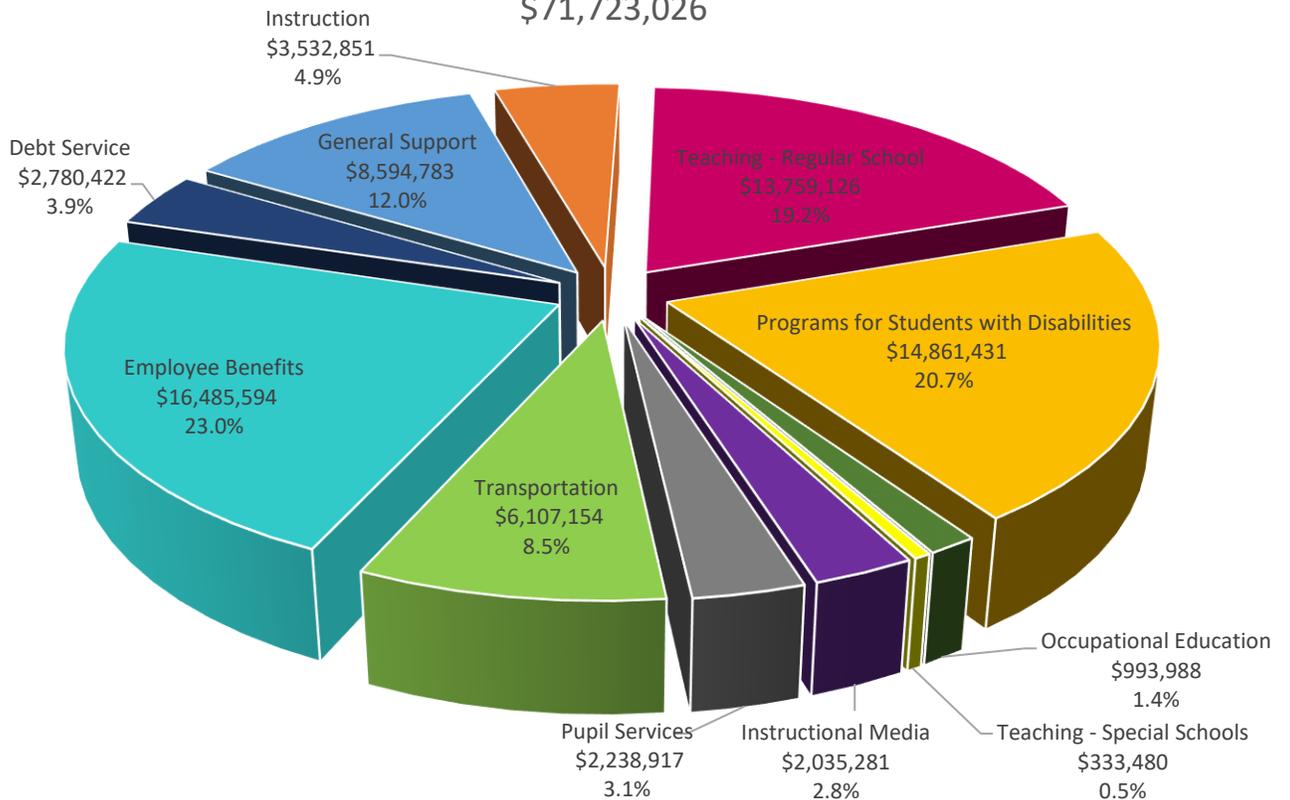


Figure 2: Expenditure Summary - General Fund  
\$71,723,026



Based on the results of our review, we found that the significant revenue and expenditure projections in the 2020-21 budget are not reasonable. We also found, however, that District officials did implement the recommendations in our April 2019 budget review letter.<sup>2</sup> District officials were unable to produce sufficient documentation that their appropriations for employee benefits, the re-institution of its athletics program, and certain utilities are adequate. Additionally, overtime costs will need to be monitored closely to ensure they do not exceed budgeted appropriations. Consequently, the 2020-21 appropriations may be underbudgeted by at least \$2.7 million and the District may not have sufficient resources to meet its financial obligations unless the Superintendent and Board implement budget cuts in the 2020-21 budget.

