NORTH ROSE - WOLCOTT 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
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, 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.

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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, 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 2, 2019

Raymond F. Wager, CPA, PC

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NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2019

High School:	**Cash Balance July 1, 2018**	**Receipts**	**Disburse-ments**	**Cash Balance June 30, 2019**
Class of 2017	$ 681	$ -	$ 681	$ -
Class of 2018	2,519	-	2,519	-
Class of 2019	1,645	5,288	6,547	386
Class of 2020	1,756	2,553	1,639	2,670
Class of 2021	642	12,155	5,811	6,986
Class of 2022	-	1,445	334	1,111
Activities Account	1,281	4,318	4,820	779
Art Club	5,942	745	363	6,324
AV Club	86	628	990	(276)
Band Fund	2,527	-	-	2,527
Choir	1,107	153	395	865
Cougar Cupboard	3,377	1,713	1,562	3,528
Dramatic Productions	1,390	-	-	1,390
FBLA	669	683	1,021	331
Interact Club	270	180	96	354
Music Productions	9,798	4,717	2,723	11,792
NHS	1,058	-	368	690
Outdoor Club	235	153	1,034	(646)
School Store	4,155	759	1,324	3,590
Science Club	119	499	547	71
Ski Club	1,162	-	-	1,162
Student Athlete Association	5,229	2,692	2,083	5,838
Student Council	6,807	4,256	3,986	7,077
Tax	1,393	2,193	2,122	1,464
Varsity Club	3,536	2,776	2,610	3,702
Yearbook Club	7,404	13,098	15,873	4,629
Total High School	**$ 64,788**	**$ 61,004**	**$ 59,448**	**$ 66,344**

Middle School:	**Cash Balance July 1, 2018**	**Receipts**	**Disburse-ments**	**Cash Balance June 30, 2019**
AV	$ 2,560	$ -	$ -	$ 2,560
Choir	7,268	3,222	4,922	5,568
Treasurer's Club	703	537	616	624
Foreign Language	679	-	-	679
Health Club	120	-	-	120
Honor's Trip	600	43,867	43,270	1,197
LTD Charitable	980	-	-	980
National Jr. Honor Society	356	2,510	2,345	521
Student Council	14,872	16,046	20,872	10,046
Tax	1,104	1,225	905	1,424
Wrestling Club	158	-	-	158
Yearbook	9,416	1,587	4,096	6,907
Total Middle School	**$ 38,816**	**$ 68,994**	**$ 77,026**	**$ 30,784**
North Rose Elementary:				
Student Council	**$ 6,443**	**$ 924**	**$ 3,669**	**$ 3,698**
GRAND TOTAL	**$ 110,047**	**$ 130,922**	**$ 140,143**	**$ 100,826**

( ) Denotes red figure.
(See accompanying notes to financial statement)

NORTH ROSE - WOLCOTT 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 North Rose-Wolcott 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 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 balance in these accounts is fully covered by FDIC Insurance or NCUA insurance.

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, 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.

High School:

Prior Year Deficiency Pending Corrective Action –

Varsity Club

During the course of our examination, we noted that concession sales for the Varsity Club were not individually deposited from the corresponding athletic event. In addition, one reconciliation for a concession stand deposit differed from the deposit by $66.25.

In an effort to enhance internal controls, we recommend a reconciliation of items sold to the total cash collected be prepared and turned into the Central Treasurer with the cash deposit. In addition, we recommend that concession sales be deposited separately for each athletic event.

(High School) (Continued)

Current Year Deficiencies in Internal Control –

Classes of 2021 and 2022

During the course of our examination we noted the following:

1. As a result of fundraising activities being comingled between the clubs, profit and loss statements could not be easily traced to the general ledger.

2. Amounts deposited with the Central Treasurer did not agree with reconciliations of amounts sold.

3. There was a golf tournament fundraiser where items were raffled off.

We recommend these items be reviewed and the appropriate corrective action be implemented during this next fiscal year.

Deficit Balances

As indicated on the statement of cash receipts and disbursements the AV Club and the Outdoor Club had deficit cash balances of $276 and $646, respectively, at June 30, 2019.

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 the corrective action necessary to eliminate these deficits.

Receipts

Our examination revealed one instance in the Student Council, one instance in the Yearbook Club, one instance in the Class of 2019, and one instance in the Varsity Club 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.

Middle School:

Current Year Deficiencies in Internal Control –

Sales Tax

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

We recommend every effort continue to be made to comply with New York Sales Tax Law regarding the payment of sales tax on the purchase of items not intended for resale.

(Middle School) (Continued)

Profit & Loss Statements

Our examination revealed one instance in the Yearbook Club and two instances in the Honor's Trip Club where the profit and loss statements did not include the required signatures. In addition, the Yearbook Club had a loss of approximately $2,300 on their yearbook sales.

We recommend the Student Treasurer together with the Faculty Advisor prepare and sign profit and loss statements at the close of each fund-raising event. In addition, the Administration should review the Yearbook Club to determine the reasons for the excess of expense over revenue, and to develop a corrective action plan to prevent future losses.

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 following clubs were financially inactive during the 2018-2019 fiscal year:

High School	**Middle School**
Dramatic Productions	LTD Charitable
Ski Club	Wrestling Club
Band Fund	Health Club
	AV Charitable Club
	Foreign Language 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.

