

EXTRACLASSROOM ACTIVITY FUNDS
MANAGEMENT COMMENT LETTER

Board of Education
Deposit Central School District
Deposit, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Deposit 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 October 2, 2017 on the financial statements of the Extraclassroom Activity Funds of the Deposit Central School District.

OTHER MATTERS

Current Year Finding

Cash Receipts - Supporting Documentation

Finding:

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

Recommendation:

We recommend Student Treasurers maintain supporting documentation for each deposit and submit required documentation to the Central Treasurer. In accordance with "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds - Finance Pamphlet 2," we recommend supporting documentation include a description of the source of funds, number of items sold, number of items in ending inventory, price per item, whether the sale was subject to sales tax and amount of sales tax collected.

Timely Deposits

Finding:

During our current year audit, 2 of 10 receipts examined was not timely received by the Central Treasurer. Additionally, we were unable to determine whether one receipt was received timely due to inadequate supporting documentation.

Recommendation:

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

Sales Tax

Finding:

During our current audit, 1 of 7 disbursements examined did not pay applicable sales tax.

Recommendation:

We recommend Faculty Advisors and Student Treasurers be aware of when sales tax should be paid. Clubs must pay sales tax when purchasing goods for their own consumption.

Prior Year Finding Resolved

Cash Disbursement - Supporting Documentation

Finding:

In our prior year audit, 1 of 10 disbursements examined lacked a supporting invoice.

Current Status:

We are pleased to report all 10 disbursement examined were supported with adequate 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 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
October 2, 2017