

**LETCHWORTH 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
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, 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 Letchworth 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, Baw & Co. LLP

Rochester, New York
December 8, 2021

LETCHWORTH CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2021

	Cash Balance <u>July 01, 2020</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Cash Balance <u>June 30, 2021</u>
Class of 2020	\$ 5,636	\$ -	\$ 5,636	\$ -
Class of 2021	5,168	11,301	13,754	2,715
Class of 2022	-	5,282	779	4,503
SADD	284	-	-	284
Drama Club	2,507	-	200	2,307
F.F.A.	19,462	450	2,432	17,480
Foreign Language Club	36,943	26,388	125	63,206
Legend - Yearbook	2,719	5,221	3,421	4,519
Music Dept. (Band Fund)	12,683	117	167	12,633
National Honor Society Jr.	1,959	-	-	1,959
National Honor Society Sr.	1,249	59	430	878
Petty Cash	200	-	-	200
Prom Account	1,880	4,729	5,552	1,057
Sales Tax	433	1,223	464	1,192
Snow Ball Express	-	10	-	10
Student Council MS	2,611	-	494	2,117
Student Council HS	1,084	2,558	2,424	1,218
Varsity Club	12,680	3,713	4,361	12,032
Whale Watch	7,711	27,657	30,973	4,395
TOTAL	<u>\$ 115,209</u>	<u>\$ 88,708</u>	<u>\$ 71,212</u>	<u>\$ 132,705</u>

(See accompanying notes to financial statement)

LETCHWORTH 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 Letchworth 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 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.

(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.

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, 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.

Current Year Deficiency in Internal Control:

Sales Tax –

During the course of our examination, we noted one instance in the Student Council HS and two instances in the Varsity Club where sales tax was not paid on taxable purchases.

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.

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 SADD Club and the National Honor Society Jr. Club were financially inactive during the 2020-21 fiscal year.

We recommend the status of these clubs be reviewed. If future financial transactions are 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:

1. The Varsity Club did not incur a loss on apparel sales for the 2020-2021 fiscal year.
2. We did not note any change fund established with a Faculty Advisors' personal funds.
3. There were no instances of a change in selling price for items during a fundraiser.

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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
December 8, 2021