

# Roscoe Central School District

## Cost-effective and Equitable Expenditure Control

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DECEMBER 2018

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

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# Report Highlights

## Roscoe Central School District

### Audit Objective

Determine whether District officials implemented cost-effective and equitable measures to control expenditures and share services.

### Key Finding

- District officials effectively controlled expenditures, saving approximately \$1.1 million since 2014-15, by keeping certain special education classes in-house and sharing officials with other districts.

### Key Recommendations

- Continue to pursue cost-effective measures to minimize expenditures.
- Monitor the value of shared services provided by the District to ensure the District is equitably compensated by other districts.

District officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

### Background

The Roscoe Central School District (District) serves the Towns of Colchester and Hancock in Delaware County and the Towns of Callicoon, Fremont and Rockland in Sullivan County.

The District is governed by the Board of Education (Board), which is composed of five elected members. The 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 is responsible, along with other administrative staff, for the day-to-day management under the Board's direction. The Business Official is responsible for financial accounting records and reports.

District officials share the positions of Superintendent and Business Official with other districts. The District shares some classes with other districts, such as certain special education and driver education classes.

#### Quick Facts

2017-18 Tax Levy	\$4.7 million
2017-18 Appropriations	\$8.8 million
2017-18 Enrollment	244

### Audit Period

July 1, 2016 – June 30, 2018

We extended our audit period back to July 1, 2013 to analyze financial trends.

# Cost-effective and Equitable Expenditure Control

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## How Should Officials Control Expenditures and Equitably Share Services?

The board, superintendent and business official are responsible for making sound financial decisions in the best interest of the district, the students they serve and the taxpayers who fund the district's programs and operations. District officials should identify cost savings opportunities to control expenditures and reduce the taxpayers' burden whenever possible and determine whether sharing programs and services with other districts would aid in controlling expenditures. When providing shared services with other districts, officials should ensure that costs are equitably distributed among the districts and that each district is properly compensated for the services provided.

The Individuals with Disabilities Education Act<sup>1</sup> requires children with disabilities to be educated in the "least restrictive environment," which means that to the maximum extent possible, the child must be educated with nondisabled children as close as possible to their home.

## In-house Special Education Services Cost Less

District officials balanced the best interests of students and program costs when they decided to keep certain special education classes in-house or to use Sullivan County Board of Cooperative Educational Services (BOCES) services. Officials told us that they try to keep special education students in-house if resources are available to offer these classes because it provides the least restrictive environment and can lead to significant cost savings.

Additionally, officials told us that educating students in-house generally saves money compared to the cost of placing students in a BOCES classroom. During 2016-17 and 2017-18, the District held two special education classes each year, serving 10 students in 2016-17 and 12 students in 2017-18.

We compared the special education program costs for in-house classes with the costs that would have been incurred if students had been placed in a BOCES classroom. We found that District expenditures were \$607,000 less by providing classes in-house.

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<sup>1</sup> Individuals with Disabilities Education Act, 20 U.S. Code, Section 1412 (2004)

**Figure 1: Special Education Cost Comparison**

	2016-17	2017-18	Total
<b>Number of Students</b>	10	12	22
<b>BOCES Program Costs</b>	\$515,090	\$668,436	\$1,183,526
<b>District Program Costs</b>	\$258,662	\$317,745	\$576,407
<b>In-House Savings</b>	\$256,428	\$350,691	\$607,119
<b>Percent Savings</b>	50%	52%	51%
<b>BOCES Cost per Student</b>	\$51,509	\$55,703	N/A
<b>District Cost per Student</b>	\$25,866	\$26,479	N/A
<b>Total per Student Savings</b>	<b>\$25,643</b>	<b>\$29,224</b>	<b>N/A</b>

### **Equitably Sharing Costs Between Districts**

As part of the District's efforts to control expenditures, the District regularly participated with the Downsville Central School District (Downsville CSD) in a special education student exchange program (sharing) where each district sent students to the other to attend special education classes. Officials told us that this allowed Downsville CSD students to participate in existing District classes while District students attended Downsville CSD classes without incurring the cost of creating a separate class or sending the student to a BOCES class.

