AUDITOR OF ACCOUNTS
STATE OF DELAWARE

# NCCO VOCATIONAL TECHNICAL SCHOOL DISTRICT

SCHOOL CONSTRUCTION EXAMINATION
FISCAL YEAR ENDED JUNE 30, 2023

# NCCO VOTECH SCHOOL DISTRICT SCHOOL CONSTRUCTION EXAMINATION

## REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE 30, 2023

## BACKGROUND

The Office of Auditor of Accounts conducted an examination engagement of the New Castle County Vocational Technical School District Schedule of Construction Projects to determine whether it is in accordance with the criteria set forth in the Delaware Code. The State of Delaware Department of Education School Construction Technical Assistance Manual, and the State of Delaware Budget and Accounting Policy Manual.

In accordance with 29 Del. C. §7526, the State Auditor shall be responsible for conducting or having conducted such audit subject to 29 Del. C. §2906(c) and (d) and §§2907, 2908, and 2909, as amended. This engagement was performed to examine financial data, recordkeeping and reports generated by the school district related to projects authorized by a school construction bond authorization act.

## KEY INFORMATION AND FINDINGS

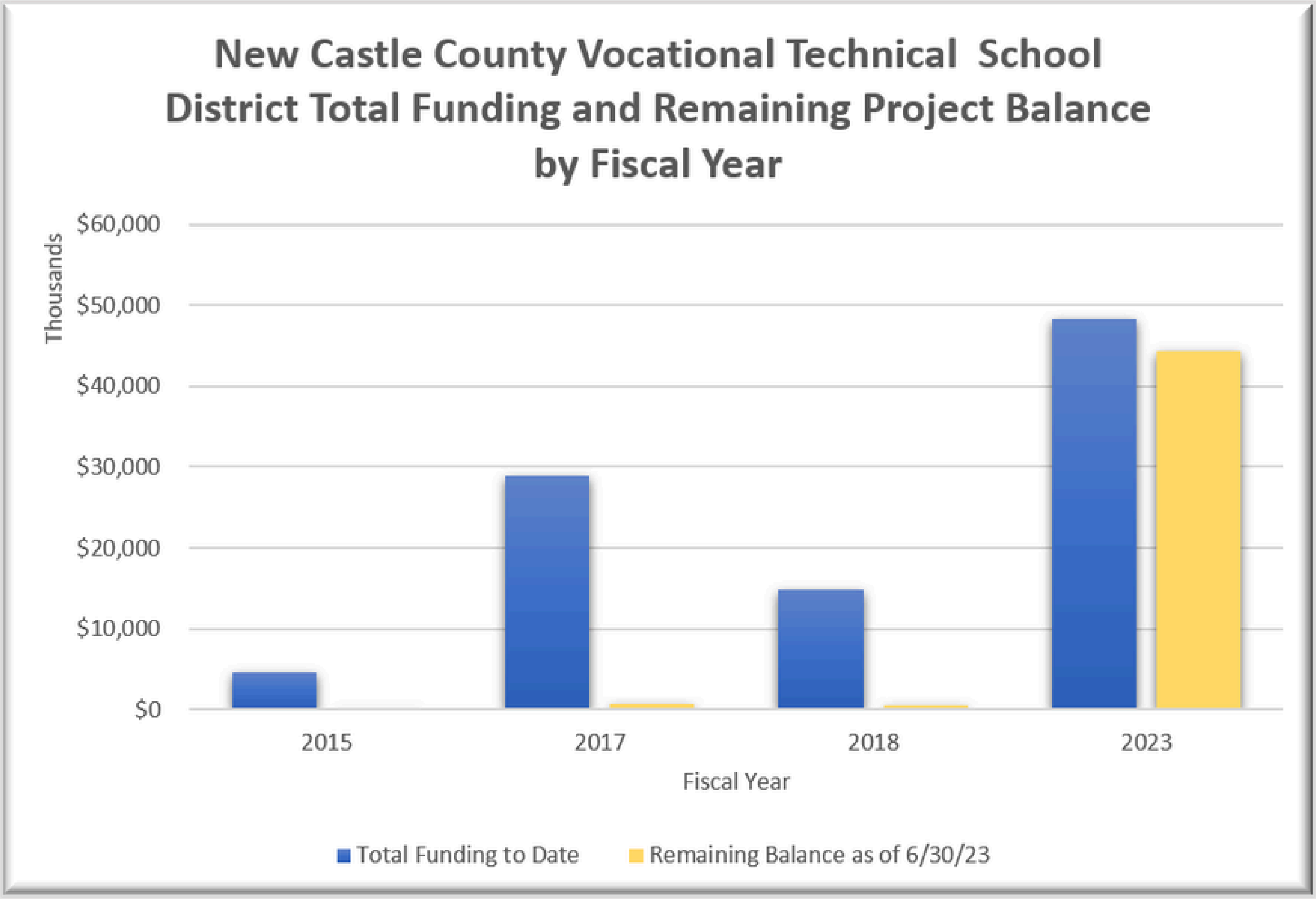
Since fiscal year 2015, state and local funding for New Castle County Vocational Technical School District totaled $96.4 million in construction appropriations, including $4.2 million expended in FY2023.

