



District Office

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December 5, 2012

Ciaschi Dietershagen Little Mickelson LLP
401 East State Street
Suite 500
Ithaca, New York 14850

Dear Ladies and Gentlemen:

In response to your letter to the Board of Education, Elmira Heights Central School District dated September 17, 2012 concerning the audit of the Extraclassroom Activity Funds for the year ended June 30, 2012, we submit the following response.

SIGNIFICANT DEFICIENCIES

Recurring Finding

Receipts

Findings:

Seven receipts of 20 were missing supporting documentation while there was 1 in the prior year and 1 item of those tested was missing supporting documentation. Additionally 1 of 20 was not properly authorized and 4 were not deposited timely to the Central Treasurer.

Recommendation:

It is recommended that all receipts be properly documented.

Corrective Action Plan

The Central Treasurer and the faculty auditor continue to work together and review receipts to determine that proper documentation supports the receipt. We also have reached out to the activity advisors and treasurers in writing and upon review of each activities books to document non-compliance with procedures.

Other Matters

Disbursements

Findings: No disbursements in the current year was lacking supporting documentation however, 1 disbursement was not properly authorized in both the current and previous year.

Recommendation:

It is recommended that all disbursements be properly approved.

Corrective Action Plan

The Central Treasurer has been instructed not to generate checks for any disbursement requests unless proper documentation and authorization is present. In addition the Faculty Auditor will review all disbursements and make recommendations for improving such documentation to comply with all regulations.

Inactive Clubs

Finding:

During the current and prior year audits the Class of 2010, Varsity Club and Middle School Band had not been closed but are inactive.

Recommendation:

Graduating class accounts should be closed by the end of the year subsequent to graduation.

Corrective Action Plan

We have closed out the Classes of 2010 and 2011 in the current year and will close out all classes in the future by the end of the year subsequent to graduation. Additionally, all activities will continue to be monitored for inactivity on an annual basis and closed as needed.

The District continues to be diligent in analyzing and correcting matters of internal control as they occur and by reviewing the internal and external management letters.

We continue to believe that the addition of the Faculty Auditor position and the additional training she, the Central Treasurer and the Advisors have been receiving have helped increase compliance with board policy and all applicable rules and regulations. Unfortunately we have had turnover in the Chief Faculty Advisor in the last several years so there has been a lack of leadership in this area. However, we continue to strive to improve on all findings.

Sincerely yours,

Debra L. Palmer
Business Manager

Cc: Mary Beth Fiore
Board of Education
New York State Education Department
New York State Office of the State Comptroller

Enter with high expectations – leave with confidence and pride.

John H. Dietershagen, C.P.A.
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**Ciaschi • Dietershagen • Little • Mickelson
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Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

EXTRAClassroom Activity Funds Management Comment Letter

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

During the fall of 2008, the State Education Department released an updated version of the official guidance for definition, conduct, and administration of the Extraclassroom Activity Funds. This official release, "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds - Finance Pamphlet 2," provides detailed guidance for documentation of financial transactions, sales tax compliance, and accounting for club activities.

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of the Elmira Heights Central School District (the School District) 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control. We did not identify any control deficiencies that we consider to be material weaknesses. However, during our audit, we became aware of certain matters that we consider to be significant deficiencies in internal control and other matters which are opportunities for strengthening internal controls and operating efficiency.

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SIGNIFICANT DEFICIENCIES

Recurring Finding

Receipts

Findings:

During our current year audit, we noted seven of 20 receipts were missing supporting documentation. In the prior year, one receipt tested was missing documentation. Additionally in the prior year, one of 20 receipts examined was not properly authorized and four were not deposited timely to the Central Treasurer.

Recommendation:

We recommend all receipts be properly documented; for example, number of items or tickets sold at what price.

OTHER MATTERS

Recurring Finding

Disbursements

Findings:

During our current year audit, all disbursements tested had adequate supporting documentation. In the prior year, two of 20 disbursements tested had no supporting documentation and two were missing invoices. During our current year audit, we also noted only one of 20 tested disbursements was not properly authorized, and this was consistent with the prior year.

Recommendation:

We continue to recommend all disbursements be properly approved; containing signatures of the Student Treasurer, Faculty Advisor, and Central Treasurer.

Inactive Clubs

Finding:

During our current year audit, we noted Class of 2010 was inactive and had not been closed out. During our prior year audit, we noted Middle School Band and Varsity Club were inactive and had not been closed out.

Current Year Status:

Middle School Band and Varsity Club were closed out in the current year.

Recommendation:

Graduating class accounts should be closed by the end of the year subsequent to graduation.

RESOLVED FINDINGS

Transfers between Clubs

Finding:

During our prior year audits, we were unable to reconcile deposits and disbursements from the Central Treasurer's report to the bank statement. The transfers between funds were incorrectly recorded, resulting in transfers out not equaling transfers in.

Resolution:

Upon examination of current year ledger, transfers between clubs appear to be recorded correctly.

Student Ledgers

Finding:

During our prior year audit, we were unable to tie out some of the student ledgers to the Central Treasurer's ledger, due primarily to missing student ledgers.

Resolution:

During the current year audit, all student ledgers were available and reconciled to the Central Treasurer's ledger.

This letter does not affect our report dated September 17, 2012, on the financial statements of the Extraclassroom Activity Funds of the Elmira Heights Central School District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with School District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Education, management, the New York State Department of Education, and others within the School District, and is not intended to be and should not be used by anyone other than these specified parties.

Cinchi, DiStefano, Little, Mickelson & Co., LLP

September 17, 2012
Ithaca, New York