

**EXTRACLASSROOM ACTIVITY FUNDS**  
**MANAGEMENT COMMENT LETTER**

Board of Education  
Otselic Valley Central School District  
South Otselic, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Otselic 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 that are 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

However, 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 August 29, 2016 on the financial statements of the Extraclassroom Activity Funds of the Otselic Valley Central School District.

## **OTHER MATTERS**

### **Current Year Comments**

#### Profit and Loss Statements

**Finding:**

During our current year audit, profit and loss statements were not submitted by clubs to account for fundraisers being held throughout the school year.

**Recommendation:**

We recommend profit and loss statements be prepared and submitted for all fundraisers.

#### Signatures

**Finding:**

During the course of our testing, 2 of 10 receipts tested did not have appropriate signatures on the deposit form turned in to the Central Treasurer.

**Recommendation:**

We recommend all documentation be appropriately signed before deposits are submitted to the Central Treasurer.

### **Current and Prior Year Comments**

#### Timely Deposits

**Finding:**

During our current audit, 5 of 10 receipts tested were not received by the Central Treasurer in a timely manner. During our prior year audit, 11 of 20 receipts tested were not received by the Central Treasurer in a timely manner.

**Recommendation:**

We recommend Student Treasurers or Faculty Advisors submit receipts to the Central Treasurer within three business days of receipt and throughout fundraisers.

#### Disbursement Supporting Documentation

**Finding:**

During our current audit, 2 of 10 disbursements tested were missing adequate documentation. In our prior year audit, 1 disbursement tested was missing adequate documentation and therefore, we were unable to determine if sales tax had been paid and if it was clerically accurate.

Recommendation:

We recommend Student Treasurers ensure all disbursements submitted to the Central Treasurer are accompanied by support showing the actual amount expended, as well as any applicable sales tax amounts. We also recommend the Central Treasurer ensure all documentation is present when checks are written to vendors or to individuals requesting reimbursements.

**Prior Year Findings - Resolved**

Inactive Accounts

Finding:

During our prior audits, several clubs had no activity.

Resolution:

All financially inactive clubs, including Renaissance and Biology Clubs were closed per Board resolution in November 2015.

Supporting Documentation

Finding:

During our prior year audits, cash receipts were missing sufficient supporting documentation, preventing us from determining the accuracy of the deposit amount.

Resolution:

In the current year, all items examined had sufficient supporting documentation.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
August 29, 2016