

**CENTRAL SQUARE 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

## **T A B L E   O F   C O N T E N T S**

Independent Auditors' Report	1 – 2
Statement of Cash Receipts and Disbursements for year ended June 30, 2019	3
Notes to Financial Statement	4
Auditors' Findings and Evaluation	5 - 6

# MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Central Square Central School District, New York

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

A handwritten signature in blue ink that reads "Raymond F. Wager, CPA, PC".

Rochester, New York  
December 19, 2019

**CENTRAL SQUARE CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For Year Ended June 30, 2019**

	<b>Cash Balance</b> <b><u>July 1, 2018</u></b>	<b><u>Receipts</u></b>	<b>Disburse-</b> <b><u>ments</u></b>	<b>Cash Balance</b> <b><u>June 30, 2019</u></b>
Class of 2018	\$ 1,292	\$ -	\$ 1,292	\$ -
Class of 2019	7,739	42,435	50,159	15
Class of 2020	11,006	18,167	18,012	11,161
Class of 2021	5,259	6,215	5,408	6,066
Class of 2022	-	6,208	1,996	4,212
High School Change	489	593	563	519
High School FLOCK	-	5,311	4,991	320
High School DECA	5,457	18,120	13,852	9,725
High School Drama Club	10,296	28,085	15,741	22,640
High School Language Club	88	-	88	-
High School National Honor Society	2,195	1,164	985	2,374
High School Science Club	191	297	400	88
High School Ski Club	2,719	7,496	8,718	1,497
High School Student Council	37,316	16,243	13,000	40,559
High School Yearbook	2,585	14,852	16,126	1,311
Middle School 8th Grade Trip	1,617	50,344	42,249	9,712
Middle School Art Club	507	4,410	3,886	1,031
Middle School Drama	3,278	713	587	3,404
Middle School Library	1,259	1,626	1,535	1,350
Middle School Ski Club	1,587	17,799	17,852	1,534
Middle School Spirit Store	2,124	2,688	4,809	3
Middle School Student Council	5,639	772	1,091	5,320
Middle School Yearbook	2,368	5,413	-	7,781
Robotics Club	2,474	5	2,264	215
Show Account	4,860	10,080	3,295	11,645
<b>TOTAL</b>	<b><u>\$ 112,345</u></b>	<b><u>\$ 259,036</u></b>	<b><u>\$ 228,899</u></b>	<b><u>\$ 142,482</u></b>

(See accompanying notes to financial statement)

# CENTRAL SQUARE 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 Central Square 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 Central Square 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)      Subsequent Events:**

Our examination disclosed financial activity related to the 2018-19 fiscal year which was not transacted until the 2019-20 fiscal year as follows:

<u>Activity</u>	<u>Receipts</u>	<u>Disbursements</u>
Class of 2021	\$ 514	\$ -
High School DECA	96	2,134
High School Drama Club	125	8,069
High School Student Council	-	1,371
Middle School 8th Grade Trip	-	7,982
Middle School Yearbook	921	5,515
Show Account	41	1,044
<b>Total</b>	<b><u>\$ 1,697</u></b>	<b><u>\$ 26,115</u></b>

If these amounts had been recorded prior to year end, the effect would have been a decrease of the total cash balance in the amount of \$24,418 at June 30, 2019.

**CENTRAL SQUARE CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**AUDITORS' FINDINGS AND EVALUATION**

We have examined the statement of cash receipts and disbursements of the Central Square 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.

**Prior Year Deficiency Pending Corrective Action:**

**Student Participation –**

Our examination of the Middle School 8<sup>th</sup> Grade Trip revealed that money was collected prior to having an elected Student Treasurer. We also noted that the Club does not maintain a separate set of books.

In an effort to conform to New York State guidelines and to promote student involvement, we recommend the Student Treasurer, with the help of the Faculty Advisor, be directly involved in all financial transactions of the respective organization.

**Current Year Deficiencies in Internal Control:**

**Gift Cards –**

During the course of our examination, we noted three instances in the High School Student Council and one instance in the Class of 2020 in which gift cards were purchased without obtaining receiving signatures from the recipients.

Although the gift cards were supported by meeting minutes indicating approval by Club members, we recommend the Clubs obtain signatures from the individuals receiving the gift cards to acknowledge receipt.

## **(Current Year Deficiencies in Internal Control) (Continued)**

### **Profit and Loss Statements –**

During the course of our examination, we noted that profit and loss statements were not prepared for the Middle School Art Club fall fundraiser and the Middle School Student Council kiss-o-gram fundraiser. We also noted that items included on one profit and loss statement prepared by the Class of 2020, could not be clearly traced to the general ledger.

We recommend the Student Treasurer together with the Faculty Advisor prepare profit and loss statements for each fund-raising activity and that these statements be submitted to the Central Treasurer to be retained for review at year end. In addition, the items appearing on the profit and loss statements should be traceable to the general ledger maintained by the Central Treasurer.

### **Other Items:**

The following items are not considered to be deficiencies in internal control, however, we consider them other items which we would like to communicate to you as follows:

### **Financial Administration –**

The District Treasurer is currently serving as the Central Treasurer for the extraclassroom activity funds. In addition, the District also has a Faculty Auditor who is involved in the oversight of the financial transactions for various clubs.

The District should consider evaluating and reallocating the duties of the Central Treasurer in order to optimize the time available and enhance the resources available to properly administer the extraclassroom activity funds.

### **High School Student Council –**

As indicated on the statement of cash receipts and disbursements, the High School Student Council increased the cash balance from \$37,316 to \$40,559 during the 2018-19 fiscal year. We also noted that the Club has funds earmarked for specific purposes at year end. We encourage the members of this organization to monitor and reduce the cash balance in the future.

### **Prior Year Recommendations:**

The prior year recommendations have been noted above.

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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 19, 2019

