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December 4, 2012

Ciaschi Dietershagen Little Mickelson LLP  
401 East State Street  
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Dear Ladies and Gentlemen:

In response to your management letter to the Board of Education, Elmira Heights Central School District dated September 17, 2012 concerning the audit of the basic financial statements for the year ended June 30, 2012, we submit the following response and corrective action plan.

#### **OTHER MATTERS**

##### ***Current Year Finding***

##### **Untimely Deposits of Cash Received at School District**

During the walkthrough of cash receipts it was noted a tendency of delays in receipts being forwarded to the District office from various delays, in particular athletic events.

##### **Corrective Action Plan**

The proper procedures have been communicated to staff both verbally and in writing that deposits are to be kept in the school vault until the next business day and will then be deposited in the timeframe according to district policy. We are confident that the athletic funds are being kept in the school vaults until they are brought to the district office but will continue to reiterate the time frame necessary for deposits.

##### ***Recurring Findings***

##### **Fixed Asset Accounting**

Fixed asset reports generated by the new fixed asset software were inaccurate or incomplete last year. Although the district is still attempting to reconcile fixed assets it continues to be recommended that continued monitoring of the new software be done in order to ensure accuracy and completeness in reporting fixed assets.

##### **Corrective Action Plan**

The Principal Clerk, the Financial Software support person from BOCES and I are continuing to review the fixed assets regularly on a detail level and correct inaccuracies. We also recently had an internal audit completed which will help us identify issues and correct inaccuracies and obtained worksheets from the external audit. We anticipate that by the end of the current

fiscal year our fixed assets will be more accurate and staff will be more familiar with the new software.

### Capital Projects

#### *Finding:*

Debt proceeds remain from prior year bus purchases and need to be transferred to the Debt Service Fund. It is recommended that completed capital projects be closed out as soon as possible and any excess funds be transferred to the Debt Service Fund if there are unspent debt proceeds.

### Corrective Action Plan

All capital projects and bus purchases will be reviewed and the remaining balances will be transferred to debt service as required.

### **Current Year Discussion Items**

#### Long-term Budget, Fund Balance and Reserve Planning

Formal long-term (3 to 5 years) budgetary planning in conjunction with the annual budget process is recommended. Also current fund balance reserve accounts should be reviewed to determine appropriate levels from both a short-term and long-term planning perspective in regards to appropriation of funds to support the General Fund budget and other specified purposes.

### Corrective Action Plan

We continue to work on formal long-term budgetary planning in conjunction with the annual budgetary process. We also review reserve accounts on an annual basis or more frequently as needed and have drafted a four year plan that will continue to be reviewed and updated as needed annually. Especially in these difficult times the district realizes long-range planning is crucial.

In addition to the Corrective Action items listed above the District continues to analyze and correct matters of internal control as they occur, by reviewing the internal and external management letters and on a day-to-day basis as issues arise.

Sincerely yours,

Debra L. Palmer  
Business Manager

Cc: Mary Beth Fiore  
Board of Education  
Eugene Civik, GST BOCES  
New York State Education Department  
New York State Office of the State Comptroller

*Enter with high expectations – leave with confidence and pride.*

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John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
Debbie Conley Jordan, C.P.A.  
Patrick S. Jordan, C.P.A.  
Duane R. Shoen, C.P.A.  
Lesley L. Homer, C.P.A.  
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**Ciaschi • Dietershagen • Little • Mickelson  
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*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

MANAGEMENT COMMENT LETTER

Board of Education  
Elmira Heights Central School District  
Elmira Heights, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Elmira Heights Central School District (the School District) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, during our current year audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency, as well as discussion items. This letter summarizes the current year comments and recommendations regarding these matters. This letter does not affect our report dated September 17, 2012 on the financial statements of the School District.

**OTHER MATTERS**

**Current Year Finding**

Untimely Deposits of Cash Received at School District

**Finding:**

During our walkthrough of cash receipts, we noted one of ten receipts tested was not deposited in a timely manner. The receipt was for gate receipts from an athletic event. Via discussion with Business Office staff, we noted a tendency of delays in receipts being forward from various Departments to the School District Office. The majority of these delays appear to be related to athletic events. Most events occur on Friday or Saturday; however, receipts are not submitted to the School District office until the end of the following week or later. We did note delays appear to have improved as the fiscal year progressed.

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**Recommendation:**

We recommend developing and implementing specific procedures from time of receipt to time of submission to the School District Office to safeguard cash received. All monies should be secured at all times, submitted to the School District Office within two business days and immediately forwarded to the CBO for depositing.

**Recurring Findings**

Fixed Asset Accounting

**Finding:**

Fixed asset reports generated by the new fixed asset software were inaccurate or incomplete. In the current year, there was an improvement in tracking fixed assets as a result of the School District's effort to reconcile the inventory to fixed assets on hand; however, we noted certain additions were not originally recorded. The School District continues to attempt to reconcile fixed asset records.

**Recommendation:**

We recommend continued monitoring of the new software in order to ensure accuracy and completeness in reporting fixed assets.

Capital Projects

**Finding:**

In prior year audits, we noted completed capital projects with remaining fund balance. Final cost reports had been completed, but closing of projects had not been finalized. During our current year audit, no projects were open; however, debt proceeds remain from prior year bus purchases and need to be transferred to the Debt Service Fund.

**Recommendation:**

We continue to recommend completed capital projects be closed out as soon as possible and any excess funds be transferred to the Debt Service Fund if there are unspent debt proceeds.

**Prior Year Finding Resolved**

Federal Time Certifications

**Finding:**

During our prior year audits, we noted time certifications for employees charged to Federal grants were not properly completed. Some discrepancies occurred due to recoding of salaries as a result of stimulus funds and proper reimbursement amounts were, or will be, requested.

**Resolution:**

We are pleased to report time certifications were completed in a timely manner and properly signed for employees working in Federal programs. We continue to recommend obtaining time certifications on a monthly basis for all employees who are not 100% funded by Federal grants and obtaining time certifications semi-annually for those funded 100% by Federal grants.

Claims Auditor Reports

**Finding:**

Upon prior year review of Claims Auditor reports to the Board, we noted that although some instances of noncompliance were reduced, the following findings remained of concern:

- Possible inappropriate spending of public funds
- No receipt documentation noted
- Receipts not itemized
- Invoices dated prior to purchase order date (also noted during audit walkthrough)

While the Board had discussed some of the Claims Auditor findings, it did not appear all recommendations had been fully implemented.

Resolution:

We are pleased to report Claims Auditor recommendations appear to have been implemented. There were no findings during our examination of disbursements and this item appears to have been resolved.

**Current Year Discussion Item**

Long-term Budget, Fund Balance and Reserve Planning

We recommend continued formal long-term (3 to 5 years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective regarding appropriation of funds to support the General Fund budget or other specified purposes.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with various personnel, and we will be pleased to discuss them in further detail at your convenience or to perform any additional study of this matter.

This communication is intended solely for the information and use of management, the Audit Committee, the Board of Education, and others within the Elmira Heights Central School District, and is not intended to be and should not be used by anyone other than these specified parties.

*Cinchi, DiCiccolano, Little, Muckelbauer & Co., LLP*

September 17, 2012  
Ithaca, New York