

**MEDINA 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  
Medina Central School District, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Medina 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 Medina 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 19, 2021

**MEDINA CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For Year Ended June 30, 2020**

<u>Senior High School:</u>	<u>Cash Balance</u> <u>July 1, 2019</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2020</u>
Class of 2019	\$ 486	\$ 50	\$ 536	\$ -
Class of 2020	3,295	10,106	7,352	6,049
Class of 2021	2,041	589	944	1,686
Class of 2022	1,465	-	52	1,413
Class of 2023	1,864	2,534	1,901	2,497
Class of 2024	-	1,996	253	1,743
AP Fund	15,819	2,048	14,467	3,400
A-V Club	156	280	161	275
AVID	4,384	-	-	4,384
Athletic Council	4,060	1,470	2,903	2,627
Baseball Club	1,843	8,120	4,136	5,827
Boys' Basketball	1,272	-	266	1,006
Boys' Varsity Soccer	265	1,125	1,327	63
Boy's Varsity Swimming	492	982	968	506
Conservation Club	-	180	97	83
Ecology Club	400	100	-	500
Field Hockey	168	90	75	183
FFA	2,200	23,618	24,563	1,255
FFA-Memorial Fund	186	-	-	186
Football Cheerleading	875	1,324	772	1,427
Girls Soccer	48	906	905	49
Girls Basketball	1	-	-	1
L.O.T.E Travel	-	2,045	2,045	-
Medina Football	3,077	9,625	9,048	3,654
Medina Lacrosse Club	1,549	1,350	2,430	469
Medina Swimming	606	2,558	2,695	469
Medina Track Team	556	-	-	556
MHS Acappella Choir	175	125	-	300
Mirror	1,922	4,008	2,210	3,720
Mustang Mission	1,277	2,297	320	3,254
National Honor Society	1,391	2,654	2,291	1,754
PAAC	1,271	12,562	10,263	3,570
Photography Club	2,134	-	-	2,134
SAVI-2	266	2,180	1,899	547
SAVI Life Skills	158	100	73	185
Softball Team	458	44	-	502
Student Association	1,315	16,897	994	17,218
Tech Club	10	440	395	55
Volleyball	22	460	-	482
Washington Trip	100	18,709	13,843	4,966
Wrestling	2,032	1,544	1,656	1,920
<b>Total Senior High School</b>	<b>\$ 59,639</b>	<b>\$ 133,116</b>	<b>\$ 111,840</b>	<b>\$ 80,915</b>

<u>Wise Middle School:</u>	<u>Cash Balance</u> <u>July 1, 2019</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2020</u>
Character Club	\$ 2,233	\$ 259	\$ 35	\$ 2,457
Gettysburg	333	-	-	333
Home and Career	10	2,646	2,279	377
Jr. FFA	581	686	854	413
Literary Club	441	2,690	2,690	441
Musical Program	404	-	-	404
Student Council	5,815	9,764	9,049	6,530
Square 1 Art	397	-	-	397
Technology	836	373	413	796
Whale Watch	1,248	41,614	25,026	17,836
Yearbook Club	5,301	1,567	3,629	3,239
<b>Total Wise Middle School</b>	<b><u>\$ 17,599</u></b>	<b><u>\$ 59,599</u></b>	<b><u>\$ 43,975</u></b>	<b><u>\$ 33,223</u></b>
<u>Oak Orchard Elementary School:</u>				
Activities Account	<b><u>\$ 17,008</u></b>	<b><u>\$ 7,003</u></b>	<b><u>\$ 10,056</u></b>	<b><u>\$ 13,955</u></b>
<b>GRAND TOTAL</b>	<b><u>\$ 94,246</u></b>	<b><u>\$ 199,718</u></b>	<b><u>\$ 165,871</u></b>	<b><u>\$ 128,093</u></b>

(See accompanying notes to financial statement)

**MEDINA 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 Medina 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 Medina 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. The balance in these accounts 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.

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.

**MEDINA CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**AUDITORS' FINDINGS AND EVALUATION**

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

**General Findings:**

**Prior Year Deficiencies Pending Corrective Action –**

**IRS Form 1099**

Our examination revealed that there is no process in any of the buildings for tracking individuals receiving payments in excess of \$600 in a calendar year for appropriately issuing an IRS Form 1099.

