

Haldane Central School District

School District Website

MARCH 2021



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

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Report Highlights

Haldane Central School District

Audit Objective

Determine whether the Haldane 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, causing 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:

- A final annual budget or a comprehensive appended property tax report card.
- Comprehensive budget-to-actual results or the corrective action plan (CAP) in an easily accessible location.

Officials did not prepare:

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

Key Recommendations

Must post required information to the District website:

- Final annual budget and a comprehensive appended property tax report card.

Should enhance transparency by:

- Posting budget-to-actual results and CAP to the website in a transparent location.
- Preparing and posting a multiyear financial plan to help residents see the impact of fiscal decisions over time.

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

Background

The District serves the Towns of Philipstown and Putnam Valley in Putnam County and the Town of Fishkill in Dutchess 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, Superintendent and Business Manager are accountable to District taxpayers for the use of resources and are responsible for effective financial management of operations.

Quick Facts

Total Website Visits (2/19/2020-6/29/2020)	30,843
Population (rounded)	5,400
Enrollment	816
2019-20 Budgeted Appropriations	\$24.6 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 and information posted was limited in comprehensiveness and transparency.

Officials did not post the 2019-20 final annual budget to the District's website (Figure 1). In addition, while the monthly expenditure budget-to-actual reports and CAP were posted, these documents were not in an easily accessible transparent location. While not required, preparing a multiyear financial plan is a way for

officials to set long-term priorities and work toward goals, avoiding sudden changes in taxes, budgets and fund balance. This information is helpful to voters and can help them 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	Expenditure Only
Audits	Posted		Posting Required	Comment
	Yes	No		
External Audit	X		Yes	
External Audit - CAP		X	Yes	Not Applicable - No Findings
State Comptroller’s Audit (OSC)	X		Yes	
OSC Audit - CAP	X		Yes	
Internal Audit		X	No	Exempt
Internal Audit - CAP		X	No	Exempt

Although officials posted the Board’s original adopted budget and budget-to-actual expenditure reports on the website, these two documents were located on separate web pages, making it difficult for interested parties to access and review the documents. Additionally, the original budget information did not contain a complete schedule of reserves.

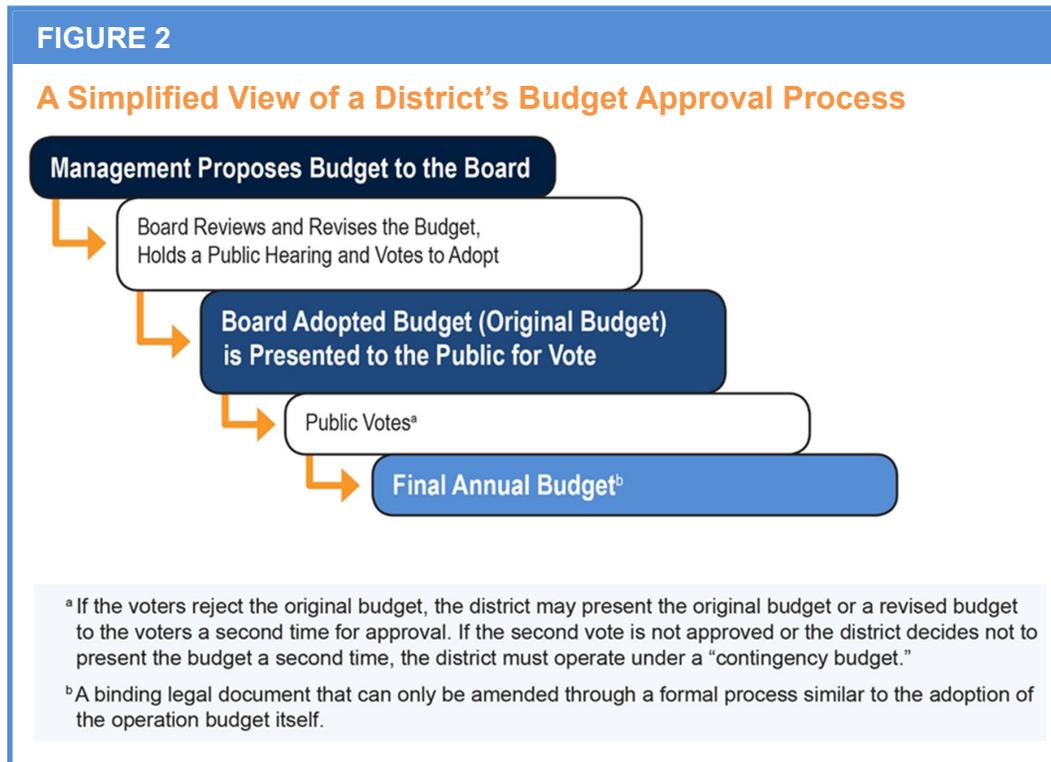
While the District’s financial statements showed the Board’s actual revenue and expenditure amounts were similar to the budgeted amount in 2017-18 and 2018-19, the failure to provide and post information prevents the taxpayers and other interested parties from readily accessing and reviewing documents 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 reserves¹). Figure 2 shows the budget approval process. Budgets are developed, adopted and subjected to voter

¹ Planned use of unexpended surplus money from prior years’ operations

approval each year.² 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.

