

Peru Central

Cross-Campus Web-based Update

FISCAL ACCOUNTABILITY AT PERU CSD: COMPTROLLER'S REPORT

Monday this week, the NYS Comptroller's Office released its comprehensive fiscal accountability audit report on Peru Central School District. The District was pleased to learn that sufficient progress had been made in the areas identified during the first such fiscal accountability audit report. The District is pleased to note that these areas were not mentioned in this follow-up fiscal accountability audit report.

The District was not surprised that the fiscal accountability audit focused on a particular area that Peru Central – and the school district's own public session budget development workshops of winter 2011 were focused on: fund balance.

TWO YEARS OF SIGNIFICANT STATE AID CUTS: MAJOR IMPACT ON BUDGETING

Given two years of significant state aid cuts to Peru CSD, the District was fortunate in prior years to not have expended all that it was authorized to expend. At numerous public session budget development workshops in recent years, the District has been very forthcoming and consistent in regard to being **conservative** with revenues and being **conservative** with expenditures. Doing so was in keeping with a year 2004 longer-term finance study of Peru CSD, given the school district's heavy dependence on state aid. Being **conservative** has been a contributing factor in our school district's capacity to **sustain** our broad set of academic, artistic and athletic programs and activities for the children of this school community.

FUND BALANCE PUT TO USE LAST SCHOOL YEAR AND CURRENT SCHOOL YEAR

Prior year surpluses are now being applied during an extremely fiscally challenging period. This commitment is illustrated by the fact that fund balance was reduced by over one (1) million dollars last school year and Peru Central plans to use another \$1.8M in fund balance this school year. During 2007-08 and 2008-09 school years the District also nearly balanced its revenues and expenditures with expenditure coming within 99.3% of revenues. It is the District's belief that had it gone into this fiscal crisis with an operating budget depending on a revenue line tied to fund balance, the financial impact to the District could have been catastrophic given the recent reduction of several million dollars in State Aid. October 2011 forecasts for amounts of general state operating aid to Peru CSD across the next few school years indicate Peru CSD will likely continue applying significant fund balance to the general operating budget. The intent of doing so will be to help the District sustain most programs and services during 'choppy' fiscal waters.

BALANCED APPROACH WITH REVENUES AND EXPENDITURES

Peru CSD has been and continues to be committed to a **balanced approach** to its budgetary process that combines the use of fund balance as recommended by the Comptrollers Audit and supported by the District's actions, such as reducing its general operating budget. Over the last two years, the Peru Central made cuts to its general operating budget of nearly three million [\$3M] dollars and anticipates making **additional reductions** during the 2012-13 budget development period of winter/spring 2012.

OCTOBER 20, 2011

FROM A. PAUL SCOTT, INTERIM SUPERINTENDENT OF SCHOOLS

