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## CENTRAL SQUARE CENTRAL SCHOOL DISTRICT

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**Mr. Thomas J. Colabufo**  
Superintendent

February 23, 2023

Ms. Kathleen Stiles  
Office of the State Comptroller  
Syracuse Regional Office  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, NY 13202-1428

Dear Ms. Stiles:

The Central Square Central School District is in receipt of the Draft Report of Examination on Fund Balance for the period of July 1, 2017 – June 30, 2022; 2022M-196. On behalf of the Board of Education and the District Administration, I would like to start by thanking the Comptroller's staff for their professionalism during this audit. The District considers every audit a learning experience and understands that the recommendations will help improve our systems and operations. The District manages the finances with a focus on maintaining an excellent instructional program for all students while understanding the resource capacity of the community and the economic condition of the State.

The State Comptroller's Office auditor spent almost a year at Central Square Central School District reviewing our procedures, processes, and policies. The Business Office staff were available throughout the process to answer questions, provide reports, and give access to records. As expected, no instances of fraud or misappropriation of funds were discovered. We work closely with the independent auditors and fiscal advisors to review our financial management practices, procedures and financial condition. The District has reviewed the Comptroller's findings and recommendations and will take appropriate corrective action.

Fund Balance and its management are very important for school districts. The fund balance provides a cushion for unforeseen expenditures and/or revenue shortfalls and helps ensure adequate cash flow, which reduces short-term borrowing and interest costs. The fund balance assists in the computation of school district's tax levy as well and credit ratings are improved as a result. The District has just received an A+/Stable S&P Global rating and the Comptroller's Fiscal Stress Monitoring System has found the District to be in the "No Designation" category for fiscal stress.

The District's total fund balance at the end of the 2020-21 year was intentionally higher due to NYS's plan announcing state aid cuts of 20%. The Governor at the time was forecasting catastrophic cuts to the education budget, which would then result in our District having to cut staff and significant programming that would negatively impact our students. Steps have been taken since then to begin reducing our fund balance, but it is also important to note that numerous school districts have had a practice of going beyond the recommended fund balance threshold for the same reasons mentioned above. There has not been a tax levy increase in the past two years (2021-22 & 2022-23) to the District residents. The Board of Education also deployed a fund balance of \$3.2 million to support the \$25 million Capital Project approved by the voters in May 2022. The District will continue to manage fund balance while implementing the recommendations.

Sincerely,

Thomas J Colabufo, Superintendent