Prior Year Recommendations:

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

1. Ticket reconciliations were prepared for the NHS February Dance.

2. The Varsity Club prepared reconciliations of items sold to total cash collected during the 2018-19 fiscal year.

* * *

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 2, 2019

Raymond F. Wager, CPA, P.C.

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

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Robert D. Magin
Assistant Superintendent
for Business and Operations

S.J. Vigliotti, Sr.
Superintendent of Schools

Megan C. Paliotti
Assistant Superintendent
for Instruction and School Improvement

TO: Audit Committee

DATE: 1/6/20

FROM: Robert Magin, Assistant Superintendent for Business and Operations

RE: Extraclassroom Audit for the Year Ending June 30, 2019

The Extraclassroom Activity Funds annual, independent audit report prepared for the Board of Education by Mengel Metzger Barr & Co. LLP was provided to the Board for study. The audit contains statements for the year ending June 30, 2019. The recommendations have been or will be addressed as follows:

High School

- **Prior Year Deficiency Pending Corrective Action-**

Varsity Club

During the course of our examination, we noted that concession sales for the Varsity Club were not individually deposited from the corresponding athletic event. In addition, one reconciliation for a concession stand deposit differed from the deposit by $66.25.

In an effort to enhance internal controls, we recommend a reconciliation of items sold to the total cash collected be prepared and turned into the Central Treasurer with the cash deposit. In addition, we recommend that concession sales be deposited separately for each athletic event.

Going forward, concession sales will be deposited separately for each athletic event.

Advisors will be reminded of items identified on the fundraiser checklist. This includes the importance of congruence between tally sheet counts, deposit slips, and actual deposits (or a statement indicating the reason for a discrepancy) as well as the importance of depositing cash collections in a timely fashion.

For 2019-2020, we have identified funds to pay an experienced advisor to support our other advisors with fundraising matters.

- **Current Year Deficiencies in Internal Control-**

Classes of 2021 and 2022

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

1. As a result of fundraising activities being comingled between the clubs, profit and loss statements could not be easily traced to the general ledger.
2. Amounts deposited with the Central Treasurer did not agree with reconciliations of amounts sold.
3. There was a golf tournament fundraiser where items were raffled off.

We recommend these items be reviewed and the appropriate corrective action be implemented during this next fiscal year.

Going forward, fundraisers will only be approved by administration if there is only one club identified on the fundraising approval form.

Advisors will be reminded of items identified on the fundraiser checklist. This includes the importance of congruence between tally sheet counts, deposit slips, and actual deposits (or a statement indicating the reason for a discrepancy) as well as the importance of depositing cash collections in a timely fashion. Advisors will also be reminded that raffles are not allowed.

For 2019-2020, we have identified funds to pay an experienced advisor to support our other advisors with fundraising matters.

Deficit Balances

As indicated on the statement of cash receipts and disbursements the AV Club and the Outdoor Club had deficit cash balances of $276 and $646, respectively, at June 30, 2019.

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 the corrective action necessary to eliminate these deficits.

Due to the receipt of a check, the Outdoor Club balance is now positive. The A/V Club will fundraise this year to make their account balance positive.

Receipts

Our examination revealed one instance in the Student Council, one instance in the Yearbook Club, one instance in the Class of 2019, and one instance in the Varsity Club 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.

Advisors will be reminded of items identified on the fundraiser checklist. This includes the importance of congruence between tally sheet counts, deposit slips, and actual deposits (or a statement indicating the reason for a discrepancy) as well as the importance of depositing cash collections in a timely fashion. Advisors will also be reminded that raffles are not allowed.

We have established and filled a Deputy Central Treasurer position. This will assist in timeliness of transactions when the Central Treasurer is unavailable.

For 2019-2020, we have identified funds to pay an experienced advisor to support our other advisors with fundraising matters.

Middle School

- **Current Year Deficiencies in Internal Control-**

Sales Tax

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

We recommend every effort continue to be made to comply with New York Sales Tax Law regarding the payment of sales tax on the purchase of items not intended for resale.

The Middle School Principal and Central Treasurer will be sure that all necessary sales tax is collected.

Profit & Loss Statements

Our examination revealed one instance in the Yearbook Club and two instances in the Honor's Trip Club where the profit and loss statements did not include the required signatures. In addition, the Yearbook Club had a loss of approximately $2,300 on their yearbook sales.

We recommend the Student Treasurer together with the Faculty Advisor prepare and sign profit and loss statements at the close of each fund-raising event. In addition, the Administration should review the Yearbook Club to determine the reasons for the excess of expense over revenue, and to develop a corrective action plan to prevent future losses.

The Middle School Central Treasurer has created a check sheet will be used to ensure all appropriate documentation has been submitted by clubs.

Other Item:

- The following item is not considered to be a deficiency in internal control, however, we consider it another item 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 2018-2019 fiscal year:

High School	**Middle School**
Dramatic Productions	LTD Charitable
Ski Club	Wrestling Club
Band Fund	Health Club
	AV Charitable Club
	Foreign Language 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.

The Middle School Principal is recommending to the Board of Education that the five middle school clubs identified above be closed and that the funds in those accounts be contributed to Student Council.