

**MEDINA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL REPORT**

For Year Ended June 30, 2019

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, 2019 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, 2019, 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.

Rochester, New York
December 17, 2019

Raymond F. Wager, CPA, PC

MEDINA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2019

Senior High School:	Cash Balance July 1, 2018	Receipts	Disburse- ments	Cash Balance June 30, 2019
Class of 2018	\$ 2	\$ 35	\$ 37	\$ -
Class of 2019	3,542	14,773	17,829	486
Class of 2020	2,428	2,383	1,516	3,295
Class of 2021	1,651	871	481	2,041
Class of 2022	1,040	729	304	1,465
Class of 2023	1,500	2,385	2,021	1,864
AP Fund	11,900	20,434	16,515	15,819
A-V Club	239	53	136	156
AVID	4,406	-	22	4,384
Athletic Council	476	8,204	4,620	4,060
Baseball Club	1,114	12,228	11,499	1,843
Boys' Basketball	-	2,000	728	1,272
Boys' Varsity Soccer	1,322	-	1,057	265
Boy's Varsity Swimming	358	692	558	492
Ecology Club	495	-	95	400
Field Hockey	411	-	243	168
FFA	2,855	28,290	28,945	2,200
FFA-Memorial Fund	1,926	500	2,240	186
Football Cheerleading	46	884	55	875
Girls Soccer	1	1,681	1,634	48
Girls Basketball	1	-	-	1
Medina Football	1,328	7,565	5,816	3,077
Medina Lacrosse Club	43	3,473	1,967	1,549
Medina Swimming	330	2,657	2,381	606
Medina Track Team	245	335	24	556
MHS Acappella Choir	198	669	692	175
Mirror	10,335	6,391	14,804	1,922
Mustang Mission	815	2,667	2,205	1,277
National Honor Society	1,453	2,903	2,965	1,391
PAAC	766	12,464	11,959	1,271
Photography Club	1,974	350	190	2,134
Quebec Trip	-	1,447	1,447	-
SAVI-2	514	1,795	2,043	266
SAVI Life Skills	396	398	636	158
Softball Team	500	-	42	458
Student Association	1,531	981	1,197	1,315
Tech Club	18	-	8	10
Volleyball	22	-	-	22
Washington Trip	25	20,975	20,900	100
Wrestling	1,205	1,151	324	2,032
Total Senior High School	\$ 57,411	\$ 162,363	\$ 160,135	\$ 59,639

<u>Wise Middle School:</u>	<u>Cash Balance</u> <u>July 1, 2018</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2019</u>
Character Club	\$ 2,168	\$ 352	\$ 287	\$ 2,233
Gettysburg	333	-	-	333
Home and Career	13	2,832	2,835	10
Jr. FFA	703	847	969	581
Literary Club	544	2,041	2,144	441
Musical Program	657	-	253	404
Student Council	6,307	23,055	23,547	5,815
Square 1 Art	600	-	203	397
Technology	543	457	164	836
Whale Watch	1,431	39,724	39,907	1,248
Yearbook Club	4,096	3,778	2,573	5,301
Total Wise Middle School	<u>\$ 17,395</u>	<u>\$ 73,086</u>	<u>\$ 72,882</u>	<u>\$ 17,599</u>
<u>Oak Orchard Elementary School:</u>				
Activities Account	<u>\$ 24,328</u>	<u>\$ 10,435</u>	<u>\$ 17,755</u>	<u>\$ 17,008</u>
GRAND TOTAL	<u><u>\$ 99,134</u></u>	<u><u>\$ 245,884</u></u>	<u><u>\$ 250,772</u></u>	<u><u>\$ 94,246</u></u>

(See accompanying notes to financial statement)

MEDINA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2019

(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.

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, 2019. 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 Deficiency Pending Corrective Action –

Profit and Loss Statements

During the course of our examination, we noted the following profit and loss statements were not available for our review:

Senior High School

FFA-Citrus, Cheese, and Knives Sale
Girls' Soccer-Apparel Sale
PAAC-Candy Sale

Wise Middle School

Jr. FFA-Milk Machine Sales
Whale Watch-Save Around the City

Oak Orchard Elementary School

Activities Account – Yearbook

In addition, our examination revealed one instance in the Oak Orchard Elementary School Activities Account where the profit and loss statement prepared for the school store was not signed by the Student Treasurer or the Faculty Advisor.

