



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, 2018, 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.

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 25, 2018 on the financial statements of the Extraclassroom Activity Funds of the Otselic Valley Central School District.

OTHER MATTERS

Current Year Comments

Authorizing Signature

Finding:

1 of 10 disbursements examined was lacking the student officer signature.

INSERO & Co. CPAs, LLP

Rochester | Ithaca | Corning | Cortland | Watkins Glen | (800) 232-9547 | www.inserocpa.com

Recommendation:

We recommend the Central Treasurer ensure authorizing signatures are present on all supporting documentation.

Current and Prior Year Comments

Inactive Accounts

Finding:

During our current year audit, 1 club, Kids in Action, had no financial activity; during our prior year audit 2 clubs had no financial activity, Kids in Action and Class of 2020. Class of 2020 did have financial activity in the current year.

Recommendation:

We continue to recommend the Central Treasurer evaluate inactive clubs at the beginning of each year to determine if they will be active in the upcoming year, and make any necessary recommendations to the Board regarding closing of inactive clubs.

Receipt Support

Finding:

During our current year audit, 1 of 10 receipts examined was missing supporting documentation. During our prior year audit, 4 of 10 receipts examined were missing supporting documentation.

Recommendation:

We continue to recommend all receipts collected and submitted be accompanied by appropriate support documenting the source of funds, dates of collection, number of items sold, price per item, and whether the items sold were subject to sales tax.

Timely Deposits

Finding:

During our current audit, 2 of 10 receipts tested were not received by the Central Treasurer timely. During our prior year audit, 3 of 10 receipts tested were not received by the Central Treasurer timely, and for 1 of the 10, we were unable to determine if submission to the Central Treasurer was timely, as there were no dates on the documentation presented.

Recommendation:

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

Profit and Loss Statements

Finding:

During our current year audit, for 2 of 5 fundraisers tested, required profit and loss statements were not prepared. During our prior year audit, 5 of 6 fundraisers tested did not have profit and loss statements.

Recommendation:

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

Signatures

Finding:

During our current year testing, 1 of 10 receipts examined lacked appropriate signatures on the deposit form. During the prior year audit, 1 of 10 receipts tested lacked appropriate signatures.

Recommendation:

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

Sales Tax

Finding:

During our current year audit, sales tax was not paid for 1 of 5 disbursements examined, as required by New York State sales tax law. During our prior year audit 3 of 6 disbursements examined did not pay required sales tax.

Recommendation:

We continue to recommend Student Treasurers and Advisors be aware of goods and services subject to sales tax, and ensure sales taxes are remitted accordingly.

Prior Year Finding Resolved

Disbursement Supporting Documentation

Finding:

During our prior year audit, 1 of 10 disbursements tested lacked adequate documentation.

Current Year Status:

All examined disbursements were accompanied by adequate supporting 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 School District management, the Audit Committee, the Board 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 black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 25, 2018