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.

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

-
- 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.

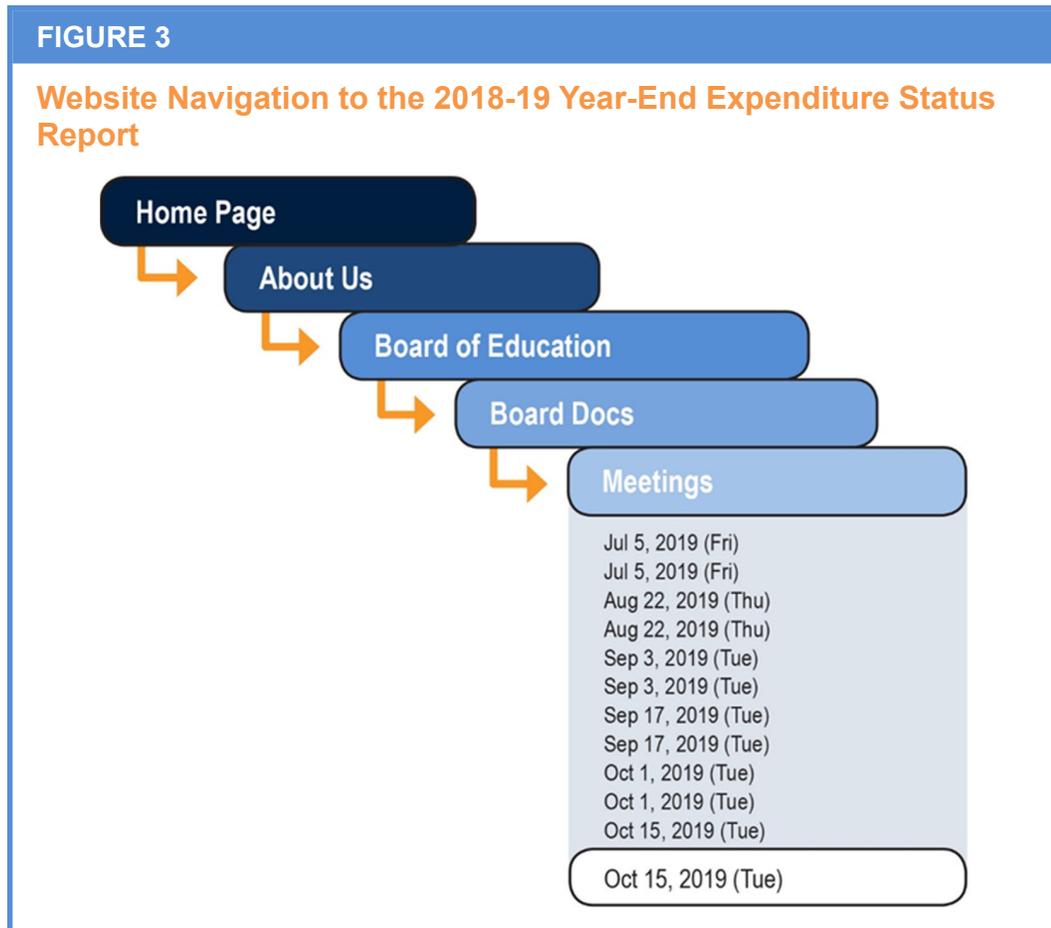
Officials Could Enhance the Transparency of Financial Information

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 Business Manager told us that because the figures did not change between the Board's original budget and public vote, she considered the posted budget document to be the final annual budget.

Budget-to-Actual Reports – Generally, actual expenditure information for 2018-19 was located on the Board of Education web page within the meeting agendas. The year-end expenditure status report was found in the October 15, 2019 agenda. Actual revenue status reports for 2018-19 were not posted to the website. Although posted, it would be difficult for interested parties to locate the year-end expenditure status reports. Similarly, the Board of Education web page displayed separate options for the meeting detail: minutes and agenda. Users

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

would potentially search through each to locate current year results. After finding the correct meeting date, the interested party would search through the agenda to locate the attached budget-to-actual report. The Board of Education web page is located from the District’s Home Page by selecting About Us (Figure 3).



Providing historical and current year actual revenue and expenditure results on the same web page as budget information could have enhanced the transparency of financial information. 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.

