

District Office

2083 College Avenue
Elmira Heights, NY 14903
Michael Gill, Superintendent

Phone: (607) 734-7114
Fax: (607) 734-7134
CSE: (607) 733-8039
Transportation: (607) 739-1358
www.heightsschools.com

October 7, 2020

Buffamante Whipple Buttafaro, P.C.
130 South Union Street
Suite 200
Olean, New York 14760

Dear Ladies and Gentlemen:

In response to your management letter to the Board of Education, Elmira Heights Central School District dated October 7, 2020 concerning the audit of the basic financial statements for the year ended June 30, 2020, we submit the following response and corrective action plan.

Future Governmental Accounting Standards

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which extends the implementation dates of new GASB standards for an additional year, including two standards outlined below that may have significance to the District.

GASB 84 — Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2021. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

Enter with high expectations – leave with confidence and pride.

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2022. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District response: The District will investigate training opportunities to educate its staff on the new standards.

COVID-19 Pandemic

Federal Aid

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to school Districts. The New York State Department of Education has allocated approximately \$326,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. We recommend the District continue to review Federal guidance, including compliance requirements, related to this funding.

District response: The District will continue to review the Federal guidance related to CARES Act funding.

Internal Controls IT Risks

Because significant data is being transmitted electronically, the District may consider performing a penetration/security test of its IT network. In addition, the District shall continue to periodically review listing of employees with access to the internal local area network to determine if accounts should be disabled or deleted and continue to periodically review user access rights to determine that employees only have rights that are commensurate with their job responsibilities.

District response: District will review recommendation with District Technology Director and GST BOCES Computer Services to determine the effectiveness of such security testing. District will continue periodic review of network, accounting software, and employee self-serve programs for appropriate access.

Enter with high expectations – leave with confidence and pride.

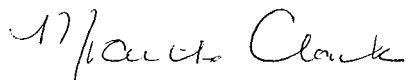
Federal Programs

During our review of major Federal programs, we noted that certain internal control processes over compliance required by Uniform Guidance are being completed but not documented, including the review of information by someone independent of the preparer. Adequate documentation would include a signature/initials and date by the preparer and reviewer for such items including: Maintenance of Effort form; Graduation rate submission; budget versus actual comparisons, etc. We recommend the District review each control and define how documentation will be evidenced.

District response: While the District has controls in place to review internal controls over compliance with Federal programs, we will review these controls to ensure that District remains compliant with Uniform Guidance.

In addition to the correction 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,

A handwritten signature in cursive script that reads "Martha Clark".

Martha Clark
Business Official

Cc: Michael Gill
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.