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MANAGEMENT COMMENT LETTER

Board of Education
Chenango Valley
Central School District
Binghamton, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chenango Valley Central School District (the School District) for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This letter summarizes the resolution of prior year comments. This letter does not affect our report dated September 21, 2011 on the financial statements of the School District.

DISCUSSION ITEMS

Long-term Budget, Fund Balance and Reserve Planning

We continue to recommend continued formal long-term (3 to 5 years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective regarding appropriation of funds to support the General Fund budget or other specified purposes; especially in anticipation of future state aid shortfalls.

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We would like to take this opportunity to express our appreciation to the School District's management and staff for their time and cooperation in aiding us in our audit work. Their assistance resulted in an expedient and efficient audit process.

This communication is intended solely for the use of the Audit Committee, the Board of Education, and management, and others within the Chenango Valley Central School District, and is not intended to be and should not be used by anyone other than these specified parties.

Liachi, Dietershagen, Little, Minkler & Company, CP

September 21, 2011
Ithaca, New York