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PRESENTS

LESSON PLAN

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...AND MORE!



BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING PUBLIC SCHOOL DISTRICTS

FROM THE EDITOR - SHARI DIAMOND, CIA

Welcome to the fall season where we get to enjoy crisp air, crunchy leaves underfoot, and lots of color all around. Time to break out the warm sweaters and snuggle up with the 21st edition of the Lesson Plan where we talk about issues affecting school districts across the Island. Okay – maybe snuggle is not the right sentiment: Our role as internal and claims auditors is to be a resource to the school district community and we strive to provide information that is pertinent and helps you meet your goals.

In this issue, we will discuss one of the top issues that all schools across the nation are talking about: cybersecurity threats. Just this past summer, there were over 160 publicly-disclosed security incidents which was more than 30% of all the incidents reported for the 2018 year according to Forbes. The risk of sensitive and private data being exposed is at an all-time high. The New York State Education Department recognizes the importance of protecting personally identifiable information of students and staff and is in the process of fine-tuning regulations through Education Law 2-D so that school districts can strengthen their data privacy and security protocols. While some of the specifics are still being solidified, school district management should ensure they have a dialogue with their information technology staff to discuss specific security protocols. Inside, we present a list of questions to help spark that conversation.

This edition also provides strategies to reduce telecom and utility expenses, offer lower-cost health insurance benefits to retirees, and provide students with a unique presentation of career opportunities.

Our firm is committed to serving the Long Island community, and this past summer we sponsored a book drive as part of our collaboration with Book Fairies, a not-for-profit organization that collects gently used books and distributes them to schools and people in need throughout metropolitan New York. For each chargeable hour of work that any accountant/advisor at C&A performs, we then work with Book Fairies to cover the cost to distribute their books. As of the end of August, we have been able to help Book Fairies distribute **35,094** books! We couldn't be prouder and are on track to provide more support for improving literacy.

So, break out the hot chocolate and enjoy this current issue. We welcome any questions and would love to hear your thoughts. Please feel free to contact our office.

Shari Diamond

CONTRIBUTORS

WRITERS

SHARI DIAMOND, CIA
CERINI & ASSOCIATES, LLP
PARTNER

NICHOLLE MEZIER, CPA, MBA
CERINI & ASSOCIATES, LLP
SUPERVISOR

TOM WEYER, CPA
CERINI & ASSOCIATES, LLP
STAFF ACCOUNTANT

BETH BUCHEISTER
EXECUTIVE DIRECTOR
CAREER DAY INC.

LENNY GIAMBALVO
CERINI & ASSOCIATES, LLP
CLAIMS AUDITOR

BRYAN MCMANAWAY
BENEFITS CONSULTANT
CORPORATE SYNERGIES

ASSOCIATE EDITOR

KEN CERINI, CPA, CFP, FABFA
CERINI & ASSOCIATES, LLP
MANAGING PARTNER

PAGE LAYOUT & DESIGN

KRISTINA LAINO
CERINI & ASSOCIATES, LLP
GRAPHIC DESIGNER



EDITOR

SHARI DIAMOND, CIA
CERINI & ASSOCIATES, LLP
PARTNER



ARE YOU BEING OVERCHARGED?

Utility and telecom bills are voluminous, which makes it difficult to perform a full review of all the charges that are listed. If you take a deeper look, you may be surprised to see hidden fees and/or taxes buried in these massive invoices. That being said, school districts are sales tax exempt organizations. Now, one would think the invoices should not contain sales tax, but more often than not, they are included in some manner. And we all know what it is like to call these companies: the endless wait time, and then when you finally reach a human to inquire about the charges, you are instructed that schools are not tax exempt when it comes to these types of charges. **Not true!**

