

VICTOR CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

FINANCIAL REPORT

For Year Ended June 30, 2017

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
Statement of Cash Receipts and Disbursements for year ended June 30, 2017	3 - 4
Notes to Financial Statement	5
Auditors' Findings and Evaluation	6 - 8

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Victor Central School District, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Victor Central School District for the year ended June 30, 2017 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 Victor Central School District for the year ended June 30, 2017, 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.

Raymond F. Wager, CPA, PC

October 26, 2017

VICTOR CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds

Statement of Cash Receipts and Disbursements

For Year Ended June 30, 2017

	Cash Balance		Disburse-	Cash Balance
	<u>July 1, 2016</u>	<u>Receipts</u>	<u>ments</u>	<u>June 30, 2017</u>
Class of 2016	\$ 7,553	\$ 1,747	\$ 9,300	\$ -
Class of 2017	6,686	18,714	23,400	2,000
Class of 2018	2,513	25,831	16,284	12,060
Class of 2019	1,743	4,518	1,954	4,307
Class of 2020	-	3,315	461	2,854
Art Club	29	525	391	163
Aquatic	1,518	1,158	2,097	579
Biology Club	826	-	826	-
Business Club	535	56,103	55,165	1,473
Drama Club	15,770	34,503	22,812	27,461
French Club	16,036	36,477	37,266	15,247
Garden Team	-	200	70	130
Global Competency	37	3,547	1,163	2,421
International Club	386	-	25	361
Junior BASH	3,493	10,780	12,567	1,706
Junior High Band	2,427	-	2,427	-
Junior High Musical	15,195	17,073	12,453	19,815
Junior High Store	2,535	403	313	2,625
Junior High Student Council	8,113	13,781	17,160	4,734
Junior High Yearbook	3,970	1,195	2,870	2,295
Key Club	992	12,181	12,400	773
Subtotal	<u>\$ 90,357</u>	<u>\$ 242,051</u>	<u>\$ 231,404</u>	<u>\$ 101,004</u>

	Cash Balance		Disburse-	Cash Balance
	<u>July 1, 2016</u>	<u>Receipts</u>	<u>ments</u>	<u>June 30, 2017</u>
CarryOver Total	\$ 90,357	\$ 242,051	\$ 231,404	\$ 101,004
Manufacturing Systems	1,068	588	1,630	26
Medical Explorers	122	-	37	85
Mentoring Club	2,613	10,400	8,586	4,427
NHS	1,648	1,915	1,262	2,301
Outdoor Activity	234	826	594	466
Sales Tax	-	5,551	5,551	-
SEAS	2,371	17,587	14,982	4,976
Senior BASH	11,920	10,769	22,309	380
Senior Choir	1,018	3,756	3,829	945
Senior High Band	1,273	-	900	373
Senior High Orchestra	15,101	3,772	11,024	7,849
Senior High Student Council	10,466	15,951	21,766	4,651
Spanish Club	404	240	464	180
Tri-M Honor Society	810	1,979	1,361	1,428
Varsity Club	1,553	-	1,553	-
Victor Cares	5,539	17,211	17,740	5,010
Yearbook	8,873	5,369	853	13,389
TOTAL	<u>\$ 155,370</u>	<u>\$ 337,965</u>	<u>\$ 345,845</u>	<u>\$ 147,490</u>

**VICTOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENT**

June 30, 2017

(Note 1) Accounting Policy:

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Victor 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 Victor 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 one checking account. The balance in this account is fully covered by FDIC Insurance.

(Note 3) Related Party Transactions:

The extraclassroom fund did business with a company owned by an employee of the District. During the 2016-17 fiscal year, approximately \$7,300 was spent with this vendor.

(Note 4) Subsequent Events:

Our examination disclosed expenses pertaining to the 2016-17 fiscal year which were not transacted or recorded until the 2017-18 fiscal year as follows:

<u>School</u>	<u>Club</u>	<u>Expenses</u>
Junior High School	Yearbook	\$ 1,347
Total		\$ 1,347

If this amount had been recorded prior to year end, the net effect would have been a reduction of the total cash balance in the amount of \$1,347 at June 30, 2017.

VICTOR CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Victor Central School District's Extraclassroom Activity Funds for the year ended June 30, 2017. 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.

Current Year Deficiencies in Internal Control:

General Accountability –

Our examination revealed that, due to the lack of club minutes, student officers and faculty advisors, the Senior Bash and Junior Bash Clubs did not appear to meet the criteria to be considered an extraclassroom organization according to New York State Finance Pamphlet 2, *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds*

We have been informed that the Administration is currently reviewing these activities.

Profit and Loss Statements/Receipts –

During the course of our examination we noted the following:

1. The profit and loss statements prepared by the Key Club, Mentoring Club, Art Club, and Drama Club did not include a reconciliation of sales.
2. Most profit and loss statements examined were missing the signature of either the Faculty Advisor or the Student Treasurer.

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

(Current Year Deficiencies in Internal Control) (Continued)

Gift Cards –

During the year the Class of 2019 purchased a gift card to use as a prize for a student. This purchase was not supported by club minutes and there was no signed documentation indicating which student received the gift card.

We recommend all gifts and prizes be supported by a signed document from the recipient acknowledging receipt. In addition, purchases of this nature should be approved by a majority of club members and should be documented in the meeting minutes.

Sales Tax –

During the course of our examination we noted the following:

1. There was one instance in the Senior High Student Council where sales tax was not paid on a taxable purchase.
2. There was one instance in the Key Club where sales tax was paid on the purchase of items intended for resale.

We recommend every effort continue to be made to comply with New York State Sales Tax Law regarding the payment of sales tax on those purchases which are not intended for resale.

Raffles –

Our examination revealed that the Senior BASH and the Global Competency Club held raffles during the 2016-17 fiscal year.

We suggest the Administration review the processes used for these activities.

Disbursements –

Our examination revealed the following:

1. There was one instance in the Senior High Student Council, where the payment order was missing one of the three required authorizing signatures.
2. There was one instance in the Drama Club where a purchase was shipped to the Faculty Advisor's home rather than the District.

In an effort to improve internal control, all payment orders should contain each of the three required authorizing signatures as a prerequisite to being processed for payment by the Central Treasurer. In addition, all goods purchased through the extraclassroom account should be shipped directly to the District.

Prior Year Recommendations:

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

1. All clubs were financially active or were closed during the 2016-17 fiscal year.
2. The Musical Club prepared profit and loss statements for each event held during the year.
3. Profit and loss statements were prepared by all the clubs for which fundraisers were examined.

*

*

*

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

Raymond F. Wages, CPA, PC

October 26, 2017