From 2014-15 through 2017-18, Downsville CSD officials sent 18 more students to the District for classes than the number of students they accepted from the District. This has not created additional expenditures for the District, because the Downsville CSD students were placed into existing classes.

Helping balance out the disparity in the number of students sent to classes, District officials told us that Downsville CSD provides additional services to the District at no charge. For example, the Downsville CSD allows District students to attend their driver education classes, and provides transportation to Downsville CSD and vehicle maintenance labor for a District vehicle. Officials further told us that when they first started this arrangement, they performed an initial assessment that showed little difference between the services each district provided to the other.

However, since that time, the sharing agreements have grown at a faster rate than either districts' plans to ensure differences are kept to a minimum. To address these differences and create a plan for future compensation for sharing agreements, District, Downsville CSD and Livingston Manor Central School District (Livingston Manor CSD) officials initiated a sharing study in October 2017. District officials told us that the study will address the compensation issue and is scheduled to be implemented in 2018-19.

## The District Reduced Expenditures By Sharing Positions

In 2014-15, the District entered into an agreement with Downsville CSD to share the Superintendent position and split the cost of compensation. In 2017-18, officials of these districts added Livingston Manor CSD to the sharing agreement. The new agreement provides that, based on student population, the Superintendent's compensation is shared as follows: the District and Downsville CSD each pay 25 percent and Livingston Manor CSD pays 50 percent. As a result, District officials reduced total expenditures for this position by approximately \$364,000 or 44 percent over the past four years.

**Figure 2: Savings from Sharing Superintendent Compensation**

	Estimated Expenditures Without Sharing <sup>a</sup>	Actual Expenditures	Savings from Sharing
<b>2014-15</b>	\$199,111	\$114,302	\$84,809
<b>2015-16</b>	\$206,870	\$131,399	\$75,471
<b>2016-17</b>	\$201,841	\$128,076	\$73,765
<b>2017-18</b>	\$211,028	\$80,792	\$130,236
<b>Totals</b>	<b>\$818,850</b>	<b>\$454,569</b>	<b>\$364,281</b>

a Our estimate assumes a 3 percent annual increase in compensation using the Civil Service Employees' Association (CSEA) collective bargaining agreement as a reasonable estimate.

In 2015-16 the District entered into an agreement with Livingston Manor CSD to share the Business Official position. As a result, District officials reduced total expenditures for this position by approximately \$156,000, or 36 percent over the past three years.

**Figure 3: Savings from Sharing Business Official Compensation**

	Estimated Expenditures Without Sharing <sup>a</sup>	Actual Expenditures	Savings from Sharing
<b>2015-16</b>	\$141,635	\$90,537	\$51,098
<b>2016-17</b>	\$144,487	\$93,955	\$50,532
<b>2017-18</b>	\$149,356	\$95,289	\$54,067
<b>Totals</b>	<b>\$435,478</b>	<b>\$279,781</b>	<b>\$155,697</b>

a Our estimate assumes a 3 percent annual increase in compensation using the CSEA collective bargaining agreement as a reasonable estimate.

We commend District officials for identifying and implementing these opportunities for cost savings.

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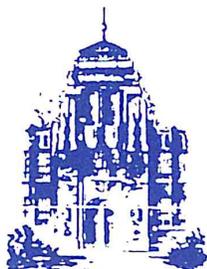
## What Do We Recommend?

District officials should:

1. Continue to pursue cost-effective measures to minimize expenditures.
2. Ensure that the District is reasonably compensated for services it provides to other districts.
3. Formalize any shared services agreements with the other districts to ensure compensation differences are kept to a minimum.

# Appendix A: Response From District Officials

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## **ROSCOE CENTRAL SCHOOL DISTRICT**

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**ROSCOE, NEW YORK 12776**

**607-498-4126**

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**JOHN EVANS**  
SUPERINTENDENT

**JANICE PHILLIPS**  
PRE-K-12 PRINCIPAL

**ROBIN FRANCISCO**  
PRE-K-12 ASSISTANT PRINCIPAL

November 25, 2018

Ms. Ann C. Singer, Chief Examiner  
Binghamton Regional Office  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, NY 13901-4417

Dear Ms. Singer,

This letter is in response to the Office of the New York State Comptroller (OSC) draft report titled, "Cost-effective and Equitable Expenditure Control, Report of Examination 2018M-182", issued in October 2018. Please consider this letter the District's response and corrective action plan.