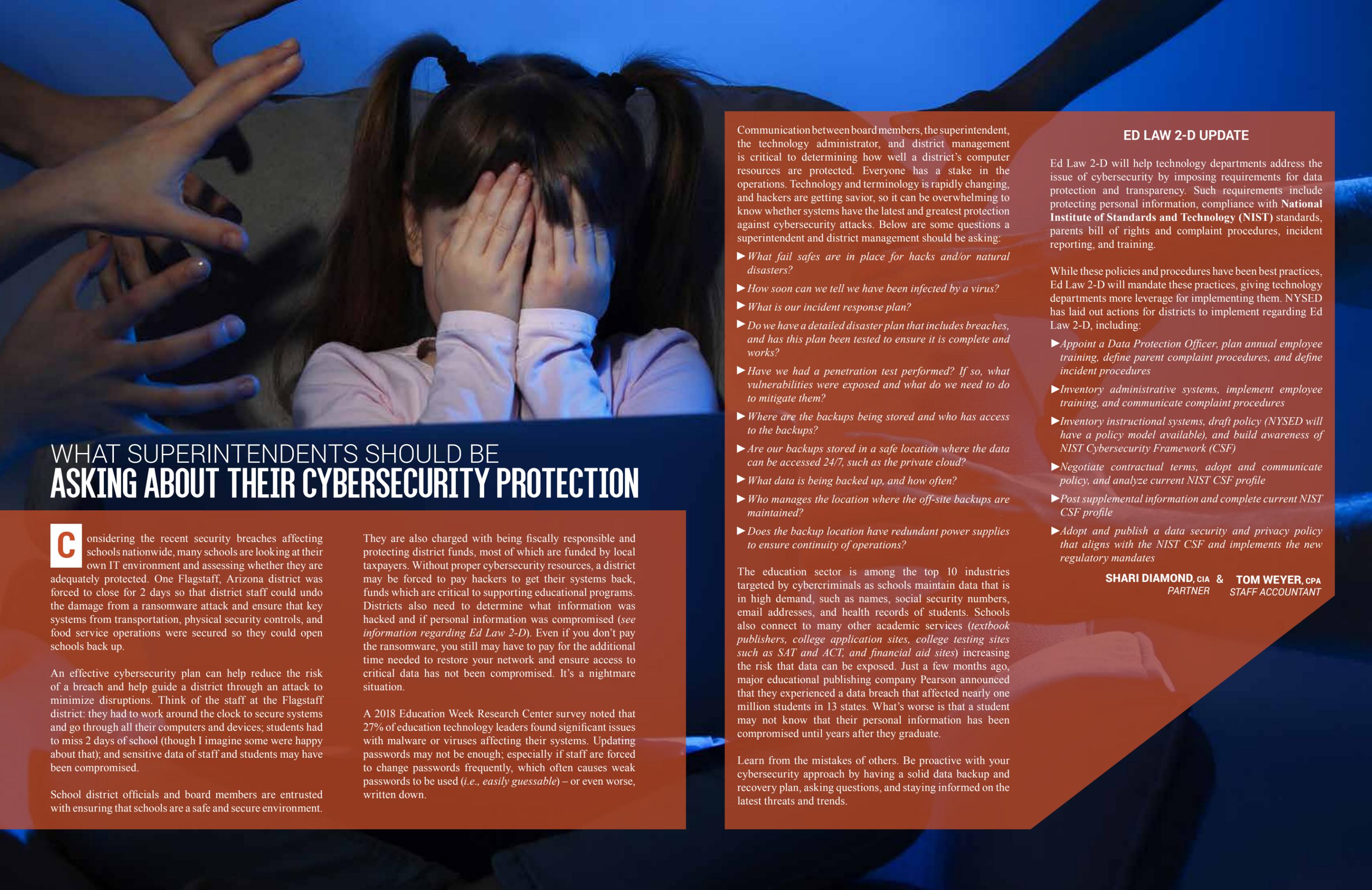
All the rules and regulations involved with the telecom and utility companies, along with the best pricing for services, is not something most of us have knowledge of. Even though we are auditors for school districts across the Island, as well as many non-profits in the tri-State area, we know when we need to bring in subject matter specialists to perform a review. We had an audit performed by Prime Auditors; a local company based in Mineola which has been helping school districts across the Island since 1981. Although we are not a tax-exempt company, they were able to identify services that we weren't using yet still paying for and noted where we could cut our costs further. *So what is the process you ask?* You have to provide one month of bills and sign a release form. *Now let's talk numbers. The cost factor is simple:* you pay nothing unless the review reveals the company saved your district money. At that point, the company collects a percentage of the savings they identify.