We have examined the New Castle County Vocational Technical School District's financial data, recordkeeping and reports related to its Schedule of Construction Projects for the fiscal year ended June 30, 2023, to determine whether the District's Capital Budget process was in accordance with the criteria set forth in the Delaware Code, the State of Delaware Department of Education School Construction Technical Assistance Manual, and the State of Delaware Budget and Accounting Policy Manual.

It is my pleasure to report this engagement contained no findings on the Schedule of Construction Projects for New Castle County Vocational Technical School District.

| New Castle County Vocational Technical School District Summary of Active Project | | | |
|---|---|---|---|
| FY | Total Funding to | Total Expended to | Balance as of |
| 2015 | $4,536,700 | $4,514,641 | $22,059 |
| 2017 | 28,827,700 | 28,196,309 | 631,391 |
| 2018 | 14,739,200 | 14,178,300 | 560,900 |
| 2023 | 48,309,404 | 4,048,388 | 44,261,016 |
| **Total:** | **$96,413,004** | **$50,937,638** | **$45,475,366** |

## KEY INFORMATION AND FINDINGS CONTINUED



**State of Delaware**
**Office of Auditor of Accounts**

***Working Hard to Protect YOUR Tax Dollars***

# State of Delaware
# Statewide School Districts' Construction Projects Attestation Engagements
# New Castle County Vocational Technical School District

## *Fiscal Year Ended*
## *June 30, 2023*

**Lydia E. York**
**State Auditor**

# Background

## School District Construction Projects

In accordance with 29 Del. C. §7509, the Department of Education (DOE) shall determine the present necessity for any school construction program. Once a School District (the District) identifies the need for a construction project and receives approval from its local Board of Education (the Board), it submits a request for Certificate of Necessity (CN) to the DOE by August 31 each year. The DOE then meets with the District to review appropriate documentation and discuss the necessity of the project. If it is deemed necessary, the DOE will include the project in its budget request for the following fiscal year. All projects that are included in the budget request are then issued a CN by late October of each fiscal year, which authorizes the construction project and details the scope and cost limits for the project. [1]

The DOE calculates the amount of the State of Delaware (the State) funding the District will receive using a standard school construction formula. The formula is uniform throughout the State and is based on pupil capacity for the type of school requested (i.e., elementary, middle, or high school). The remainder of the cost is paid with local tax receipts, thus referred to as the local share. Before a District can issue bonds to fund the local share of the construction costs, taxpayers must approve the bond sale through a referendum. [2] A referendum may occur any time after a CN is issued, and the District has one year and two opportunities to pass a successful referendum before needing to request a new CN from the DOE. The timing of each referendum is at the discretion of the Board. Vocational-Technical Districts are not subject to the referendum process. Instead, the Legislature approves these Districts' tax rates. [3]

The District must provide adequate public notice of the referendum that includes the purpose and amount of the proposed bond issuance, as well as the estimated annual amount of tax increase upon approval. [4] The estimated increase, however, is based on certain assumptions that are subject to change, such as the anticipated interest rate on new bonds. [5] Therefore, taxpayers are voting on the approval of the construction project and cannot rely on the advertised referendum rate as the effective tax rate. The District may ask its taxpayers to approve a local share in excess of the school construction formula to finance additional options. For example, if a construction project included expanding a particular school building and the District wished to continue the same flooring throughout the entire building, taxpayers may be asked to fund the costs in excess of the State formula. This particular request must be clearly labeled on the referendum voting ballot using the language set forth in 14 Del C. §2004.