The observations and recommendations resulting from our review are, to a great extent, influenced by the quality and quantity of materials submitted and by the time between submission and budget adoption. District officials' inability to produce requested documentation suggests that budget estimates may not be based on historical trends or other known data. Furthermore, since the budget was not submitted to us until after the Board's adoption, the Board's ability to implement the recommendations may be limited.

Based on our review, we make the following recommendations:

Guidance Counselors, Psychologists and Social Workers – The 2020-21 budget includes appropriations of \$829,799 for teacher salaries in the areas of guidance, psychological services and social work services; however, the budget includes only \$1,100 for guidance counselors, \$0 for psychologists and \$15,000 for social workers.

<b>Figure 3: Professional Salaries in 2020-21 Budget</b>		
	<b>Teacher Salaries</b>	<b>Professional Salaries<sup>a</sup></b>
<b>Guidance</b>	\$501,417	\$1,114
<b>Psychological Services</b>	\$223,784	\$0
<b>Social Work Services</b>	\$104,598	\$15,331
<b>Total</b>	\$829,799	\$16,445

<sup>a</sup> Professional Salaries include guidance counselors, psychologists and social workers

From 2016-17 through 2018-19, the District's expenditures averaged \$562,000 for guidance counselors, over \$424,000 for psychologists and nearly \$94,000 for social workers. As teachers are not generally trained as guidance counselors, psychologists, or social workers, we question the appropriateness of budgeting for only teachers in these areas. District officials should reevaluate the appropriateness of these appropriations and amend the budget, as necessary.

Health Insurance – The budget includes appropriations of \$8 million for 2020-21 health insurance. This represents a 0.23 percent increase over the 2019-20 projected actual expenditure, while the New York State Health Insurance Exchange is projecting an 11.9 percent increase in premiums due to the effects of the COVID-19 pandemic. Since the District is maintaining its staffing level,

<sup>2</sup> <https://www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2019-08/wyandanch-br.pdf>

it appears that 2020-21 appropriations for health insurance could be underbudgeted by more than \$930,000. District officials should reconsider the adequacy of this appropriation and make budget adjustments, accordingly, to balance the budget.

Retirement – The 2020-21 budget includes Employee Retirement System (ERS) appropriations of \$852,460, which is nearly \$185,000 less than the 2019-20 actual expenditure. While the ERS average employer contribution rate is not changing in 2020-21, District salaries are increasing; therefore, it appears that this appropriation is underbudgeted by at least \$185,000. The District has included Teachers' Retirement System (TRS) appropriations of \$2,542,217, which is a 4 percent decrease from the 2019-20 projected actual expenditure. However, TRS employer contribution rates are increasing by 0.7 percent in 2020-21, from 8.86 percent to 9.53 percent. Therefore, the 2020-21 TRS appropriations could be underbudgeted by more than \$122,000. District officials should reconsider the adequacy of these appropriations.

Overtime – The budget includes \$16,261 in 2020-21 overtime appropriations. While this is a \$4,500 increase over the 2019-20 projected actual expenditure, the 2019-20 overtime expenditures were lower than usual due to the early closure of school buildings in response to the COVID-19 pandemic. We question the adequacy of this appropriation since, prior to 2019-20, the District averaged annual overtime expenditures of \$319,601. Security overtime, in particular, has exceeded its appropriation in each of the last four years by \$5,944 to \$130,769. Consequently, District officials will need to monitor overtime closely throughout the fiscal year to ensure that the budget is not overexpended.

