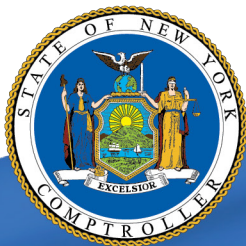


Central Square Central School District

School District Website

MARCH 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Central Square Central School District

Audit Objective

Determine whether the Central Square Central School District (District) used its resources to maintain a website that provided the public with transparent and comprehensive financial information.

Key Findings

District officials maintained a website but certain financial information was not posted, causing a lack of transparency. Information that was posted was limited in comprehensiveness. This prevents taxpayers and other interested parties from readily accessing and reviewing documents to make informed decisions.

Officials did not post the:

- Final annual budget and Office of the State Comptroller (OSC) audit report and corrective action plan (CAP).
- Comprehensive budget-to-actual results, appended property tax report card or transparent multiyear financial plan.

Key Recommendations

Must post required information to the District website:

- Final annual budget, OSC audit report and CAP and a comprehensive appended property tax report card.

Should enhance transparency by:

- Posting all audit reports, CAPs and comprehensive budget-to-actual results, and the multiyear financial plan in a location easy to access.

District officials agreed with our recommendations and indicated they will take corrective action.

Background

The District serves the Towns of Amboy, Constantia, Hastings, Mexico, Palermo, Parish, Schroepel and West Monroe in Oswego County, the Towns of Cicero and Clay in Onondaga County and the Town of Vienna in Oneida County.

The District is governed by a Board of nine elected members, which is responsible for the general management and control of financial affairs.

The Superintendent of Schools is responsible for day-to-day management under the Board's direction.

The Board, Superintendent and Business Manager are accountable to District taxpayers for the use of resources and are responsible for effective financial management of operations.

Quick Facts

Total Website Visits (2018-2019)	201,084
Population (rounded)	24,500
Enrollment	3,780
2019-20 Budgeted Appropriations	\$80.1 million

Audit Period

July 1, 2018 – June 30, 2019. As described in Appendix C, for certain financial information reviews we extended the audit period.

School District Website

A district operates to provide public education services for its students. The public's right to know the process of decision making and to review the documents leading to actions is basic. Access to such comprehensive information should not be difficult for the public to obtain.

To this end, various laws and regulations require certain information to be posted on districts' websites to help enhance the public's access to basic information. Further, districts following best practices and guidance should utilize the website as another tool to communicate their financial direction.

In a time when financial resources are limited, making well-informed decisions is critical. Therefore, it is important that the public have access to transparent and comprehensive district financial information. A district's transparency of comprehensive financial information allows the public to formulate questions for officials and ultimately make informed decisions that will impact district programming and the annual tax levy. If residents cannot locate necessary financial information on their district's website, they would have to contact their district directly.

How Should Officials Provide Comprehensive Financial Information Transparently to the Public?

District officials can provide comprehensive financial records and other information to the public in a transparent manner by making the information available on the district website. While certain laws and regulations require a district's website to contain audit reports, CAPs, the original and final annual budgets and any board-adopted multiyear financial plan, other information should be shared with the public in a complete and clear manner. For example, financial reports should either appear prominently on the district's home page or be easy to locate on the website. In addition, voters may find other documents helpful in evaluating the budget and keeping them informed. Such documents include planning documents, budget-to-actual results, board minutes, newsletters, press releases or other materials on district operations.

Certain Financial Information Was Not Posted on the Website in a Transparent and Comprehensive Manner

While District officials maintained a website, certain financial information was not posted to the website. As a result, the information was not transparent and information posted was limited in comprehensiveness.

Officials did not post the 2019-20 final annual budget, prior OSC audit report or corresponding CAP to the District's website, as required (Figure 1). While the external audit report, corresponding CAP and expenditure budget-to-actual

reports were posted, the documents were not in an easily accessible transparent location.¹ This information is helpful to voters and can help them make an informed inquiry or decision.

