

---

John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
Debbie Conley Jordan, C.P.A.  
Patrick S. Jordan, C.P.A.  
Duane R. Shoen, C.P.A.  
Lesley L. Horner, C.P.A.  
D. Leslie Spurgin, C.P.A.

---



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

*Certified Public Accountants and Consultants*

---

Frederick J. Ciaschi, C.P.A.

### EXTRACLASROOM ACTIVITY FUNDS MANAGEMENT COMMENT LETTER

Board of Education  
Homer Central School District  
Homer, 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 of the Homer Central School District (the School District) for the year ended June 30, 2012, 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 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.

However, during our audit, we became aware of certain other matters that are opportunities for strengthening internal controls and operating efficiency.

#### **OTHER MATTERS**

##### Cash Receipts

##### Finding:

During our current year audit, of 20 High School receipts tested, one was missing adequate supporting documentation and two were subject to sales tax, yet evidence of sales tax being charged was not present.

---

#### **CORTLAND**

39 Church Street  
Cortland, New York 13045  
607-753-7439  
fax 607-753-7874

#### **ITHACA**

401 East State Street ~ Suite 500  
Ithaca, New York 14850  
607-272-4444  
fax 607-273-8372  
[www.cdln.com](http://www.cdln.com)

#### **WATKINS GLEN**

108 West Fourth Street  
Watkins Glen, New York 14891  
607-535-4443  
fax 607-535-6220

Recommendation:

We recommend all receipts be fully completed, properly authorized by the activity's Student Treasurer, Faculty Club Advisor and the Central Treasurer, and accompanied by adequate documentation. Adequate documentation should include the source of funds, total amount received, number of items sold, price per item, and if applicable, number of goods remaining. It should also indicate whether the activity falls within the New York State Sales Tax Law, and if so, the amount of tax collected. For activities where tickets would further support sales, pre-numbered tickets should be utilized and used to reconcile beginning and ending ticket numbers to number of tickets sold and money received. All cash receipts should be received by the Central Treasurer within three to five business days of receipt by the Faculty Club Advisor or Student Treasurer.

Finding:

During our current year audit, we noted one of 20 High School receipts examined were not submitted to the Central Treasurer on a timely basis and, therefore were not deposited timely by the Central Treasurer. In the prior year, we noted two of 20 High School receipts examined were not submitted to the Central Treasurer on a timely basis; because receipts were held over five business days, the Central Treasurer was unable to deposit timely.

Recommendation:

We recommend all cash receipts be submitted to the Central Treasurer within three to five business days to be deposited in a timely manner.

Inactive Clubs

Finding:

During our current year audit, we noted the Intermediate Yearbook Club, Intermediate Book Store and Junior High Bookstore were inactive.

Recommendation:

We recommend clubs be reviewed by the Extraclassroom Activity Fund Advisors and either dissolved or re-activated.

Bona Fide Activities

Finding:

During our prior year audit, we noted the Winterguard and Class of 2013 had a Faculty Advisor but no elected student officers, although it appears funds in the account are raised and used by students. In addition, Class of 2010, Class of 2011, interest income and sales tax were listed as Extraclassroom Activity accounts, yet are not legitimate activity accounts.

Current Status:

During our current year audit, we noted that, while the Winterguard and Class of 2013 had elected officers, the Video Club did not. In addition, the Class of 2010 was closed during the year. However, the Class of 2011, Class of 2012, interest income and sales tax remain active, although they are not legitimate activity accounts.

Recommendation:

We recommend the clubs elect student officers according to policy set forth by the Board of Education and in **"The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds-Finance Pamphlet 2."** As stated in the pamphlet, "Basically, Extraclassroom Activity Funds are those operated by and for the students. Moneys are usually collected voluntarily by pupils and are spent by them as they see fit so long as they abide by established regulations." In addition, the Board of Education should create a policy for the distribution of interest earned on extraclassroom activity accounts and how to handle monies remaining in closed or inactive club accounts. Sales tax should be charged to the respective club collecting and remitting sales tax. Finally, class accounts should be closed before the class graduates, as after this date, the club no longer exists.

**PRIOR YEAR FINDINGS - RESOLVED**

Cash Receipts

Finding:

In our prior year audit, seven of 20 High School receipts examined were not signed by the Student Treasurer.

Resolution:

During our current year audit, all receipts examined were signed by the Student Treasurer.

Cash Disbursements

Finding:

During our prior year audit, we noted one of 5 disbursements tested for the Intermediate School was missing the invoice yet the purchase order was present with appropriate signatures.

Resolution:

During our current year audit, all disbursements examined had appropriate documentation and signatures present.

This letter does not affect our report dated September 18, 2012 on the financial statements of the Extraclassroom Activity Funds of the Homer Central School District.

This report is intended solely for the information and use of the Audit Committee, the Board of Education, management, 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.



September 18, 2012  
Ithaca, New York