

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, 2017, 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. 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 23, 2017 on the financial statements of the Extraclassroom Activity Funds of the Otselic Valley Central School District.

OTHER MATTERS

Current Year Comments

Inactive Accounts

Finding:

During our current year audit, 2 of 15 clubs had no financial activity during the current fiscal year.

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Recommendation:

We recommend the Central Treasurer evaluate the clubs at the beginning of the 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, 4 of 10 receipts examined were missing supporting documentation noting when funds were collected; what was sold, pricing for items sold, and sales tax information.

Recommendation:

We 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.

Sales Tax

Finding:

During our current year audit, sales tax was not remitted for 3 of 6 disbursements examined, as required by New York State sales tax law.

Recommendation:

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

Current and Prior Year Comments

Profit and Loss Statements

Finding:

During our current year audit, for 5 of 6 fundraisers tested, required profit and loss statements were not prepared. During our prior year audit, none of the 6 fundraisers tested had profit and loss statements as required.

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, 2 of 10 receipts tested lacked adequate signatures.

Recommendation:

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

Timely Deposits

Finding:

During our current audit, 3 of 10 receipts tested were not received by the Central Treasurer in a timely manner, 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. During our prior year audit, 5 of 10 receipts tested were not received by the Central Treasurer in a timely manner.

Recommendation:

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

Disbursement Supporting Documentation

Finding:

During our current audit, 1 of 10 disbursements tested lacked adequate documentation. In our prior year audit, 2 of 10 disbursements tested lacked adequate documentation.

Recommendation:

We continue to 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. We also recommend the Central Treasurer ensure all documentation is present when checks are written to vendors or to individuals requesting reimbursements.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 23, 2017