



**EXTRACLASSROOM ACTIVITY FUNDS  
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 Extraclassroom Activity Funds of Chenango Valley Central School District (the School District) as of and for the year ended June 30, 2016, 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 audit procedures appropriate in the circumstances 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our current year audit, we became aware of other matters with respect to internal control. This letter summarizes these comments and recommendations regarding these matters. This letter does not affect our report dated September 28, 2016 on the financial statements of the Extraclassroom Activity Funds of the Chenango Valley Central School District.

**INSERO & Co. CPAs, LLP**

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## **OTHER MATTERS**

### **Current Year Findings**

#### Inactive Clubs

**Finding:**

During our current year audit, 2 of 41 clubs were financially inactive.

**Recommendation:**

We recommend financially inactive clubs be reviewed annually by the Faculty Advisor and Central Treasurer and either dissolved or re-activated in conformance with District policy and guidance from “The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds.”

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

#### Cash Receipts - Timely Deposits

**Finding:**

During our current year audit, 1 of 10 receipts examined was not submitted to the Central Treasurer in a timely manner. During our prior year audit, for 2 of 20 receipts examined, we were unable to determine whether funds were received timely by the Central Treasurer.

**Recommendation:**

In order to safeguard assets, we recommend Student Treasurers submit receipts to the Central Treasurer within three business days of receipt. Additionally, we recommend District management develop and implement a cash receipt procedure, which includes proper dating and authorization of deposits.

#### Cash Receipts - Sales Tax

**Finding:**

During our current year audit, sales tax was not collected and remitted for 1 of 4 receipts examined.

**Recommendation:**

We recommend all fund raising activities be reviewed to determine if sales tax is applicable. Ideally, this evaluation would be take place as fundraising events are initially planned. For activities subject to sales tax, sales tax should be calculated, collected, and remitted. We further recommend adequate supporting documentation be provided to the Central Treasurer so independent determination of sales tax applicability can be made.

#### Cash Receipts - Profit and Loss Statements

**Findings:**

During our current year audit, 1 fundraiser was examined and did not have the required Profit and Loss Statements submitted. During our prior year audit, Profit and Loss Statements were not completed for 2 of 7 fundraisers examined.

Recommendation:

In accordance with “*The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds*,” we continue to recommend completion of Profit and Loss Statements for all fundraisers. This enables students to determine actual profit earned. Faculty Advisors should stress the importance of using Profit and Loss Statements for all fundraisers and guide Student Treasurers and other activity fund student members on their use.

**Prior Year Finding Resolved**

Cash Receipts - Supporting Documentation

Finding:

During our prior year audit, 2 of 20 receipts tested lacked adequate supporting documentation, primarily unit and price calculations.

Resolution:

All receipts selected for examination were supported by adequate documentation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various school district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of senior management, the Audit Committee, the Board of Education, and the New York State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 28, 2016