Stipends – The 2020-21 budget includes \$0 for stipends. Stipends are contractual amounts paid to staff for serving in a capacity outside of their normal duties, such as chaperoning a dance, serving as an extra-curricular club advisor or coaching an athletics team. From 2016-17 through 2018-19, the District paid an average of \$225,362 in stipends each year. District officials should reassess the prudence of not budgeting for stipends, especially in light of the District's plan to restore its athletics program, for which it will inevitably need coaches.

Interscholastic Athletics – The District made the decision to restore its full District-funded sports program in the 2020-21 budget. The budget includes total appropriations of \$542,197 for interscholastic athletics. The largest portion of these appropriations is \$500,000 for contractual obligations, which is more than five times the average amount spent on this budget line from 2016-17 through 2018-19. Furthermore, the District has not budgeted for any athletic equipment when, from 2016-17 through 2018-19, the equipment expenditures averaged \$7,623. Further, the budget includes \$5,382 for materials and supplies, which is only about 20 percent of the approximate \$25,000 average expenditure. Finally, the athletics budget line for A/V technician includes an appropriation of \$814.50, where the District averaged over \$181,000 annually for an A/V technician from 2016-17 through 2018-19. District officials could not provide documentation or justifications to support any of these athletics appropriations. District officials should review the appropriateness of these appropriations and make budget adjustments accordingly.

Electricity Costs – The 2020-21 budget includes \$480,000 in electricity appropriations. This is more than \$100,000 less than the 2019-20 projected actual expenditures and nearly 41 percent less than the average expenditure for the last four years. Since the District's electricity costs have

increased, on average, by 5.61 percent each year, this appropriation could be underbudgeted by approximately \$200,000. District officials asserted that the Facilities Director has implemented a number of energy saving improvements throughout the District's buildings that have significantly reduced electricity consumption. However, they should still review recent energy bills and the adequacy of this appropriation and amend the budget to factor in potential increases in electricity costs.

Effects of COVID-19 Pandemic – Due to the continuously evolving circumstances caused by the COVID-19 pandemic, the adopted State budget generally authorizes the State Budget Director to reduce aid as necessary at given times throughout the year should the State budget be deemed out of balance.

**Figure 4: Fiscal-Year 2021 Enacted Budget Financial Plan<sup>a</sup>**

**Reductions Authorized if Certain Conditions are Met**

In awareness that FY 2021 collections from taxes and other receipts are likely to fall materially below the level needed to fund authorized disbursements, the Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB. In addition, the Director is authorized to withhold and reduce specific local aid payments during the fiscal year. The budget is deemed out of balance for the fiscal year, and the Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31).

<sup>a</sup> Document available at: <https://www.budget.ny.gov/pubs/archive/fy21/enac/fy21-enacted-fp.pdf>

District officials should develop a plan to balance the budget in the event revenue projections are not fully realized.

We hope that this information is useful for the District's 2020-21 budget. If you have any questions on the scope of our work, please feel free to contact Ira McCracken, Chief Examiner of the Hauppauge Regional Office, at 631-952-6534.

Sincerely,

Elliott Auerbach  
Deputy Comptroller

- cc: Deodat Somaiah, School Business Official  
Albert Chase, Fiscal Monitor  
Stephanie Howard, District Clerk  
Angelique Johnson-Dingle, District Superintendent – Western Suffolk BOCES  
Hon. Andrea Stewart-Cousins, NYS Senate Majority Leader  
Hon. Carl E. Heastie, NYS Assembly Speaker

Hon. Liz Krueger, Chair, NYS Senate Finance Committee  
Hon. Shelley Mayer, Chair, Senate Education Committee  
Hon. Helene E. Weinstein, Chair, Assembly Ways and Means Committee  
Hon. Michael Benedetto, Chair Assembly Education Committee  
Hon. Kimberly Jean-Pierre, NYS Assembly  
Hon. José M. Serrano, NYS Senate  
Robert F. Mujica, Jr., Director, Division of the Budget  
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