

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

FINANCIAL REPORT

For Year Ended June 30, 2020

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
North Rose-Wolcott Central School District, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the North Rose-Wolcott Central School District for the year ended June 30, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Internal accounting controls are limited over the cash receipts from the point of collection to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the basis for qualified opinion paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of North Rose-Wolcott Central School District for the year ended June 30, 2020, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
January 6, 2021

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2020

<u>High School:</u>	<u>Cash Balance</u> <u>July 01, 2019</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2020</u>
Class of 2019	386	91	360	117
Class of 2020	2,670	5,352	3,695	4,327
Class of 2021	6,986	1,821	3,236	5,571
Class of 2022	1,111	3,259	494	3,876
Class of 2023	-	470	1,180	(710)
Activities Account	779	2,417	986	2,210
Art Club	6,324	672	1,233	5,763
AV Club	(276)	200	(30)	(46)
Band Fund	2,527	-	-	2,527
Choir	865	8	-	873
Cougar Cupboard	3,528	205	1,112	2,621
Dramatic Productions	1,390	-	-	1,390
FBLA	331	1,916	1,328	919
Interact Club	354	(180)	-	174
Music Productions	11,792	4,131	5,887	10,036
NHS	690	-	-	690
Outdoor Club	(646)	646	-	-
School Store	3,590	696	1,335	2,951
Science Club	71	41	3	109
Ski Club	1,162	-	-	1,162
Student Athlete Association	5,838	4,047	2,293	7,592
Student Council	7,077	3,026	1,991	8,112
Tax	1,464	1,552	1,668	1,348
Varsity Club	3,702	2,900	3,126	3,476
Yearbook Club	4,629	7,668	7,226	5,071
Total High School	<u>\$ 66,344</u>	<u>\$ 40,938</u>	<u>\$ 37,123</u>	<u>\$ 70,159</u>

<u>Middle School:</u>	Cash Balance <u>July 01, 2019</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Cash Balance <u>June 30, 2020</u>
AV	\$ 2,560	\$ -	\$ -	\$ 2,560
Choir	5,568	200	1,046	4,722
Treasurer's Club	624	146	697	73
Foreign Language	679	-	-	679
Health Club	120	-	-	120
Honor's Trip	1,197	19,749	14,856	6,090
LTD Charitable	980	-	-	980
National Jr. Honor Society	521	925	438	1,008
Student Council	10,046	15,010	12,232	12,824
Tax	1,424	653	1,005	1,072
Wrestling Club	158	-	-	158
Yearbook	6,907	329	1,469	5,767
Total Middle School	<u>\$ 30,784</u>	<u>\$ 37,012</u>	<u>\$ 31,743</u>	<u>\$ 36,053</u>
<u>North Rose Elementary:</u>				
Student Council	<u>\$ 3,698</u>	<u>\$ 872</u>	<u>\$ 1,153</u>	<u>\$ 3,417</u>
GRAND TOTAL	<u><u>\$ 100,826</u></u>	<u><u>\$ 78,822</u></u>	<u><u>\$ 70,019</u></u>	<u><u>\$ 109,629</u></u>

() Denotes red figure.
(See accompanying notes to financial statement)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2020

(Note 1) Accounting Policy:

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the North Rose-Wolcott Central School District. Consequently, the cash balances are included in the financial statements of the School District as part of the Trust and Agency Fund.

The accounts of the Extraclassroom Activity Funds of the North Rose-Wolcott Central School District are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.

(Note 2) Cash and Cash Equivalents:

Cash and cash equivalents is comprised of three checking accounts and one savings account. The balance in these accounts is fully covered by FDIC Insurance or NCUA insurance.

(Note 3) Subsequent Event:

Our examination disclosed receipts and disbursements pertaining to the 2019-20 fiscal year which were not transacted or recorded until the 2020-21 fiscal year as follows:

<u>School</u>	<u>Club</u>	<u>Receipts</u>	<u>Disbursements</u>
High School	Yearbook	\$2,600	\$5,159
High School	Class of 2023	1,242	92
Total		\$3,842	\$5,251

If these amounts were recorded prior to year end the net effect would be a reduction of the total cash balance in the amount of \$1,409. In addition, the Class of 2023 would have a positive cash balance of \$440 at year end.