We asked **Prime Auditors** for a list of questions school districts should consider when determining whether a review of telecom and utility invoices should be performed:

- ▶ *Are you confused about what taxes and surcharges you should be paying?*
- ▶ *How is the District dealing with the reality that E-rate monies are no longer available for telephone services?*
- ▶ *Are you aware there are special refunds available to schools going back for a period of 3-6 years in many cases on almost all telecom and utility charges?*
- ▶ *How much money are you wasting each month on your telecom and utility accounts by not being in the best rate plans?*
- ▶ *Are you taking full advantage of all of the NYS pricing programs that are available on your telecom and utility accounts?*
- ▶ *Are you aware that carriers are providing a six-year year "lowest corresponding price" refund if your school wasn't getting the same low price as neighboring districts? One small district (under 700 students) got a refund of over \$70,000.*

With the tax cap squeezing school districts' ability to obtain increases needed to ensure that educational programs are fully supported, cutting expenses should be a top priority. The best part about this audit is that school districts have nothing to lose by having their utility and telecom bills reviewed. *Are you willing to pass up potential refunds and lower bills?* For more information, contact John Coyne and/or John E. Appelt, at Prime Auditors (516) 403-1204. You can check out their website at www.primeauditors.com.

SHARI DIAMOND, CIA & **NICHOLLE MEZIER, CPA, MBA**
PARTNER SUPERVISOR



WHAT SUPERINTENDENTS SHOULD BE ASKING ABOUT THEIR CYBERSECURITY PROTECTION

Considering the recent security breaches affecting schools nationwide, many schools are looking at their own IT environment and assessing whether they are adequately protected. One Flagstaff, Arizona district was forced to close for 2 days so that district staff could undo the damage from a ransomware attack and ensure that key systems from transportation, physical security controls, and food service operations were secured so they could open schools back up.

An effective cybersecurity plan can help reduce the risk of a breach and help guide a district through an attack to minimize disruptions. Think of the staff at the Flagstaff district: they had to work around the clock to secure systems and go through all their computers and devices; students had to miss 2 days of school (though I imagine some were happy about that); and sensitive data of staff and students may have been compromised.

School district officials and board members are entrusted with ensuring that schools are a safe and secure environment.

They are also charged with being fiscally responsible and protecting district funds, most of which are funded by local taxpayers. Without proper cybersecurity resources, a district may be forced to pay hackers to get their systems back, funds which are critical to supporting educational programs. Districts also need to determine what information was hacked and if personal information was compromised (*see information regarding Ed Law 2-D*). Even if you don't pay the ransomware, you still may have to pay for the additional time needed to restore your network and ensure access to critical data has not been compromised. It's a nightmare situation.

A 2018 Education Week Research Center survey noted that 27% of education technology leaders found significant issues with malware or viruses affecting their systems. Updating passwords may not be enough; especially if staff are forced to change passwords frequently, which often causes weak passwords to be used (*i.e., easily guessable*) – or even worse, written down.

Communication between board members, the superintendent, the technology administrator, and district management is critical to determining how well a district's computer resources are protected. Everyone has a stake in the operations. Technology and terminology is rapidly changing, and hackers are getting savvier, so it can be overwhelming to know whether systems have the latest and greatest protection against cybersecurity attacks. Below are some questions a superintendent and district management should be asking:

- ▶ *What fail safes are in place for hacks and/or natural disasters?*
- ▶ *How soon can we tell we have been infected by a virus?*
- ▶ *What is our incident response plan?*
- ▶ *Do we have a detailed disaster plan that includes breaches, and has this plan been tested to ensure it is complete and works?*
- ▶ *Have we had a penetration test performed? If so, what vulnerabilities were exposed and what do we need to do to mitigate them?*
- ▶ *Where are the backups being stored and who has access to the backups?*
- ▶ *Are our backups stored in a safe location where the data can be accessed 24/7, such as the private cloud?*
- ▶ *What data is being backed up, and how often?*
- ▶ *Who manages the location where the off-site backups are maintained?*
- ▶ *Does the backup location have redundant power supplies to ensure continuity of operations?*

The education sector is among the top 10 industries targeted by cybercriminals as schools maintain data that is in high demand, such as names, social security numbers, email addresses, and health records of students. Schools also connect to many other academic services (*textbook publishers, college application sites, college testing sites such as SAT and ACT, and financial aid sites*) increasing the risk that data can be exposed. Just a few months ago, major educational publishing company Pearson announced that they experienced a data breach that affected nearly one million students in 13 states. What's worse is that a student may not know that their personal information has been compromised until years after they graduate.