Figure 1: Financial Information on the Website

Financial Information	Posted		Posting Required	Comment
	Yes	No		
Budget – Original, Board Adopted for Vote	X		Yes	
Budget – Final Annual		X	Yes	
Multiyear Financial Plan	X		No	
Budget-to-Actual Reports	X		No	Expenditure Only
Audits	Posted		Posting Required	Comment
	Yes	No		
External Audit	X		Yes	
External Audit - CAP	X		Yes	
State Comptroller’s Audit (OSC)		X	Yes	
OSC Audit - CAP		X	Yes	
Internal Audit		X	No	Confidential
Internal Audit - CAP		X	No	Confidential

Although officials posted the Board’s 2019-20 year original budget reports on the website, which included a revenue and expenditure actual comparison of the two most recent completed years, budget-to-actual expenditure reports for the 2018-19 year were located on a separate web page. While the District’s financial statements showed the Board’s actual revenue and expenditure amounts were similar to the budgeted amounts in 2017-18 and 2018-19, without current year budget-to-actual results posted in a transparent location, interested parties cannot readily access whether the estimates were reasonable before voting.

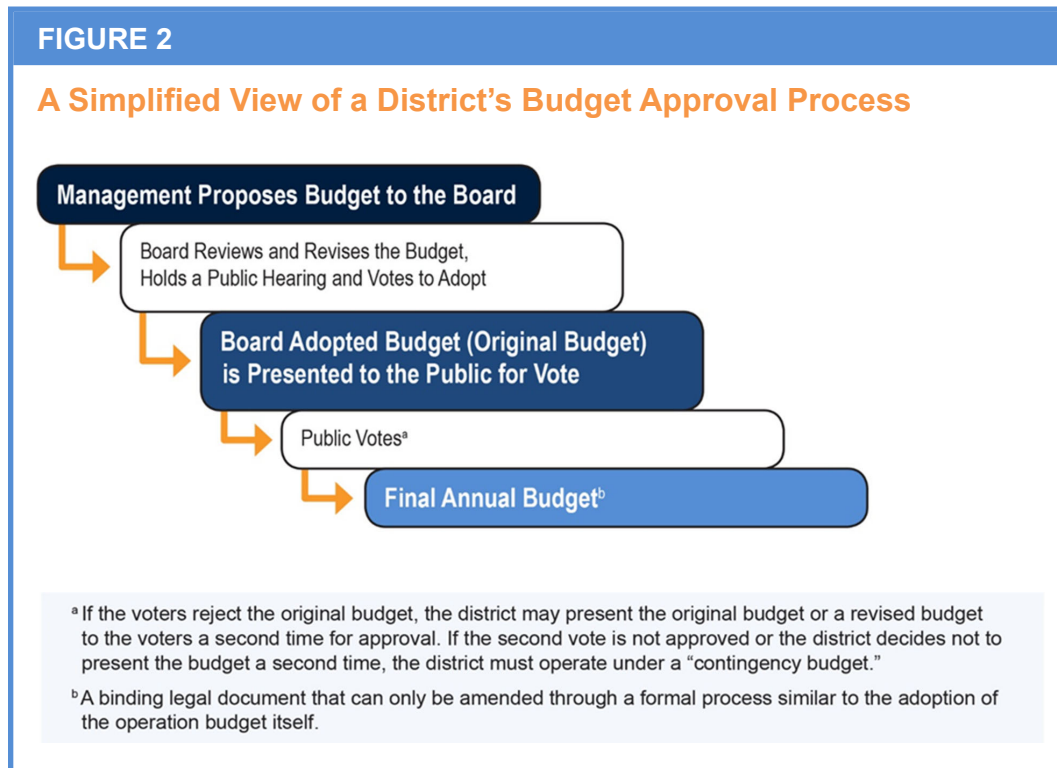
Which Budgeting and Financial Planning Documents Provide Transparency?

Final Annual Budget – A budget is a detailed financial plan of estimated expenditures (proposed spending) and means of financing (estimated revenues and appropriated fund balance and reserves²). Figure 2 shows the budget

1 District officials could not provide support that showed by who and when the financial information was posted, if modified or deleted from the website. District officials changed to a new website system on August 1, 2019.

2 Planned use of unexpended surplus money from prior years’ operations

approval process. Budgets are developed, adopted and subjected to voter approval each year.³ Ideally, amounts to be placed in reserves should be included in the annual budget to ensure taxpayers are aware of the board’s intent to fund reserves in the upcoming year. After the public vote, the final annual budget must be posted on the district’s website, as required.



Budget-to-Actual Reports – Officials should provide support for their budgetary estimates using actual historical trends, including projections of current year spending and receipts based on year-to-date actual amounts, along with analyses of identified future needs and risks to compute budget items. Actual revenue and expenditure information should be made available to provide district taxpayers with an understanding of the budget’s status.

