



North Syracuse Central School District

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"BRIGHTER TOGETHER"

Annette Speach
Superintendent of Schools
www.nscsd.org

April 19, 2018

Dear North Syracuse Central School District Community:

The North Syracuse Central School District ("District") received a letter from the New York State Education Department ("NYSED") Office of State Aid on December 29, 2015, which included information that twenty-three Final Cost Reports for capital projects within the District were allegedly filed late. Several other school districts in the state were similarly notified. The letter indicated that the District was subject to \$50.8 million in penalties and requested that the District "review the dates in the attachments for verification and respond with your findings...." We were able to resolve issues with many of the projects by providing the documentation sought by the NYSED Office of Facilities Planning. In addition, we immediately sought assistance from our Legislators and requested relief from the penalties. Because of these efforts, the 2017-18 NYS Budget provided for a 10-year payment plan, but offered no relief from the penalties.

On May 25, 2017, the District received formal notice from NYSED Office of State Aid that the penalty for filing Final Cost Reports late was revised to \$29,896,894 relating to six capital projects approved by the NYSED from May 28, 1996 through June 30, 2010. The first of ten payments was scheduled for June of 2018.

The District continued to work with our New York State Legislators, including Senators John DeFrancisco and Dave Valesky and Assembly members Al Stirpe and Pam Hunter, to address the issues with the alleged filing deficiencies. Legislation was advanced within the 2018-19 New York State budget process, under the guidance of the New York State School Boards Association and with the support of the New York State Association of School Business Officials, and the New York State United Teachers, resulting in a partial reduction of the penalties for all the affected school districts. For the District, the penalty was reduced to approximately \$19.4 million, payable over ten years. The first payment of \$1.9 million will be made in June 2018.

The District has taken decisive actions to address the capital project compliance issues.

- Internal practices have been addressed and procedures have been adopted to ensure that all filing deadlines are complied with.*
- As of this date, the District's Business Office has completed all of the required filings for all capital projects.*
- The District has not worked with the architectural firm who managed most of the projects in question for the District since 2007.*
- The District also replaced its previous accounting firm, whose annual work included an audit of the capital projects fund.*

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During the time period of the capital projects involved, the NYSED penalty for filing a late Final Cost Report was the total loss of all building aid associated with the project. Subsequently, due to the widespread issues encountered by school districts throughout the State in timely filing Cost Reports for capital projects, the law was changed for projects approved on or after July 2011 so that penalties are no longer incurred. The District is in the process of seeking additional options to further reduce or eliminate the onerous penalty imposed on the District. We have once again reached out to the Governor, our Legislators and the Commissioner of Education. We believe that it is unconscionable for the State of New York to penalize the current and future students of the District for past administrative errors. Each of the projects was completed within specification and budget and there are no alleged financial improprieties or misuse of funds.

The District will keep you informed of any further developments.

Thank you.

Sincerely,



Annette Speach

Superintendent of Schools



Michael Shusda

Board of Education President