

District Office



October 5, 2022

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

Dear Ladies and Gentlemen:

Please accept this response to your management letter to the Board of Education, Elmira Heights Central School District dated October 5, 2022, concerning the audit of the basic financial statements for the year ended June 30, 2022, we submit the following response and corrective action plan.

Compliance and Other Matters

Unassigned Fund Balance

Conditions and criteria: The Elmira Heights Central School District's unassigned fund balance as of June 30, 2022, amounted to \$3,014,626. This amount constitutes approximately 12.3% of the 2022-2023 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditors' Recommendation: The Elmira Heights Central School District should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

District's Response: The District realizes that its unassigned fund balance as of June 30, 2022, was in excess of the NYS mandated 4% level. The District has and will continue to review its options with regard to reservation and designation of fund balance. The plan will include options such as funding reserves, appropriating fund balance for much needed equipment for District use, or to reduce future borrowings for capital projects. Martha Clark, School Business Executive will report to the Board of Education any plan for unassigned fund balance with an anticipated completion date of June 30, 2023

Future Governmental Accounting Standards

GASB 96 – Subscription Based Information Technology Arrangements

In 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which will be effective for the fiscal year ending June 30, 2023. The new standard (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than the subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new SBITA standard, which may include continuing education, webinars and future training.

***District's Response:** Martha Clark, Business Executive, will be responsible for the implementation of GASB 96 by gathering pertinent data on all lease agreements and participate in trainings or webinars on the topics as they become available, and this will have an anticipated completion date of June 30, 2023.*

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,



Martha Clark
Business Executive

Cc: Michael Gill
Board of Education
New York State Education Department
New York State Office of the State Comptroller