Original Budget – A comprehensive, board-adopted budget must be posted and include:

- A three-component presentation as follows: administrative, capital and program.

³ With the exception of the Big Five districts (Buffalo, New York City, Rochester, Syracuse and Yonkers)

-
- Categories of revenues, expenditures and fund balance information and comparison data and changes from the prior year school budget.
 - Appended documents, including the administrator salary disclosure and property tax report card with a schedule of reserves, among other items.

The appended administrator salary disclosure is a report of highest payroll for administrator titles and amount in the district (reported in 2019-20 all administrators with salaries exceeding \$138,000). The district's property tax report card includes details on the national consumer price index, district enrollment, fund balance, spending, and tax levies for the current and future school year.

The appended property tax report card also includes information on each district's reserve fund balances as of March 31, including each reserve's name, a short description, and any planned use of the funds in the upcoming school year. Reviewers can use this information to assess whether the amount in each reserve fund is reasonable.

An unrealistic budget can result in a tax levy that is more than needed. The law restricts districts in the amount of unexpended surplus funds they can keep, so that they do not – intentionally or unintentionally – retain large sums of money unless it is intended for a specific purpose. Conversely, an unrealistic budget can also result in a tax levy that is insufficient to fund district operations.

Multiyear Financial Plans – District officials can set long-term priorities and work toward goals by using a multiyear financial plan. A plan can help stakeholders see the impact of the fiscal decisions over time. They can decide what funding choices to make in advance, avoiding sudden tax increases or dramatic budget cuts and accumulating excessive fund balance. If the board adopted a multiyear financial plan, it must be posted on the district website. Elements of a plan should include revenue and expenditure projections, annual surpluses/(deficits), reserves, fund balances and a fiscal improvement plan.

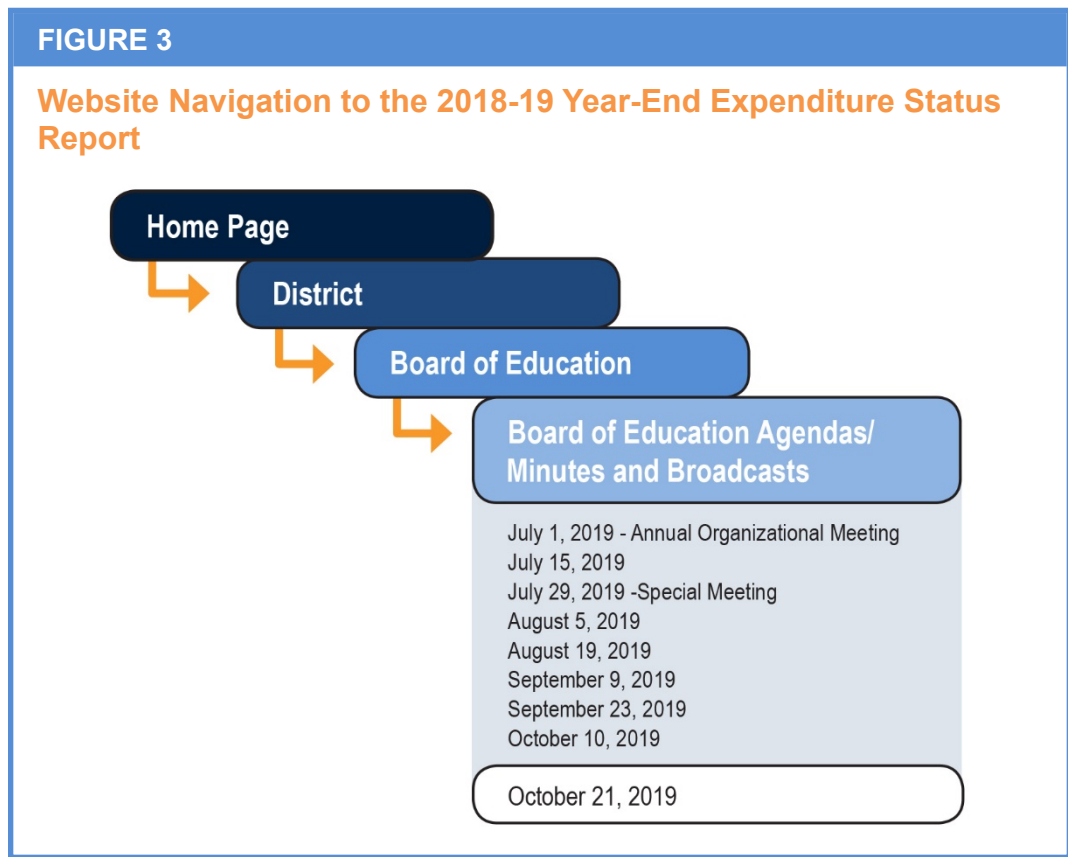
Officials Could Enhance the Transparency of Financial Information

