

**SPACKENKILL UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**Communication of Matters Related to Internal Control
Over Financial Reporting and Other Matters
December 30, 2013**

Bonadio & Co., LLP
Certified Public Accountants

December 2013

To the Board of Education of the
Spackenkill Union Free School District:

In planning and performing our audit of the financial statements of the Extraclassroom Activities of the Spackenkill Union Free School District (the District) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that are considered to be *material weaknesses* or *significant deficiencies* and, therefore, *material weaknesses* or *significant deficiencies* may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be *significant deficiencies*.

A deficiency in internal control exists when the design or operation might be material 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 a 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. We did not identify any deficiencies in internal control that we consider to be *material weaknesses*.

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.

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

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**COMMUNICATION OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL
REPORTING AND OTHER MATTERS
DECEMBER 2013**

A) INTERNAL CONTROL - OPERATIONAL RELATED MATTERS

This is our third year as the District's Independent Auditors. As part of planning and performing our audit of the District's Extraclassroom Activities financial statements, we noted the following status updates for our prior year comments on the Extraclassroom Activities.

	Completed	In Process
<i>Prior year recommendations:</i>		
Internal Control/Operational Related Matters:		
Receipts procedures and documentation	X	
Disbursements procedures and documentation	X	
Inactive clubs		X

In addition to the prior year comments, we identified the following control deficiencies and significant deficiencies over the District's Extraclassroom Activities.

We recommend that a formal written District Administration response and implementation plan related to each of these recommendations be prepared and reviewed with the Audit Committee within sixty days of the date of this report.

1. RECEIPTS PROCEDURES AND DOCUMENTATION – SIGNIFICANT DEFICIENCY

Observation

We reviewed the cash receipts collection procedures and documentation at the High School and Middle Schools. We noted the following:

- Two of the twenty-five (25) deposit transactions tested were not deposited within three to five business days from the date of collection.

Recommendation

To reduce the loss of funds either by accident or misappropriation, we recommend that the District instruct Central Treasurers, Faculty Advisors, and others involved with the Extraclassroom Activity Funds on the requirements for the timeliness of deposits as required under New York State Department of Education Finance Pamphlet No. 2. Collections presented for deposit should provide evidence of dates of collection activity along with documentation as outlined in Finance Pamphlet No. 2. All documentation should be retained with the deposit transaction as support for the deposit. In addition, every attempt to note the date(s) of the collection activity and the date the collections was delivered to the Central Treasurer.

A) INTERNAL CONTROL - OPERATIONAL RELATED MATTERS (CONTINUED)

2. INACTIVE CLUBS/ACTIVITIES - DEFICIENCY

Observation

We noted that there were thirteen (13) inactive clubs/activities for the Fiscal 2012-2013 year.

Recommendation

We recommend that the District review these clubs/activities and, if there is no intent to continue the club/activity, the accounts be closed and the balances transferred to the Student Government account.

3. ACTIVITIES NOT CLEARLY IDENTIFIED WITH STUDENT INVOLVEMENT - DEFICIENCY

Observation

We noted that both the High School and Middle School have sales tax accounts. The sales tax account is not clearly identified as a "student club" as defined by the New York State Department of Education's Finance Pamphlet No. 2. The sales tax transactions should be deposited to the Student Government account.

Recommendation

We recommend that sales tax collections be deposited to the Student Government or similar account at each school.

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