



Enlarged City School District

**Business Administrator**

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**To:** Robert Edwards, Superintendent  
**From:** Kimberly A. Vile, Business Administrator  
**Date:** September 21, 2020  
**Subject:** Corrective Action Plan for External Audit

As part of the District's June 30, 2020 external audit, our auditors, Raymond F. Wager, CPA, P.C., a division of Mengel, Metzger, Barr & Co. LLP, reviewed our internal controls over financial reporting. During their review, the following immaterial deficiencies in our internal controls were noted. Below is our response to their findings.

### **Documentation of Procedures**

**Finding:** In accordance with Government Auditing Standards, management is required to document their understanding of internal controls using an annual assessment. In order to aid in this assessment, written daily routines for the various business office cycles (payroll, payables, receivables, etc.) should be maintained.

**Response:** The District continues to create, and continuously update, a central hub for policies and procedures manual for the business office cycles.

### **School Lunch Fund**

**Finding:** During the June 30, 2020 audit, it was noted the fund balance of the School Lunch Fund was in excess of the three month average expenditures level allowed by Federal Regulation #7CFR Part 210.15.

**Response:** The District did spend down excess fund balance for furniture and equipment upgrades during the 2019-20 school year and will continue this for the current school year. More specifically, we are currently in the process of assessing some of our equipment needs with additional students in each of our elementary schools due to the closure of 2 buildings.

### **Financial Overview – Spend Down of Fund Balance and Reserves**

**Finding:** It was noted during the audit that the District reserves have been depleted by approximately 70% over the past six years. The District expenses continue to exceed the revenue each fiscal year.

**Response:** The BOE adopted a document that provides guidance in regards to reserve utilization. The District is also working with a program to assist with long range planning. The BOE commissioned a facility use study which resulted in a difficult decision to close 2 of our 5 elementary schools at the end of the 2018-19 school year which we believe will ensure we are providing the best opportunities for our students in a fiscally responsible manner. We are also pleased to report that the 2020-21 budget was presented without any allocation of reserves.

cc: Board of Education  
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