(Note 4) COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

This outbreak and the continuing effects of the COVID-19 health crisis resulted in limited activities and student involvement in the Extraclassroom activities and transactions from the date of closure to the end of the fiscal year.

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the North Rose-Wolcott Central School District's Extraclassroom Activity Funds for the year ended June 30, 2020. As part of our examination, we made a study and evaluation of the system of internal accounting control to the extent we deemed necessary to render our opinion.

There are inherent limitations in considering the potential effectiveness of any system of internal accounting control. Human errors, mistakes of judgment and misunderstanding of instructions limit the effectiveness of any control system.

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 District'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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

High School:

Prior Year Deficiencies Pending Corrective Action –

Deficit Balances

1. As indicated on the statement of cash receipts and disbursements, the AV Club had deficit cash balance of \$46 at June 30, 2020.
2. The Class of 2023 had a deficit cash balance of \$710 at June 30, 2020, however, as indicated in Note 3 if the unrecorded receipts and disbursements were accrued at year end the cash balance would total \$440 at June 30, 2020.

We recommend the Administration review these activities during this next fiscal year to determine the reasons for the excess of expense over revenue and to develop any corrective action deemed necessary.

(High School) (Prior Year Deficiencies Pending Corrective Action)(Continued)

Receipts

Our examination of receipts revealed one instance in the Varsity Club in which receipts were turned over to the Central Treasurer for deposit several days after the cash was received.

In an effort to maintain accountability and control over receipts, we recommend every effort continue to be made to deposit cash collections on a more timely basis.

Current Year Deficiencies in Internal Control –

Recording Transactions

During our examination, we noted the following regarding recording transactions:

1. In order to avoid untimely deposits, the Central Treasurer collects money from the safe and sometimes deposits it without supporting documentation from the respective club. Since there's no documentation with these deposits, they are recorded as an "unidentified deposit" in the Activity Account. Once documentation is received, the deposits are transferred to the proper club account. As a result, the club cash balances do not always accurately reflect the most current balance.
2. The Varsity Club ending balance on the general ledger is \$4,558, however the ending balance on the Statement of Cash Receipts and Disbursements is \$3,476. In addition, the Yearbook Club ending balance on the general ledger is \$3,989, however, the ending balance on the Statement of Cash Receipts and Disbursements is \$5,071. The difference between the amount recorded on the general ledger compared to the Statement of Cash Receipts and Disbursements is \$1,082 for both clubs.

We recommend the Administration review these items during this next fiscal year and implement the appropriate corrective action.

Middle School:

Prior Year Deficiency Pending Corrective Action –

Profit & Loss Statements

Our examination revealed one instance in the National Junior Honor Society and two instances in the Student Council where the profit and loss statements did not include the required signatures.

We recommend the Student Treasurer together with the Faculty Advisor prepare and sign profit and loss statements at the conclusion of each fund-raising event.

(Middle School) (Continued)

Current Year Deficiency in Internal Control –

Honor’s Trip

During our discussion with the Honor’s Trip Faculty Advisor, we were informed that the club is not preparing profit and loss statements.

In an effort to conform to New York State Guidelines and to promote student involvement, we recommend the Student Treasurer, with the help of the Faculty Advisor, prepare a profit and loss statement at the conclusion of each fundraiser.

Other Item:

The following item is not considered to be a deficiency in internal control, however, we consider it an other item which we would like to communicate to you as follows:

Inactive Clubs –

As indicated on the statement of cash receipts and disbursements, the following clubs were financially inactive during the 2019-2020 fiscal year:

High School

Band Fund
Dramatic Productions
NHS
Ski Club

Middle School

AV Club
Foreign language
Health Club
LTD Charitable Club
Wrestling Club

We recommend the status of these clubs be reviewed. If future financial activity is not anticipated, they should be closed in accordance with the Board of Education policy.

Prior Year Recommendations:

We are pleased to report that the following prior year recommendations have been implemented to our satisfaction:

High School:

1. The Class of 2021 and the Class of 2022 did not have fundraising activities comingled and there were no raffles held during the 2019-20 fiscal year.
2. Varsity Club concession sales examined were properly reconciled and deposited individually.

Middle School:

1. For those items tested sales tax was paid on taxable purchases.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
January 6, 2021