



**EXTRACLASSROOM ACTIVITY FUNDS
MANAGEMENT COMMENT LETTER**

Board of Education
South Seneca Central School District
Ovid, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of South Seneca 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 27, 2017 on the financial statements of the Extraclassroom Activity Funds of South Seneca Central School District.

OTHER MATTERS

Current Year Finding

Sales Tax

Finding:

During our current year audit, applicable sales tax was not paid on 1 of 10 disbursements examined.

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Recommendation:

We recommend Student Treasurers and Advisors be aware of transactions subject to sales tax, as required by New York State tax law.

Current and Prior Year Findings

Inactive Clubs

Finding:

During our current year audit, 7 clubs were financially inactive. During our prior year audit, 4 clubs were financially inactive.

Recommendation:

We recommend clubs be reviewed by Faculty Advisors annually and either dissolved or re-activated in accordance with Board policy.

Student Activity Interest Account

Finding:

During our current year audit, the Student Activity Interest account had a \$(2) overdrawn balance at year end compared to a \$(3) overdrawn balance at the end of the prior year. The Student Activity Interest account was created to record interest earned on deposits for all activities.

Recommendation:

We recommend interest income be reconciled monthly, and only available funds transferred in accordance with School District policy.

Cash Receipts - Profit and Loss Statement

Finding:

During our current year audit, 1 of 3 fundraiser receipts examined lacked a completed Profit and Loss Statement. During our prior year audit, 5 of 6 fundraisers examined lacked completed Profit and Loss Statements.

Recommendation:

Profit and Loss Statements not only constitute good accounting procedures; but also afford excellent instructional opportunities. We recommend Profit and Loss Statements be prepared to enable those collecting money to create a complete report and verify funds submitted to the Central Treasurer. These statements can be used to analyze the success of the fundraisers.

Cash Receipts - Authorized Signatures

1 of 10 receipts examined lacked the Student Treasurer signature. In our prior year audit, 2 of 10 receipts lacked the Student Treasurer signature.

Recommendation:

We recommend Advisors and the Central Treasurer be vigilant in making sure all documentation is signed by proper individuals.

Cash Receipts - Supporting Documentation

Finding:

During our current year audit, 1 of 10 receipts examined lacked supporting documentation.

Recommendation:

We recommend Club Treasurers verify proper supporting documentation is attached to each receipt. The Central Treasurer should confirm all receipts are properly supported before depositing funds.

Prior Year Findings Resolved

Cash Disbursements - Authorized Signatures

Finding:

During our prior year audit, 2 of 10 disbursements were missing student signatures authorizing the transaction.

Current Year Status:

We are pleased to note, of the 10 disbursements examined in the current year, all had authorizing signatures.

Cash Receipts - Timely Deposits

Finding:

During our prior year audit, we could not determine the timeliness of submission and deposit of 2 receipts tested.

Current Year Status:

All receipts examined during our current year audit were submitted and deposited timely.

Cash Disbursements - Supporting Documentation

Finding:

During our prior year audit, 1 of 10 disbursements examined lacked supporting documentation.

Current Year Status:

All disbursements selected for examination were adequately supported.

Class of 2014

Finding:

During our prior year audit, the Class of 2014 had funds remaining in the account at year end.

Current Year Status:

We are pleased to note, classes graduating prior to 2017 had no balances at year end.

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 senior management, the Audit Committee, the Board of Education, 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.

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 27, 2017