

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

FINANCIAL REPORT

For Year Ended June 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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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, 2021 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, 2021, 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
December 21, 2021

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

For Year Ended June 30, 2021

<u>High School:</u>	<u>Cash Balance</u> <u>July 1, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance</u> <u>June 30, 2021</u>
Class of 2019	\$ 117	\$ -	\$ 117	\$ -
Class of 2020	4,327	500	3,757	1,070
Class of 2021	5,571	4,564	9,404	731
Class of 2022	3,876	2,579	1,837	4,618
Class of 2023	(710)	4,317	2,518	1,089
Class of 2024	-	410	19	391
Activities Account	2,210	318	1,824	704
Art Club	5,763	-	150	5,613
AV Club	(46)	-	-	(46)
Band Fund	2,527	-	-	2,527
Choir	873	-	-	873
Cougar Cupboard	2,621	140	268	2,493
Dramatic Productions	1,390	-	-	1,390
FBLA	919	207	-	1,126
Interact Club	174	-	-	174
Music Productions	10,036	658	5,304	5,390
NHS	690	265	46	909
Outdoor Club	-	4	-	4
School Store	2,951	-	-	2,951
Science Club	109	-	-	109
Ski Club	1,162	-	-	1,162
Student Athlete Association	7,592	135	-	7,727
Student Council	8,112	418	718	7,812
Tax	1,348	1,498	968	1,878
Varsity Club	4,558	80	254	4,384
Yearbook Club	3,990	8,880	14,228	(1,358)
Total High School	<u>\$ 70,160</u>	<u>\$ 24,973</u>	<u>\$ 41,412</u>	<u>\$ 53,721</u>

<u>Middle School:</u>	Cash Balance <u>July 1, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2021</u>
AV	\$ 2,560	\$ -	\$ 2,560	\$ -
Choir	4,722	-	-	4,722
Treasurer's Club	73	54	-	127
Foreign Language	679	-	679	-
Health Club	120	-	120	-
Honor's Trip	6,090	-	960	5,130
LTD Charitable	980	-	980	-
National Jr. Honor Society	1,008	-	930	78
Student Council	12,824	4,497	2,968	14,353
Tax	1,072	-	342	730
Wrestling Club	158	-	158	-
Yearbook	5,767	1,288	465	6,590
Total Middle School	<u>\$ 36,053</u>	<u>\$ 5,839</u>	<u>\$ 10,162</u>	<u>\$ 31,730</u>
<u>North Rose Elementary:</u>				
Student Council	<u>\$ 3,417</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 3,668</u>
GRAND TOTAL	<u><u>\$ 109,630</u></u>	<u><u>\$ 31,063</u></u>	<u><u>\$ 51,574</u></u>	<u><u>\$ 89,119</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, 2021

(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 Custodial 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 balances in these accounts are fully covered by FDIC Insurance or NCUA insurance.

(Note 3) 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.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, limited activities and student involvement in the Extraclassroom activities and transactions have resulted from the date of closure through the end of the 2020-21 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, 2021. 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, 2021.
2. As indicated on the statement of cash receipts and disbursements, the Yearbook Club had a deficit cash balance of \$1,358 at June 30, 2021.

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 three instances in the Yearbook Club, Class of 2024, and Activities Account 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.

Recording Transactions

During our examination, we noted the that 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.

We recommend the Administration reviews this item during this next fiscal year and implement the appropriate corrective action.

Current Year Deficiency in Internal Control –

Profit and Loss Statements

During our examination, we noted two instances where revenues and expenses were not easily traceable from the Profit and Loss Statement to the general ledger.

We recommend the Student Treasurer together with the Faculty Advisor prepare profit and loss statements at the close of each fund-raising event which should be given to the Central Treasurer and be retained for our review at year end.

Middle School:

Current Year Deficiency in Internal Control –

Sales Tax

During the course of our examination, we noted a three instances in which sales tax was not paid on the purchases of t-shirts.

We recommend the District continue to monitor this situation in order to conform with New York State Sales Tax Law.

Elementary School:

Current Year Deficiency in Internal Control –

General Accountability

During our examination a general ledger through the end of the fiscal year was not available for our review. Through examination of the bank statements, we noted the only activity for the elementary school were three deposits from a corporate donor program throughout the fiscal year.

We recommend the Administration reviews this item during this next fiscal year and implement the appropriate corrective action.

Other Items:

The following items are not considered to be deficiencies in internal control, however, we consider them other items 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 2020-2021 fiscal year:

<u>High School</u>		<u>Middle School</u>
AV Club	Interact Club	Choir Club
Band Fund	School Store	
Choir Club	Science Club	
Dramatic Productions	Ski 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.

Related Party –

During the course of our examination we noted that several clubs are conducting business with a company owned by the spouse of the Middle School Central Treasurer.

While we did not note any irregularities, this situation should be monitored to strengthen internal accounting controls.

Prior Year Recommendations:

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

High School:

1. The ending balances for each club on the statement of activities was in agreement with the final general ledger that was provided.

Middle School:

1. There were no fundraisers requiring the preparation of profit and loss statements during the 2020-21 fiscal year.

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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.

Rochester, New York
December 21, 2021

Mengel, Metzger, Baw & Co. LLP