Final Annual Budget – Voters passed the original 2019-20 budget. However, officials did not post the final annual budget on the website, as required. The Business Manager attributed the lack of posting the final annual budget to the figures not changing from the Board-adopted version, which was posted to the website.

Budget-to-Actual Reports – Actual expenditure information for 2018-19 was located on the Board of Education web page within the meeting agendas. The year-end expenditure status report was found in the October 21, 2019 agenda. Actual revenue status reports for 2018-19 were not posted to the website. Actual expenditure and revenue information from the prior two completed years (July 1,

An unrealistic budget can result in a tax levy that is more than needed.

2016 through June 30, 2018) were included with the 2019-20 proposed budget information. Although posted, it would be difficult for interested parties to locate the current year expenditure status reports. Similarly, they would have to search through Board agendas by meeting date to locate current year results. After finding the correct meeting date, the interested party would search through the agenda to locate the report. The Board of Education web page is located from the District's Home Page by selecting District (Figure 3).



Providing current year actual revenue and expenditure results on the same web page as budget information could have enhanced the transparency of financial information. To adequately evaluate budgets, the current budget must be compared to previous budgets and evaluated in the light of actual spending and receipts. Such comparisons help to identify any ongoing problems the District is having with its budgets.

The Business Manager told us actual revenues for 2018-19 were included in the annual external audit report and there was no legal requirement to post the revenue status report to the website. While the annual external audit report would provide a comparison to the original budget, it would not be available to the public

and interested parties at the time of the budget vote. Additionally, the Business Manager told us that anyone who follows the District, such as community members and staff, would know to look in the Board agendas for the expenditure status reports. See Appendix A for a snapshot presentation of the District's budget comparison.

Original Budget –The budget newsletter, along with the original budget detail, was posted on the District's website. The documents were located on a budget web page, which linked from the District's Home Page.

The budget documents included categories for revenue, expenditure, fund balance, a comparison between the adopted and prior year final annual budget, actual expenditures and revenues from the prior two completed years, and schedule of reserves information. The District also posted the salary disclosure and the property tax report card to its website. However, the property tax report card did not include a complete schedule of reserves, as it lacked the debt service reserve.

The Business Manager told us that the funds located in the debt service fund were restricted for the payment of debt, which she told us is not required to be reported in the property tax report card schedule of reserves. However, funds were reported as a reserve and the law requires all reserves to be included in the property tax report card; there is no reporting exclusion for the reserve for debt.

Multiyear Financial Plan – District officials developed a three-year financial plan during the 2018-19 school year and posted it to the District website. The plan included revenue, expenditure and annual deficits/surplus projections for 2020 through 2022, but did not include reserve and fund balance projections and a fiscal improvement plan component.

The Business Manager told us these components were posted on the Budget Work Sessions web page, as part of a separate workshop or document file. Additionally, the components were separate because presenting the information at different intervals of the budget process makes it easier to understand. While the multiyear financial plan and the presentations were located on the same web page, there was no reference in the plan to the location where the additional information could be found. Information was included within separate presentations posted to the Budget Work Sessions web page. A transparent, comprehensive plan helps interested parties see the impact of fiscal decisions over time and the effect on District priorities and goals.

How Do Posted Audit Reports and CAPs Provide Transparency?

An audit (external or internal) is an integral part of a district's system of checks and balances and providing an objective review of stewardship and fostering accountability to taxpayers and the public. The board is required to secure an annual audit by an independent auditor including an annual audit of district federal award programs, if warranted,⁴ and the extra-classroom activity fund.

Districts must post on their websites the annual external audit report that is issued by a certified public accounting firm and the CAP prepared in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by OSC. Districts are required to post the final audit report from OSC on their internet websites for a period of five years.

