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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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Board of Education  
Chenango Valley  
Central School District  
Binghamton, 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 (the Funds) of the Chenango Valley Central School District (the School District) for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Funds’ 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 Funds’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds’ internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all matters that might be considered control deficiencies, 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 Funds’ 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 Funds’ financial statements that is more than inconsequential will not be prevented or detected by the Funds’ internal control. We consider the following deficiencies in internal control to be significant deficiencies.

### **SIGNIFICANT DEFICIENCIES**

#### **Current and Prior Year Finding**

##### Cash Receipts

##### Finding:

During our current year audit, we found that three receipts were without receipt numbers. During our prior year audits, we noted receipts used for cash were not pre-numbered. Beginning in January 2010, the School District began using prenumbered receipts; no items examined after this date were without numbers.

##### Recommendation:

We recommend continuing the use of prenumbered receipts.

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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 Funds' internal control. We did not identify any control deficiencies that we consider to be material weaknesses. However, as discussed below, we identified certain other matters that we consider to be opportunities for strengthening internal controls and operating efficiency.

## **OTHER MATTERS**

### **Current and Prior Year Findings**

#### Fundraising

##### Findings:

During our current and prior year's audit, we noted profit and loss statements are not being prepared for individual fundraisers.

##### Recommendation:

We recommend each activity keep a profit and loss statement for each fundraiser to show amount of profit vs. cost, and to determine the success of the fundraiser.

#### Cash Disbursements

##### Findings:

In the current year, we found three of ten disbursements did not have a supporting invoice. In the prior year, two disbursements of ten were missing an invoice.

##### Recommendation:

We recommend all disbursements be supported by an original invoice and a fully executed and authorized disbursement order.

### **Prior Year Findings - Resolved**

#### Inactive Club Accounts

##### Finding:

During our prior year audit, we noted the Debate Club had no activity, nor did it have listed advisors or student officers.

##### Resolution:

The Debate Club was closed during the 2009-2010 fiscal year.

#### Non Bona fide Activities

##### Findings:

During our prior year audit, we noted the Odyssey of the Mind and Junior Library were not bona fide activities, because they are Elementary School Activities. In our current year audit, we noted the Odyssey of the Mind and Junior Library still included in the School District's Extracurricular Activity Funds.

##### Resolution:

During the 2009-2010 fiscal year, it was determined that the Odyssey of the Mind and Junior Library Clubs were not elementary clubs.



October 13, 2010  
Ithaca, New York