We recommend the District implement a process to ensure compliance with IRS regulations pertaining to the issuance of IRS Form 1099 when required.

**Vending Machine**

Our examination revealed that the FFA and the JR FFA clubs did not prepare a formal reconciliation of milk sold to total cash collected on a regular basis.

In an effort to improve accountability and control, we recommend the preparation of a reconciliation of items sold to total cash collected from the vending machine.



## **Senior High School:**

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

#### **AP Fund**

Our examination revealed that the AP Fund does not appear to meet the criteria to be an extraclassroom activity according to New York State Finance Pamphlet No. 2, *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds* due to its lack of student participation and purpose. We commend the District for transferring a portion of the cash balance to other clubs in order to dissolve the account, however, there is a \$3,400 balance at the end of the 2019-20 fiscal year.

We recommend the Administration examine the purpose and the activities performed by this club to determine if it meets the criteria of extraclassroom activity funds.

#### **Disbursements**

During the course of our examination we noted the following items in which expenses were made without the support of club meeting minutes.

1. Athletic Council – guest speaker
2. Athletic Council – weight room equipment
3. SAVI-2 – staff lunch
4. Student Association – Halloween cash prizes

We recommend all payments of this nature be supported by club meeting minutes indicating student authorization.

#### **Class of 2020**

During the course of our examination, we noted the following items:

- The Student Treasurer is not involved in maintaining a separate set of books
- The Student Treasurer is not involved in counting receipts
- Receipts from cookie sales were brought down to the Central Treasurer for deposit once a month.

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

#### **Bank Reconciliations**

The Senior High School monthly bank reconciliations did not appear to be signed and reviewed by an individual independent of the process.

We recommend upon completion, monthly bank reconciliations should be reviewed and signed by an individual independent of the process.

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

**FFA**

During the year, the FFA Club held several different fundraisers at once for citrus, cheese, and knife sales. All deposits were labeled as “citrus” on the ledger, and we were unable to verify the deposits by event. In addition, the knives appear to be taxable, and it does not appear that tax was remitted to New York State based on the gross receipts from the sale.

We recommend these items be reviewed and the appropriate corrective action be implemented during the 2020-21 fiscal year.

**Monthly Vendor Statement**

Our examination of selected disbursement transactions at the Senior High School revealed one instance in the FFA Club in which a payment was made from a monthly vendor statement.

In an effort to improve internal accounting control and avoid duplicate payments, all payment orders should be adequately supported by original vendor invoices or receipts prior to being processed for payment by the Central Treasurer.

**Oak Orchard Elementary School:**

**Prior Year Deficiency Pending Corrective Action –**

**Activities Account**

Our examination revealed that a separate set of books is not being maintained by the Student Treasurer for the Activities Account.

We recommend the Student Treasurer together with the Faculty Advisor maintain a separate set of books to be reconciled with those maintained by the Central Treasurer on a regular basis.

**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 Senior High School AVID Club, Senior High School FFA-Memorial Fund, the Senior High School Girls Basketball Club, the Senior High School Medina Track Team, the Senior High School Photography Club, the Wise Middle School Gettysburg Club, the Wise Middle School Musical Program, and the Wise Middle School Square 1 Art Club were financially inactive during the 2019-20 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. Our examination did not reveal any instances at Oak Orchard Elementary School Store where sales tax was paid on items purchased intended for resale.
2. Profit and loss statements were prepared and available for selected fundraisers.
3. Our examination did not reveal any instances at Oak Orchard Elementary School in which there was no support for a payment.
4. Gift cards that were purchased were supported by documentation signed by the recipients acknowledging receipt.
5. The Boys Varsity Basketball Club did not hold a fundraiser where Superbowl squares were sold during the year under examination.
6. Receipts appeared to be deposited on a timely basis for those transactions examined at the Senior High School.
7. The Elementary Activities Account is now maintaining a separate ledger maintained by the Faculty Advisor and Student Treasurer.

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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, Barz & Co. LLP*

Rochester, New York  
January 19, 2021