1 DOE School Construction Technical Assistance Manual, Section 1.10, *Summary of Steps in the Major Capital Improvement Process*
2 14 Del. C. §2122
3 14 Del. C., c. 26
4 14 Del. C. §1074 (b)
5 Other rates that are not subject to voter approval (e.g., tuition, minor capital improvements) may be increased by the District to meet annual demands, thus resulting in the effective tax rate for the District.

The DOE presents its budget of all the State's Districts' construction projects to the Office of Management and Budget for approval and inclusion in the Governor's Recommended Budget. [6] The Governor's Recommended Budget is then subject to final approval by the Bond Bill Committee and the Legislature via the Bond and Capital Improvements Act (also referred to as the Bond Bill). If a District fails to obtain a successful referendum before June 30, its project is removed from the Governor's Recommended Budget and not included in that year's Bond Bill.

The District's Board then has the "power to employ engineers, architects and such other employees as it deems essential…" for its construction project per 29 Del. C. §7521. All final plans and specifications, including costs of construction under any school construction bond authorization act, are approved by the DOE. [7]

Depending on various factors (e.g., the total cost of the project, other projects within the State), the District will receive funding for its construction project over the course of several fiscal years. For each State bond sale, the District receives an aggregate allocation of funds and must pay back a portion of those funds with local tax receipts. The local share for each District in the State can vary,[8] depending on an assessment of the District's ability to meet its obligations. [9]

The District coordinates with the Office of the State Treasurer to pay the local share of its outstanding principal and interest payments in accordance with 14 Del. C. §2108. Annually, the Office of Auditor of Accounts audits the Districts' local tax collections and debt service management in a separate engagement. Further, this engagement examines Bond Bill construction project expenditures.

In the event the construction project comes in under budget, the District may request permission from the State legislature to redirect the State-funded portion of the excess budget amount to fund another project. The subsequent epilogue language in the Bond Bill dictates if the District must put forth local tax receipts and what sources of funding the District may use, such as Minor Capital Improvement funds. Since this is a result of Delaware law, the change does not require a referendum.

There are no legal or statutory provisions that would prohibit a District from utilizing excess funds for early repayment of its debt.

**Maintenance of Records**

The District should maintain all appropriate documentation related to its construction projects and related debt, including documents related to the referendum process, for audit purposes.

6 DOE School Construction Technical Assistance Manual, Section 1.10, Summary of Steps in the Major Capital Improvement Process
7 29 Del. C. §7518
8 29 Del. C. §7503
9 An Equalization Committee, as defined by 14 Del. C. §1707 (i), is comprised of 10 to 15 members appointed by the Secretary of the DOE. The equalization formula (detailed in 14 Del. C. §1707) incorporates an annual survey conducted by the University of Delaware and is annually reviewed and approved by the Equalization Committee.

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State of Delaware
Office of Auditor of Accounts

Lydia E. York
State Auditor

Independent Auditor's Report

Dr. Joseph Jones
Superintendent
New Castle County Vocational
Technical School District
1417 Newport Road
Wilmington, DE 19804

Cynthia Marten
Secretary
Delaware Department of Education
Townsend Building
401 Federal Street
Dover, DE 19901

