

**Corrective Action Plan to Address
the Matters Cited in the Management
Letter in the Independent Auditor's Report
For Fiscal Year Ending June 30, 2017**

From the Office of the Assistant Superintendent for Business

January 2018



Cold Spring Harbor Central School District

The Francis Roberts Community Center

75 Goose Hill Road

Cold Spring Harbor, New York 11724-9813

JAMES J. STUCCHIO
ASSISTANT SUPERINTENDENT
FOR BUSINESS

January 9, 2018

(631) 367-5928
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Dear Superintendent and Members of the Board of Education:

Enclosed please find a Corrective Action Plan designed to address the matters cited in the management letter contained within the independent auditor's report from the firm of Nawrocki Smith, LLP, for the fiscal year ending June 30, 2017. After Board of Education adoption, a copy of this report will be sent to:

New York State Education Department

Nawrocki Smith, LLP

R.S. Abrams & Co., LLP

Federal Audit Clearinghouse (if required)

Some of the internal control matters identified in the management letter already have new systems, plans, and procedures implemented, while others are still in the planning stages. All management action plans will be fully implemented by the end of the current fiscal year, June 30, 2018.

Periodically, the business office will provide the Board of Education and its internal auditor with the status of each of these internal control matters specifying what management action plans have been implemented along with copies of any new written procedures, reports, forms, or guidelines.

It is my sincere hope that these new systems and procedures will further strengthen the internal controls and financial operations of the Cold Spring Harbor Central School District.

Thank You.

Best Regards,


James J. Stucchio
Assistant Superintendent for Business

CAPITAL ASSET RECONCILIATION

During our review of the current year capital asset valuation listing, we noted the valuation listing was undervalued as it did not account for ongoing capital projects activity and was not reconciled to the District's open capital projects listing. This situation resulted in the capital assets valuation listing being undervalued as compared to the actual costs of the District's capital assets.

We recommend that the District establish procedures whereby all capital projects activity is reflected in the capital asset valuation listing. In this manner, internal control over capital assets may be enhanced.

Management Action Plan:

Each year the current capital asset valuation will be updated to include completed and ongoing capital projects. This will be reconciled to the expenditures reported in the *Schedule of Project Expenditures and Financing Sources* included in the supplementary information to the financial statements.

Anticipated Completion Date: June 2018

DEBT SERVICE FUND

During the current year's audit, we noted the District does not have a formal plan to utilize accumulated cash balances currently available in the Debt Service Fund/Reserve for Debt Service. In accordance with General Municipal Law §6-1, accumulated cash reserves in the Reserve for the Debt Service accounted for the Debt Service Fund may be used for expenditures for debt service for the purpose of retiring the District's outstanding obligations.

We recommend that the District establish a plan to utilize the cash reserve in the Debt Service Fund/Reserve for Debt Service. In this manner, the use of accumulated cash balance in the Debt Service Fund/Reserve for Debt Service may be utilized to offset the cost of future debt service payments.

Management Action Plan:

The Board of Education's capital projects committee is currently assessing the District's need for a future long-term borrowing to finance school improvements. As a part of this process, a multi-year plan will be developed to utilize the accumulated cash remaining in the Debt Service Fund/Reserve for Debt Service to offset General Fund payments for outstanding debt obligations. Careful consideration will be made for the gradual use of this money to avoid any possible large increase or decrease in the property tax levy.

Anticipated Completion Date: June 2018