NORWICH CITY SCHOOL DISTRICT

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Dear Parents and Community Members,

Recently, the New York State Comptroller released the Fiscal Stress Scores for the 2018-19 school year for the Norwich City School District. This score was similar to the Fiscal Stress Score for the 2017-18 school year as well. Due to this difficult fiscal picture, the NCSD has been proactive in addressing many of the factors that were causing significant stress for our district, which are outlined below.

As the new interim superintendent, my first six months with the NCSD has been a time of discovery, understanding, and intervention. We have unearthed a number of important obstacles for our school district and we are now well into the solution stage. With that being said, it is time to share what the NCSD is presently doing and where we plan to go in the months ahead.

For the past few school years, the NCSD dealt with a number of factors that put the District into fiscal stress. For the past 4 years the annual budget ran on a deficit ranging from a high of - $2,722,000 (2017-18 school year) to a low of - $465,000 (2018-19 school year). This occurred despite the fact that our fund balance and applicable reserves were used to off-set the expected negatives within the budget, until our fund balance also showed a negative balance for multiple years. At this point our unappropriated fund balance remains at $0 and the remaining reserves are far below the "fiscally healthy" levels.

On an annual basis the New York State Comptroller's Office (OCS) monitors the fiscal characteristics of all districts within NY State and assigns a Fiscal Stress score. A score that ranges from 0-20, out of 100 potential points, means that the district does not have fiscal stress or "No Designation." As the number increases the scores go from "Moderate Stress" to "Significant Stress." For the 2017-18 school year, the NCSD had a score of 70 and was designated as having "Significant Stress." Only one district in NY State had a higher score or designation than the NCSD. We were recently notified that the preliminary score for last school year, 2018-19, is 66.7, which is still considered "Significant Stress."

During the summer prior to the 2019-2020 school year, we hired a Forensic Auditor to dig down and give us an understanding of the financial picture ahead. Our auditor looked at State and Federal Grants, revenues, expenditures, areas within the budget that we should focus on, and the budgeting process from the prior year. As we did our due diligence in all areas of the budget,

we found funds that hadn't been expended in a number of areas and absorbed them into this year's budget. Additionally, we had very positive conversations with Assemblyman Crouch and Senator Akshar, and both are willing to help us recover. A Bill is being written that could allow funds to be released from the NYSED that they are presently holding in Building Aid. This could help us begin to replenish our fund balance and possibly reserves.

What is the Comptroller's Fiscal Stress Monitoring System?
The Fiscal Stress Monitoring System (the System) is OSC's program to objectively identify issues with budgetary solvency—the ability to generate enough revenue to meet expenditures—for each county, city, town, village and school district.
How Does it Work?
The System analyzes the financial information submitted to OSC by local governments against a set of uniform financial and environmental indicators. Financial indicators measure key drivers of fiscal stress in local government financial operations:
Considerations for School Districts: Year-End Fund Balance, Operating Deficits/Surpluses, Cash Position, Reliance on Short-Term Cash-Flow, Debt.

In October of this year, Margaret Boice joined us as an Interim Business Manager to help move us along. She has been invaluable as she helped us prepare for the budgeting process for the 2020-21 school year. During the winter months we will also welcome Brian Bartlett as our new part-time Business Manager, until he takes over at the end of March when Margaret's interim is completed. Brian will have the benefit of working with us as we develop this year's budget so he has a sound understanding of the process before he goes solo in the spring. We have hired Brian through DCMO BOCES which will allow part of his salary to drive BOCES aid for our district.

Throughout this school year, we have done a number of things that will help us end this school year in a more positive place. The District's budget was frozen after the Thanksgiving holiday to minimize spending and help us recover funds. We are having conversations with all groups and departments to think out-of- the-box on ways that we can be fiscally conservative, and we are reaching out to County and Community Partners to ask for help during the recovery process. We are also looking at potential grant monies that could come into the district and are supporting our faculty and staff if they would like to write grants in our recovery efforts.

As we plan for next year, we are considering the possibility of creating programs within the district that would allow us to educate and support Norwich students within our district that we presently send to out-side placements. Returning students to our in-house programs would be a win-win for everyone both educationally and fiscally. Additionally, we are building partnerships with neighboring districts that will allow us to share resources and generate State Aid. We will also consider other "next steps" that will bring us back to fiscal health.

Please feel free to join us for our upcoming budget meetings on February 5th and March 11th at the District Office at 6:00pm, if you're interested in the upcoming financial picture. One of our primary goals this year is to communicate so you will understand what is happening

within the district. Please let me know if you have any questions or suggestions and remember my door is always open.

Yours truly,

Diana Bowers, Ed.D.
Interim Superintendent