



EXTRACLASSROOM ACTIVITY FUNDS MANAGEMENT COMMENT LETTER

Board of Education
Newark Valley Central School District
Newark Valley, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Newark Valley Central School District (the School District) as of and for the year ended June 30, 2020, 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. 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 12, 2020 on the financial statements of the Extraclassroom Activity Funds of Newark Valley Central School District.

OTHER MATTERS

Current Year Finding

Cash Receipts -Timely Deposits

Finding:

During our current year audit, 1 of 10 receipts examined was not deposited timely from the Student Officer to the Central Treasurer.

Recommendation:

We recommend deposits be made with the Central Treasurer within 3 to 5 business days as funds are collected.

Current and Prior Year Findings

Cash Receipts - Profit and Loss Statement

Finding:

During our current year audit, 3 of 6 receipts examined related to fundraisers did not have a completed profit and loss statement. During our prior year audit 4 of 5 receipts did not have an applicable profit and loss statement.

Recommendation:

We recommend profit and loss statements be completed for all fundraisers.

Prior Year Findings Resolved

Cash Disbursements - Sales Tax

Prior Year Finding:

During our prior year audit, 1 of 3 disbursements examined did not pay applicable sales tax.

Resolution:

Sales tax was paid on all applicable disbursements.

Cash Receipts - Sales Tax

Prior Year Finding:

During our prior year audit, 1 of 3 disbursements examined did collect and remit applicable sales tax.

Resolution:

Sales tax was collected and remitted on all applicable receipts.

DISCUSSION ITEM

COVID-19

As a result of the remote learning environment mandated due to COVID-19, it appears the School District's Extraclassroom Activity Funds were not maintained in accordance with Board-approved policies and procedures. In addition to the findings above, we noted 3 of 10 cash receipts were not deposited timely with the Central Treasurer, and 1 of 6 receipts did not have a completed profit and loss statement as a result of the school closure due to COVID-19.

It is reasonable that controls and procedures were not developed to ensure all club activity was properly tracked and approved by the students due to the unprecedented nature of this school closing. However, we recommend the School District examine its Extraclassroom Activity Funds policies and procedures to ensure the students properly approve and track club activities in the event of future school building closures.

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 "Inero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 12, 2020