CAPs provide an opportunity for the governing board to provide direction, and communicate how audit findings and recommendations will be used positively to improve operations and internal controls. A CAP helps ensure corrections occur and should include a detailed description of what action has already occurred or is planned in response to each recommendation, who within the district is responsible for implementation and the implementation date.

Further, districts are required to establish an internal audit function. The internal auditor's primary responsibility is to assist in ensuring that risks to district assets are identified and that appropriate internal controls are in place to address those risks.

Audit Reports and CAPs Were Not All Posted to the Website

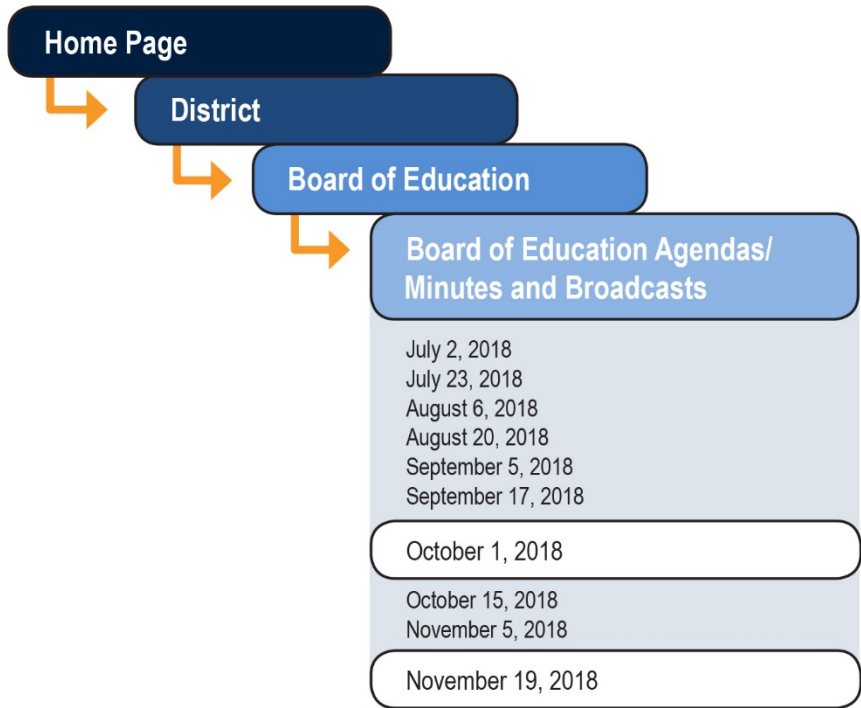
The District had an external audit and CAP posted to its website for 2017-18. The posted documents included the audit of the financial statements, management letter, District's federal award programs and the extra-classroom activity fund. The financial statement audit report, management letter and CAP were linked from the Board agenda dated October 1, 2018, while the federal award programs and extra-classroom activity fund audit reports linked to the November 19, 2018 agenda (Figure 4).

Visitors to the website must search through meeting agendas to find the audit reports and CAP. Posting the reports and CAP to the same web page would have been more transparent and comprehensive. The Business Manager told us that posting in this manner was how it was always done.

⁴ The Uniform Guidance requires that an annual audit of the district's federal award programs be included with the annual school district audit if \$750,000 or more in federal aid was expended during the corresponding year.

FIGURE 4

Website Navigation to External Audit Reports and CAP



While the CAP was in response to the audit recommendations, it only identified the District as responsible to implement the corrective action, not specifically who was responsible. Not assigning responsibility to a specific individual or title creates uncertainty in who is responsible to perform the corrective action. The Business Manager told us the audit’s style of recommendations led to her phrasing the response plan this way. Additionally, when submitting the CAP to the State Education Department, the District was provided a submission approval, which the Business Manager interpreted to mean the plan was sufficient.

The OSC audit report and CAP, issued within the last five years, were not located on the District website.⁵ The Business Manager indicated that she knew posting these reports was a requirement, but was unsure why they were never posted. Posting audit reports and CAPs to the website in a transparent manner could increase public understanding and oversight of the District.

5 Refer to *Central Square Central School District – Claims Auditing (2016M-292)* released in November 2016.

Officials implemented the internal audit function for 2018-19, but did not post the District's annual internal audit to the website. The Business Manager told us the vendor conducting the audit told District officials to consider the audit as confidential. Although officials should not post an audit with confidential information, they should provide the public with information that the audit occurred, the topic and the reason it is confidential.

