

**LETCHWORTH CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**FINANCIAL REPORT**

**For Year Ended June 30, 2017**

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**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  
Letchworth Central School District, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Letchworth 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 Letchworth 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.



November 14, 2017

LETCHWORTH CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds

Statement of Cash Receipts and Disbursements

For Year Ended June 30, 2017

	<u>Cash Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2017</u>
Class of 2017	\$ 3,909	\$ 52,427	\$ 55,933	\$ 403
Class of 2018	3,091	10,544	6,413	7,222
C.F.A.	374	-	17	357
Drama Club	7,564	9,592	7,555	9,601
F.F.A.	12,006	24,646	21,534	15,118
Foreign Language Club	58,977	33,011	37,916	54,072
Legend - Yearbook	1,687	7,326	7,826	1,187
Music Dept. (Band Fund)	4,687	28,691	30,260	3,118
National Honor Society Jr.	1,016	2,900	1,801	2,115
National Honor Society Sr.	629	514	342	801
Petty Cash	200	-	-	200
Prom Account	2,335	6,085	6,422	1,998
Sales Tax	1,799	5,686	6,748	737
Snow Ball Express	-	2,994	2,994	-
Student Council MS	105	4,662	3,951	816
Student Council HS	1,806	2,459	3,538	727
Varsity Club	8,889	14,129	13,009	10,009
Whale Watch	1,618	70,111	69,812	1,917
<b>TOTAL</b>	<u>\$ 110,692</u>	<u>\$ 275,777</u>	<u>\$ 276,071</u>	<u>\$ 110,398</u>

(See accompanying notes to financial statement)

**LETCHWORTH 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 Letchworth 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 Letchworth 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.

# LETCHWORTH CENTRAL SCHOOL DISTRICT

## EXTRACLASSROOM ACTIVITY FUNDS

### AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Letchworth 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.

#### **Prior Year Deficiencies Pending Corrective Action:**

##### **Profit and Loss Statements –**

Our examination revealed that an apparel/merchandise sale held by the Varsity Club incurred a loss of \$19 as compared to an \$186 loss in the prior year.

We recommend the Administration review this situation and develop the necessary corrective action during this next fiscal year.

##### **Fundraiser Approval –**

During the course of our examination we noted one instance in the Class of 2017 and one instance in the Drama Club where a fundraising approval form was submitted for approval after the commencement of the event.

We recommend the Administration review this item and develop the appropriate corrective action during this next fiscal year.

**(Prior Year Deficiencies Pending Corrective Action) (Continued)**

**Student Participation -**

During the course of our examination, we noted the Drama Club Student Treasurer was not involved with the preparation of a profit and loss statement.

According to New York State guidelines, the Student Treasurer should be responsible for counting cash and preparing profit and loss statements. The Faculty Advisor would act in an oversight capacity regarding financial transactions for the club. We recommend student participation be maximized whenever possible.

**Profit and Loss Statements -**

We were unable to trace one item listed on the Class of 2017's profit and loss statement to the general ledger detail.

In an effort to enhance internal accounting controls over fund-raising activities, we recommend items included on the profit and loss statement match the associated financial activity on the general ledger maintained by the Central Treasurer.

**Prior Year Recommendations:**

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

1. The Varsity Club Student Treasurer was involved in the counting of cash receipts for fundraisers held.
2. All receipts examined were deposited to the Central Treasurer and the bank in a timely manner.

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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.

*Raymond F. Wager, CPA, PE*

November 14, 2017