Learn from the mistakes of others. Be proactive with your cybersecurity approach by having a solid data backup and recovery plan, asking questions, and staying informed on the latest threats and trends.

ED LAW 2-D UPDATE

Ed Law 2-D will help technology departments address the issue of cybersecurity by imposing requirements for data protection and transparency. Such requirements include protecting personal information, compliance with **National Institute of Standards and Technology (NIST)** standards, parents bill of rights and complaint procedures, incident reporting, and training.

While these policies and procedures have been best practices, Ed Law 2-D will mandate these practices, giving technology departments more leverage for implementing them. NYSED has laid out actions for districts to implement regarding Ed Law 2-D, including:

- ▶ *Appoint a Data Protection Officer, plan annual employee training, define parent complaint procedures, and define incident procedures*
- ▶ *Inventory administrative systems, implement employee training, and communicate complaint procedures*
- ▶ *Inventory instructional systems, draft policy (NYSED will have a policy model available), and build awareness of NIST Cybersecurity Framework (CSF)*
- ▶ *Negotiate contractual terms, adopt and communicate policy, and analyze current NIST CSF profile*
- ▶ *Post supplemental information and complete current NIST CSF profile*
- ▶ *Adopt and publish a data security and privacy policy that aligns with the NIST CSF and implements the new regulatory mandates*

SHARI DIAMOND, CIA & TOM WEYER, CPA
PARTNER STAFF ACCOUNTANT

CAREER PLANNING FOR HIGH SCHOOL STUDENTS

Teachers, administrators, and guidance counselors strive every day to connect with students and provide them with the best opportunities to succeed. Schools all over Long Island are looking for creative ways to make a difference in the life of a student yearning to find what might be their path after school ends. Hearing success stories from former students and local business representatives can open a door and change the life of a student. A relatively new 501(c)(3) not-for-profit organization, *Career Day Inc.*, is working with schools on Long Island to help make this happen.

The mission of Career Day Inc. is to:

1. *Bring a one-day program that can change the lives of high school students as they begin to plan their futures.*
2. *Introduce young people to the varied paths individuals travel to reach their goals.*
3. *Emphasize the importance of setting goals and using education to help achieve aspirations.*
4. *Provide a forum for every student to feel valued and respected.*

The program provides an outstanding, unique experience by connecting high school students directly with professionals from a myriad of industries in small classroom settings. The students learn first-hand from the professionals and ask questions directly to them. Freshmen, sophomores, juniors and seniors receive life advice from all types of professions including carpenters, real estate agents, doctors, fashion executives, and accountants, which can help students learn about professions which they either may know very little about, or that they may not realize they have a specific interest in. Imagine the ability to hear from a documentary film producer, a museum curator, and an architect in the same day.

Learning about what it takes to be successful in profession allows students to see the value in what they are learning in the classroom. When students speak to a successful novelist or journalist, they will know the importance of English and literature classes. When they understand that plumbers and electricians need high level math skills, they will know the importance of geometry, trigonometry, and algebra. And, when they understand that museum curators and biomedical technicians need to know the properties of chemistry, they will know the importance of their science classes.

By working in partnership with a variety of professionals and school staff, Career Day Inc.'s program creates an atmosphere of acceptance and career opportunity for all students at every academic level. And, Career Day is a registered Nassau BOCES Arts in Education Exploratory Enrichment program!

BETH BUCHEISTER
EXECUTIVE DIRECTOR
CAREER DAY INC.



RETIREE BENEFIT CARVE-OUTS: A REMEDY FOR RISING HEALTHCARE COSTS?