What Do We Recommend?

The Board:

1. Must ensure the final annual budget is posted to the website, as required.
2. Should provide further transparency by posting current year comprehensive budget-to-actual results on the website and in a website location easy to access by the public.
3. Must ensure a comprehensive property tax report card is posted in its entirety, as required, to the website that accurately reflects the District's financial status.
4. Should provide further transparency by including the reserve and fund balance projections, and the fiscal improvement plan component in the multiyear financial plan.
5. Should post all external audit reports and CAPs to the website in a transparent location and specify who is responsible for implementing an audit's corrective action in its adopted CAP.
6. Must post OSC audit reports to the website for five years, as required.
7. Should post all internal audit reports and CAPs to the website in a transparent location. If the audit is deemed confidential, officials should post the audit topic and the reason it was deemed confidential.

Appendix A: Revenues and Expenditures Comparison – Budget to Reported Actual

Figure 5: Budget to Reported Actual Results

Categories	2017-18		2018-19	
	Original Budget	Actual Results	Original Budget	Actual Results
Revenues and Other Sources	\$76,297,141	\$73,699,832	\$76,555,395	\$75,458,861
Expenditures				
General Support	\$10,171,770	\$9,576,820	\$10,207,967	\$9,340,832
Instruction	34,552,468	34,641,017	37,146,600	36,796,210
Pupil Transportation	4,313,193	4,212,653	4,729,631	4,739,964
Employee Benefits	22,659,710	19,497,014	20,614,329	20,002,635
Debt Service - Principal	0	650,000	0	300,000
Debt Service - Interest	0	46,389	0	730,500
Other Financing Uses	4,600,000	4,031,546	3,856,868	3,291,122
Expenditures and Other Financing Uses	\$76,297,141	\$72,655,439	\$76,555,395	\$75,201,263
Operating Results - Surplus		\$1,044,393		\$257,598
Tax Levy Increase Percentage from Prior Year	1.01%		2.04%	

Appendix B: Response From District Officials



CENTRAL SQUARE CENTRAL SCHOOL DISTRICT

BOARD OF EDUCATION:

Andrew Martin,
Board President
Kristy Fischmann,
Vice President

Randy Hoyt
Michael Lawyea
Timothy McCarthy
Chance Nickerson

Steven Patch
Catherine Sundet
Lorraine Wood

Mr. Thomas J. Colabufio
Superintendent

February 12, 2021

Office of the State Comptroller
Statewide Audit
State Office Building, Suite 1702
44 Hawley Street
Binghamton, NY 13901-4417

Response from District Officials – Report of Examination S9-19-29

The District has taken the following corrective actions in response to the recommendations in the report on Page 11.

1. Must ensure the final annual budget is posted to the website, as required.

The final annual budget has always been posted to the District's website. The OSC audit found the name of the annual budget document to be considered incorrect. The district has corrected this. The final annual budget is posted to our website named "Voter Approved Budget". We will continue to post as recommended.

2. Should provide further transparency by posting current year comprehensive budget-to-actual results on the website in a location easy to access by the public.

The website has been updated to reflect this recommendation. The District has added a "Financials" section to the Business page. The public will find all monthly board approved documents: Treasurer's Report, YTD Budget Report, Budget Transfer Report, Monthly Bills and Internal Claims Audit Report.

3. Must ensure a comprehensive property tax report card is posted in its entirety, as required, to the website that accurately reflects the District's financial status.

The property tax report card has always been posted to the District's website in its entirety. The OSC audit is finding that it did not include an amount for debt service reserve. The report card is submitted and accepted by State Education Department annually. They have not advised us that it doesn't include all required components. The District will add the debt service reserve with this year's 2021-22 property tax report card submission.

4. Should provide further transparency by including the reserve and fund balance projections, and the fiscal improvement plan component in the multiyear financial plan.

The public can view the District's Fund Balance Management Plan, which includes reserve information and fund balance projections as well as the 3 year projection – long range planning presentation on the "Budget Presentation" tab of the website. These planning tools are done annually and available on the website.

5. Should post all external audit reports and CAPs to the website in a transparent location and specify who is responsible for implementing an audit's corrective action in its adopted CAP.