We recommend profit and loss statements be prepared for all fundraising events, be signed by the Student Treasurer and the Faculty Advisor, and any difference between actual and expected revenues should be explained.

(General Findings) (Continued)

Current Year Deficiencies in Internal Control:

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 Form 1099.

Vending Machine

Our examination revealed that the FFA and the JR FFA clubs did not prepare a formal reconciliation of milk sold to 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.

Supporting Documentation

Our examination of selected disbursement transactions at Wise Middle School revealed two instances in the Student Council and the Whale Watch in which payments were made from monthly vendor statements. In addition, we noted one instance in the Oak Orchard Elementary School Activities Account in which there was no support for a payment.

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.

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. In addition, the balance in the AP Fund has increased approximately \$4,000 from last year, indicating that the District is not utilizing all of the administrative portion of the AP Fund fee reimburse exam and proctor fees paid by the General Fund.

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, or if it should be moved to the District's Trust and Agency Fund.

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

Disbursements

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

1. Athletic Council – reimbursement for medical supplies
2. Football Club – magazine subscription
3. SAVI-2 – Christmas gift shopping
4. Student Council – staff appreciation breakfast

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

Gifts

Our examination revealed that the Class of 2022 purchased several gift cards for which there was no documentation signed by the recipients acknowledging receipt.

We recommend a listing signed by the recipients of all gift cards be maintained to acknowledge receipt.

Student Involvement

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

1. The Softball Club Student Treasurer is not involved in maintaining a separate set of books. In addition, the Student Treasurer is not involved in counting the club's cash receipts.
2. The Class of 2020 Student Treasurer is not involved in maintaining a separate set of books. In addition, the Student Treasurer is not involved in preparing the profit and loss statements.

In an effort to conform to New York State guidelines and to promote student involvement, we recommend the Student Treasurer together with the Faculty Advisor, be directly involved in all financial transactions of the organization. In addition, a separate set of financial records should be maintained which should be compared to those maintained by the Central Treasurer on a monthly basis.

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) (Continued)

Current Year Deficiencies in Internal Control –

Boys Varsity Basketball

Our examination revealed that the Boys Varsity Basketball Club held a fundraiser where Superbowl squares were sold. We learned that the winners were paid in cash with no documentation available for us to review. The remaining cash was held onto for almost a month before being deposited. In addition, New York State Law prohibits anyone under the age of 18 to participate in games of chance.

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

Class of 2019

During our review of the chicken barbecue fund raiser, we noted that the club did not prepare a reconciliation of chickens sold and unsold to the amounts deposited. As a result, there is an unexplained difference between expected sales and the amounts actually deposited.

We recommend a reconciliation be prepared to explain the differences between expected revenue and receipts actually deposited.

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.

We recommend these items be reviewed and the appropriate corrective action be implemented during the 2019-20 fiscal year.

Untimely Deposits

During the course of our examination, we noted one instance with the Class of 2019 chicken barbeque fundraiser, and one instance with the Wrestling Club tournament concession receipts which did not appear to be deposited on a timely basis. In addition, the Class of 2020 is holding onto weekly donut sale receipts and depositing several weeks’ worth at once.

In an effort to improve internal accounting control over receipts, we recommend remitting cash receipts to the Central Treasurer for deposit on a more timely basis

Oak Orchard Elementary School:

Prior Year Deficiency Pending Corrective Action –

Sales Tax – School Store

During the course of our examination, we noted tax is being paid on items purchased for the school store rather than being remitted on gross sales.

We recommend every effort continue to be made to comply with New York State Sales Tax Law.

Current Year Deficiency in Internal Control –

Activities Account

Our examination revealed that a separate set of books is not being maintained 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 Girls Basketball club and the Senior High School Volleyball Club, and the Wise Middle School Gettysburg Club were financially inactive during the 2018-19 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 in the Senior High School in which sales tax was not paid on taxable purchases.
2. Monthly bank reconciliations for Wise Middle School and Oak Orchard Elementary School were reviewed and signed by an individual independent of the process.
3. Our examination did not reveal any instances at Oak Orchard Elementary School in which there were payments to individuals without the support of Club meeting minutes.

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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 17, 2019

Raymond F. Wager, CPA, PC