A career in public school education typically promises rich, lifelong health insurance benefits. But the increasing retiree population, coupled with constantly rising healthcare costs, makes it difficult for school districts to manage their retiree health plans. You may have heard that carving out these benefits—especially from NYSHIP—could be a remedy. *But is it true?*

Many states have no funds set aside to pay for retiree healthcare benefits, and, until recently, had not calculated what their obligation to retirees would be. States do not have funds for 93.4% of other post-employment benefits, which also include things like life or disability insurance.¹

Health benefit plans for retirees aren't as efficient as they can be, which puts pressure on administrators and former employees who use those benefits. State benefit health plans haven't lived up to their promise. Retirees move out of state, or to another county or city in their school district's home state, triggering out-of-network healthcare costs. These higher costs, coupled with increasing copays, are burdensome for retirees living on fixed incomes. Administrators feel the pain, too, as they spend a large part of their time answering questions about health plans from retirees.

Retiree benefit carve-outs can provide a number of advantages for all stakeholders such as meeting the needs of retirees that may no longer live near the school district. *Here's an example:* A Long Island school district leveraged a carve-out that offered lower copays, eliminated in-network and out-of-network costs, and eliminated deductibles. This gave the retiree members the freedom to see any provider across the country so long as their provider accepted Medicare. This was all possible because the District turned over the benefits administration to a **third-party administrator ("TPA")**.

The TPA handled everything from negotiating contracts to enrollment, day-to-day management, compliance, reporting, and member and call center services. In the end, the District saved \$2.2 million in one plan year, all while continuing to offer rich benefits to its retired workers.

Here's an important caveat: The transition to a retiree benefit carve-out won't be successful without careful planning and information sharing. Because of the spotlight that's shone on school districts and other public entities, it's important to go to retirees and those hoping to retire soon with clear information on what to expect from their new benefits plan. Ideally, communication should begin when the plan is introduced and continue three to six months after rollout to help ease the transition.

The first question that employees will ask is, *"Will I lose the quality of benefits I've grown accustomed to?"* An employee education and communications campaign is an ideal opportunity to tout the advantages of the retiree transition, such as savings on copays, no network and no deductible, plus dedicated support for their healthcare claims and benefit questions.

¹ *Pew Trusts, "Update: 50-State Survey of Retiree Health Care Liabilities."*

BRYAN MCMANAWAY
BENEFITS CONSULTANT
CORPORATE SYNERGIES



With a careful rollout strategy and focused member services, retiree benefit carve-outs can provide savings for public school districts and retirees; with extra savings, districts have the opportunity to invest in other education-related programs, and retirees will benefit by having lower copays and out-of-pocket costs. I call this a win-win.

IN THE NEWS

NEW FAFSA TRACKER FROM NYSED

New York State FAFSA Tracker is a new resource that tracks the number of completed FAFSA applications by high school students. The tracker allows the user to compare high school FAFSA completion rates across the state. Users are also able to view year-to-date rankings of schools across the state and trends in completion year-over-year, weekly, and monthly. This data will allow schools to better support students in transitioning into higher education.

NEW LEGISLATION ALLOWS SCHOOLS TO INSTALL STOP-ARM CAMERAS

Beginning in early September, school districts have the ability to use cameras on bus stop-arms to catch drivers who pass school buses while the "stop arms" are extended. The law is not mandatory, but each school district has the option to enter the "stop-arm-bus-camera program." First time offenders, who are convicted, will be fined \$250.

CLIMATE LEADERSHIP & COMMUNITY PROTECTION ACT

Over the summer, the New York State Senate passed the **Climate Leadership & Community Protection Act (CLCPA)**. The CLCPA focuses on minimizing the carbon footprint of New York State and promoting green energy transition. The bill requires that statewide greenhouse gas emissions are reduced by 85% by 2050, and requires utility companies to transition 70% of electric generation to renewable energy by 2030.

LENNY GIAMBALVO
CLAIMS AUDITOR



CERINI & ASSOCIATES LLP
 CERTIFIED PUBLIC ACCOUNTANTS

Cerini & Associates, LLP
 3340 Veterans Memorial Hwy.
 Bohemia, N.Y. 11716
 www.ceriniandassociates.com

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ALL APPLICANTS HAVE A CHANCE TO WIN 2 FREE TICKETS TO THE EVENT!
 FOR MORE INFORMATION CONTACT: HILLARY@HILLARYNEEDLEEVENTS.COM

3340 VETERANS MEMORIAL HWY., BOHEMIA, NY 11716 | (631) 582-1600 | WWW.CERINICPA.COM