The website has been updated to reflect this recommendation. The District has added a "Financials" section to the Business page. The public will find all external audit reports and related CAPs as well as all other external documents for 5 years.

44 School Drive | Central Square, NY 13036 | P: 315-668-4220 x70219 | F: 315-668-9878 | www.cssd.org

6. Must post OSC audit reports to the website for five years, as required.

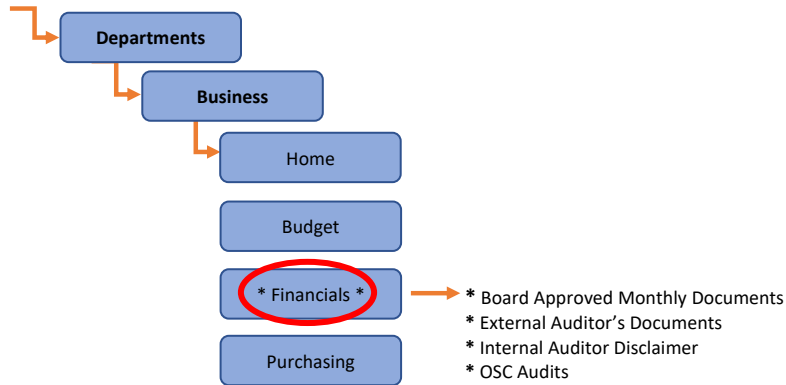
The website has been updated to reflect this recommendation. The District has added a “Financials” section to the Business page. An OCS audit from 2016 has been posted as required.

7. Should post all internal audit reports and CAPs to the website in a transparent location. If the audit is deemed confidential, officials should post the audit topic and the reason it was deemed confidential.

The website has been updated to reflect this recommendation. The District has added a “Financials” section to the Business page. A statement regarding internal audits confidentiality is included.

Website Navigation to External Audit Reports and CAP

Navigate to www.cssd.org (home page)



Thank you for your time and effort in guiding the Central Square CSD to provide the public with a more transparent website.

Sincerely,

Thomas J. Colabufo
Superintendent

TCJ/jb

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We selected the District for audit using a random number generator applied to a list of districts (excluding NYC schools) not currently in the OSC audit process at the time of selection.
- We reviewed the 2019-20 budget documents (original proposed, final annual, appended property tax report card), multiyear financial plan, budget-to-actual revenues and expenditures, 2017-18 external audit and corrective action plan, most recent OSC audit and corrective action plan and internal audit and corrective action plan, if available. We selected this financial information to be included in our audit because of the historical risk related to lack of transparency of this financial information to the public. We extended the scope forward to October 23, 2019 to capture the posting of the year-end expenditure status report. We reviewed supporting documentation, if available, to determine whether the District is providing the public with transparent and comprehensive financial information.
- We interviewed District officials to gain an understanding of the process for approving, finalizing, posting and maintaining certain financial information on the District's website.
- We reviewed District policies to gain an understanding of information required to be posted to its website.
- We reviewed Board minutes for 2018-19 to determine whether the Board took any action related to the 2019-20 budget work and appended property tax report card, 2018-19 reserve activity, multiyear financial plan, actual expenditures and revenue reports, most recent audit reports and associated CAPs. We reviewed Board minutes from July 1, 2014 through June 30, 2018 to determine whether the Board documented or discussed any actions related to the financial information audited during those years, if we did not find it in the 2018-19 minutes.
- We created a hypertext markup language (HTML) file on August 30, 2019 that was a snapshot of the District's new website to provide a single date of reference during audit testing.
- We did not audit the accuracy of the financial information posted to the District's website. However, we determined reasonable reliability of financial information by analyzing various documents on the District's website for consistency of information provided, adhering to the law and District policies, and transparency of posted documents and website location.

-
- We reviewed the administrative permissions of employees, and process of posting information through a visual review, if available.
 - We reviewed emails pertaining to our audit objective to gain an understanding of how employees are instructed to post financial information to the website.
 - We included a comparison of revenue and expenditure results reported in the external audit reports to show budget-to-actual results for 2017-18 and 2018-19.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/local-government

Local Government and School Accountability Help Line: (866) 321-8503

STATEWIDE AUDIT – Julie Landcastle, Chief Examiner

Utica State Office Building, Room 604 • 207 Genesee Street • Utica, New York 13501

Tel (315) 793-2484



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