The Superintendent told us they provided information on actual revenues, such as cash receipts, in the Treasurer reports located on the Board of Education page as an agenda item. However, these reports provided monthly revenue details, not cumulative results by revenue category. Further, there was no comparison to the budget. Additionally, District officials told us that they did not consider placing

the actual expenditure report on another website location because the current location allowed for easy placement, and individuals following the District would be familiar with the posting process. See Appendix A for a snapshot presentation of the District's budget comparison.

Original Budget – The original budget detail, which included the appended property tax report card and administrator salary disclosure, was posted on the District's website. The document was located on the Annual Budget web page, which linked from the District's Home Page.

The budget document included categories for revenues, expenditures, fund balance, a comparison between the adopted and prior year final annual budget and schedule of reserves information. However, the property tax report card did not include a complete schedule of reserves, as it lacked the reported debt service reserve. The Business Manager told us that she did not consider the money in the debt fund to be reserved. However, the funds were reported as a reserve and the law requires all reserves to be included in the property tax report card; there is no reporting exclusion for the reserve for debt.

Multiyear Financial Plan – District officials have not developed a Board-adopted multiyear financial plan. As a result, no plan was required to be posted to the website. The Business Manager told us there was no specific reason a plan was never developed. However, having a prepared, adopted and posted plan helps 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,³ 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

³ 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.

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.

The CAP Could Be More Transparent

The District had an external audit posted to its website for 2017-18. The posted documents included the audit of the financial statements and the extra-classroom activity fund. The audit documents (i.e., reports) were located on the Audit web page.

The OSC audit report and CAP, issued within the last five years, were also posted to the District website.⁴ The audit report was located on the Audit web page (Figure 4). However, the CAP specific to the audit findings' recommendations was not transparently posted, but was instead included as an attachment to a Board agenda dated March 1, 2016 (Figure 5).

Visitors to the website would potentially search through Board agendas to find the audit's CAP. After finding the correct meeting date, the interested party would search through the agenda to locate the documents. Posting the CAP to the same web page as the audit report would have been more transparent and comprehensive. The Business Manager told us that placing the audit report and CAP on separate web pages was a clerical omission.

⁴ *Haldane Central School District – Budget Transfers and Information Technology (2015M-279)*, January 2016

FIGURE 4

Website Navigation to the OSC Audit Report

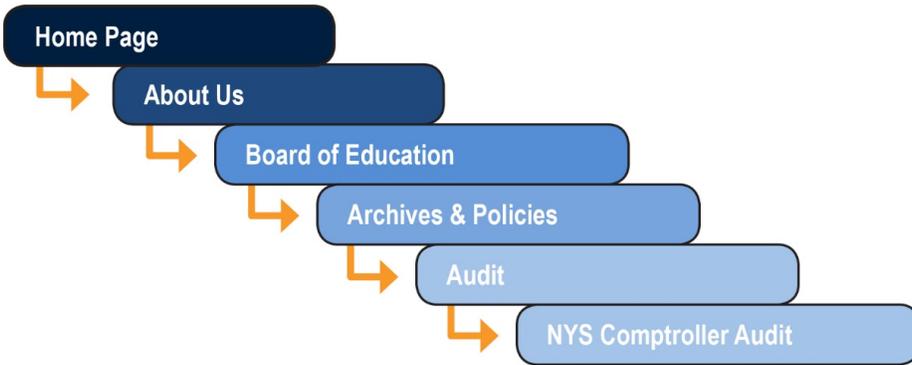
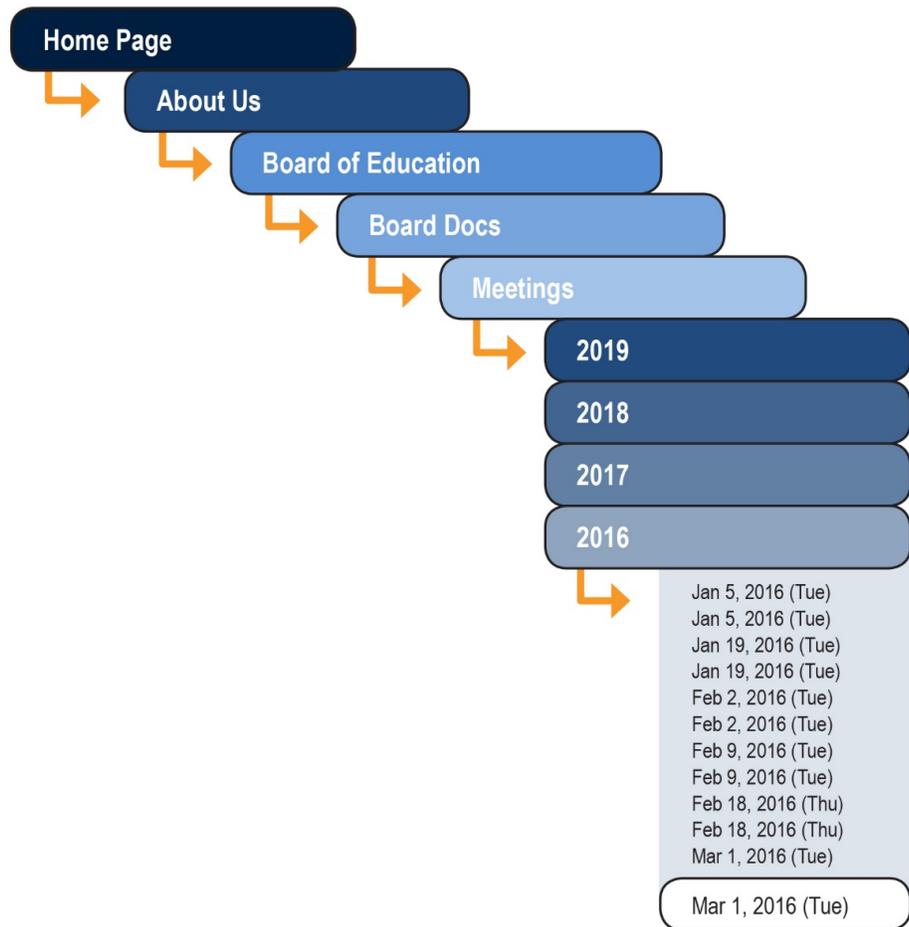