The District accepts the facts and the findings presented. The District has been involved with the sharing of services and programs in the pursuit of providing educational opportunities for our students. For the past seven years the Roscoe Board of Education has entered into formal agreements to share their Superintendent with Downsville and for the past two of those years shared the Superintendent with both Downsville and Livingston Manor. In addition, the Board of Education is now in its' fourth year of sharing the Livingston Manor Business Administrator. The cost savings from sharing these positions has been used to increase opportunities for students and manage the year to year budget. With one Superintendent working with three supportive Boards of Education the sharing of student program and services has grown significantly.

During the summer of 2017, Roscoe along with Downsville and Livingston Manor, pursued a matching grant through the New York Department of State that would help to fund hiring consultants to look for specific additional sharing opportunities. The respective Boards of Education approved this joint venture. The shared services study grant was awarded in December 2017.

In the fall of 2017 the Districts formed a shared services committee made up of Board members, administrators, teachers, support staff, and community members from each of the three districts. The Districts hired a consultant to work with the committee to document this process and make recommendations. The Districts hired a firm that specializes in their work with New York State school districts. This firm has completed a three district shared services study for both Special Education programming and Buildings & Grounds. They are currently in the middle of a report

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that will look at the business office functions of the three districts. During the summer of 2018 the three districts applied for a Department of State Implementation Grant. The grant, if awarded, would cover 90% of the start-up costs for additional sharing of student programs and district services that may arise out of the work of the consultants and recommendations from the shared services committee.

For the 2018-2019 school year the respective Boards of Education have approved resolutions that will allow district administrators to determine an appropriate methods for sharing costs for any shared student program and services that happen among the three districts.

Office of State Comptroller (OSC) Recommendations with District Responses:

1. OSC Recommendation: Continue to pursue cost-effective measures to minimize expenditures.

District Response: The Roscoe Board of Education continues to support the sharing of services in general and has specifically approved the sharing of student opportunities, services and costs with the two neighboring Districts with whom Roscoe shares the Superintendent with. The District is currently conducting a shared services study grant award from the New York Department of State. The District has applied for an Implementation Grant that would pay up to 90% of the costs associated with implementing sharing proposals from the consultants.

2. OSC Recommendation: Ensure that the District is reasonably compensated for services it provides to other districts.

District Response: The District applied for and was awarded a shared services study grant in 2017 that would allow Roscoe and the two other districts that share our Superintendent to have outside consultants review and report on sharing opportunities between the three districts. The districts have used these reports, as well as, input from the three district shared services committee to determine which costs should be shared.

3. OSC Recommendation: Formalize any shared services agreements with the other districts to ensure compensation differences are kept to a minimum.

District Response: In 2018 the Roscoe Board of Education (as well as the other two districts) approved resolutions that would allow for the sharing of student programs and district services along with the sharing of associated costs. Additionally, the Boards have approved municipal cooperative agreements specific to several of the current sharing arrangements.

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In closing the District would like to thank the auditor and audit team that looked into the sharing of services the District has been doing for the past seven years. We appreciate the time and effort that went into finding the savings that the District has already achieved, as well as, the recommendations for ways that the District can save in the future.

Sincerely,

John P. Evans, Superintendent

## Appendix B: Audit Methodology and Standards

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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 to gain an understanding of operations and determine whether officials implemented steps to control expenditures and reduce costs.
- We analyzed savings for providing two special education classes in-house rather than sending the students to BOCES in 2016-17 and 2017-18.
- We examined the exchange of students in special education classes between the District and Downsville CSD from 2014-15 through 2017-18 to determine whether the District was compensated for the services provided.
- We analyzed the impacts on District expenditures of agreements with other districts to share the Superintendent position from 2014-15 to 2017-18 and the Business Official position from 2015-16 to 2017-18.

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.

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 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. We encourage the Board to make the CAP available for public review in the District Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

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

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

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

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

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

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

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

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

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

[www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf](http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.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/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

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

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

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

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)

## Contact

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