We have examined the accompanying State of Delaware New Castle County Vocational Technical School District (the District) Schedule of Construction Projects for the fiscal year ended June 30, 2023, to determine whether it is in accordance with the criteria set forth in the Delaware Code, the State of Delaware Department of Education School Construction Technical Assistance Manual (SCM), and the State of Delaware Budget and Accounting Policy Manual (BAM). The District management is responsible for the presentation of the Schedule of Construction Projects in accordance with the criteria set forth in the Delaware Code, the SCM, and the BAM. Our responsibility is to obtain reasonable assurance by evaluating the Schedule of Construction Projects against the criteria set forth in the Delaware Code, the SCM, and the BAM and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we obtain reasonable assurance by evaluating the District presentation of the Schedule of Construction Projects for the fiscal year ended June 30, 2023 against the criteria set forth in the Delaware Code, the SCM, and the BAM and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the District presentation of the Schedule of Construction Projects for the fiscal year ended June 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the District Projects was not in accordance with the criteria set forth in the Delaware Code, the SCM, and the BAM in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

1128 S. BRADFORD ST. ● DOVER, DE 19904

Main Office: 302-739-4241

Dr. Joseph Jones
Superintendent
New Castle County Vocational
Technical School District

Cynthia Marten
Secretary
Delaware Department of Education

In our opinion, the District Projects for the fiscal year ended June 30, 2023, presents fairly, in all material respects, based on the criteria set forth in the Delaware Code, the SCM, and the BAM.

The amounts reported in the Expended in Prior Years column of the Schedule of Construction Projects contain expenditures incurred prior to July 1, 2022, that were examined by other accountants. The fiscal year ended June 30, 2022, report dated April 18, 2024, expressed an unmodified opinion on the Schedule of Construction Projects. As a result, we did not examine expenditures incurred prior to July 1, 2022, reported in the Expended in Prior Years column of the Schedule of Construction Projects for the fiscal year ended June 30, 2022, and, therefore, express no opinion on it.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the District Schedule of Construction Projects; and any other instances that warrant the attention of those charged with governance, noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether District of Construction Projects is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control applicable to preparing the District Schedule of Construction Projects or on compliance and other matters; accordingly, we express no such opinion. Our examination disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the District presentation of the Schedule of Construction Projects for the fiscal year. This report is not suitable for any other purpose.

However, under 29 Del. C. §10002, this report is public record, and its distribution is not limited. This report, as required by statute, was provided to the New Castle County Vocational Technical School District management and board members, the Delaware Department of Education, Office of the Governor, Office of the Controller General, General Assembly, Office of the Attorney General, Office of Auditor of Accounts, and Office of Management and Budget.

Lydia E. York
State Auditor

Dover, Delaware
April 24, 2026

***Schedule of Construction Projects***
***Fiscal Year Ended June 30, 2023***

| Project Name | FY | APPR | Source of Funding (State/Local) | Original Funding | Increases (Decreases) in Funding | Total Funding to Date | Expended in Prior Years | Expended in Current Year | Total Expended to Date | Balance as of June 30, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hodgson Roof Renovation Project | 2015 | 50437 | 64/36 | $ 4,536,700 | $ (35,714) | $ 4,500,986 | $ 4,500,986 | $ - | $ 4,500,986 | $ - |
| Renovation - Howard High School (1927 Section) | 2017 | 50463 | 61/39 | 28,827,700 | (631,391) | 28,196,309 | 28,149,939 | 46,370 | 28,196,309 | - |
| Renovation - Howard High School (1927 Section) | 2018 | 50463 | 61/39 | 14,739,200 | (645,475) | 14,093,725 | 14,071,056 | 22,669 | 14,093,725 | - |
| Paul M. Hodgson Replacement | 2023 | 50521 | 62/38 | 48,309,404 | - | 48,309,404 | - | 4,048,388 | 4,048,388 | 44,261,016 |
| Delcastle Technical HS | 2015 | 50526 | 64/36 | - | 35,714 | 35,714 | - | 13,655 | 13,655 | 22,059 |
| Delcastle Technical HS | 2017 | 50526 | 61/39 | - | 631,391 | 631,391 | - | - | - | 631,391 |
| Delcastle Technical HS | 2018 | 50526 | 61/39 | - | 645,475 | 645,475 | - | 84,575 | 84,575 | 560,900 |
| **Construction Projects Total** | | | | **$ 96,413,004** | **$ -** | **$ 96,413,004** | **$ 46,721,981** | **$ 4,215,657** | **$ 50,937,638** | **$ 45,475,366** |