FIGURE 5

Website Navigation to the OSC Audit Report CAP



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 is posted to the website, as required.
2. Should provide further transparency by posting comprehensive budget-to-actual results on the website and in a website location easy to access by the public.
3. Must ensure a comprehensive property tax report card is posted to the website that accurately reflects the District's financial status, as required.
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. Should post CAP to the website in a transparent location.

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

Figure 6: Budget to Reported Actual Results

Categories	2017-18		2018-19	
	Original Budget	Actual Results	Original Budget	Actual Results
Revenues and Other Sources	\$23,518,765	\$22,994,065	\$24,070,392	\$23,511,489
Expenditures				
General Support	\$2,802,817	\$2,689,968	\$2,977,309	\$2,790,408
Instruction	12,505,650	12,266,462	12,647,175	12,561,490
Pupil Transportation	1,026,674	822,470	1,044,534	847,486
Employee Benefits	5,777,812	5,304,971	6,013,180	5,585,632
Debt Service - Principal	993,480	993,480	988,816	1,383,815
Debt Service - Interest	322,332	330,824	309,378	309,377
Transfers Out	90,000	265,847	90,000	849,006
Expenditures and Other Financing Uses	\$23,518,765	\$22,674,022	\$24,070,392	\$24,327,214
Operating Results – Surplus/(Deficit)		\$320,043		(\$815,725)
Tax Levy Increase Percentage from Prior Year	2.22%		2.62%	

Appendix B: Response From District Officials



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

January 27, 2021

Dear Ms. Landcastle:

The Haldane Central School District participated in an audit by the Comptroller's Office to determine whether the district used its resources to maintain a website that provided the public with transparent and comprehensive financial information. An exit conference to review the draft findings of the audit was held between officials from the Comptroller's Office and the school district on January 21, 2021. This letter serves as the district's response to the draft findings for inclusion in the final audit report.

The audit revealed three key findings, including:

- School officials did not post to the district website a final annual budget or a comprehensive appended property tax report card for the 2019-2020 school year.
- School officials did not post comprehensive budget-to-actual results or the corrective action plan in an easily accessible location.
- School officials did not prepare a multiyear financial plan.

I appreciated the opportunity to review these findings with officials from the Comptroller's Office and have reviewed them with the district personnel. I feel confident that the district will make the necessary adjustments to how we post school budget information to ensure that our community can more readily access such.

Sincerely,

Philip Benante, Ed. D.
Superintendent of Schools

Cc: Haldane CSD Board of Education Members
Anne Dinio, School Business Official

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 September 9, 2019 and October 30, 2019 to determine whether the District is providing the public with transparent and comprehensive financial information. We extended the scope forward to October 15, 2019 to capture the posting of the year-end expenditure status report.
- We extended the scope forward to February 19, 2020 through June 29, 2020 for reporting of visitor activity on the District website. The analytics tracking system was unavailable prior to February 19, 2020.
- 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 created a hypertext markup language (HTML) file that was a snapshot of the District's website to provide a single date of reference during audit testing.
- In addition to determining whether the item was located on the website at the time of testing, we reviewed the District's support showing the activity of the

information on the website, if available – dates of posting, updating and/or deleting. We determined reasonable reliability of the modification date on the reports for tested information by observing transactions being posted to the system during fieldwork.

- We did not audit the accuracy of the financial information posted to the District's 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 the administrative permissions of eight users, and the process of posting information through a visual review.
- We included a comparison of revenue and expenditure results reported in 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-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 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

Contact

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