

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

**For Year Ended June 30, 2022**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

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

### *Qualified and Unmodified Opinions*

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the LaFayette Central School District for the year ended June 30, 2022 and the related notes to the financial statement.

### *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 LaFayette Central School District for the year ended June 30, 2022, in accordance with the cash basis of accounting as described in Note 1.

### *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.

### *Emphasis of Matter – 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.

### ***Responsibility of Management for the Statement of Cash Receipts and Disbursements***

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; and for 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 Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
December 21, 2022

**LAFAYETTE CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For Year Ended June 30, 2022**

<b><u>High School:</u></b>	<b><u>Cash Balance</u></b> <b><u>July 01, 2021</u></b>	<b><u>Receipts</u></b>	<b><u>Disburse-</u></b> <b><u>ments</u></b>	<b><u>Cash Balance</u></b> <b><u>June 30, 2022</u></b>
Class of 2020	\$ 162	\$ -	\$ 162	\$ -
Class of 2021	876	-	876	-
Class of 2022	9,292	91	9,378	5
Class of 2023	1,675	12,629	11,220	3,084
Class of 2024	3,684	3,278	2,148	4,814
Class of 2025	2,101	3,505	1,925	3,681
Class of 2026	556	2,610	2,074	1,092
Class of 2027	-	1,582	1,202	380
Big Picture	2,411	2,300	1,444	3,267
Cross Country	1,177	-	150	1,027
Drama	7,730	3,850	2,311	9,269
Garlic Project	1,045	-	-	1,045
Jr. Honor Society	4,171	3,157	2,453	4,875
Music Club	6,258	575	126	6,707
National Honor Society	300	1,965	1,855	410
Native Club	200	679	-	879
Outdoor Ed	2,806	60	-	2,866
Robotics	452	-	-	452
Spanish Club	346	1,352	920	778
Student Council	7,634	4,272	4,998	6,908
Teen Institute	377	46	34	389
V. Basketball	315	332	479	168
Yearbook Account	12,882	16,768	20,253	9,397
<b>Total High School</b>	<b><u>\$ 66,450</u></b>	<b><u>\$ 59,051</u></b>	<b><u>\$ 64,008</u></b>	<b><u>\$ 61,493</u></b>

	<b>Cash Balance</b>		<b>Disburse-</b>	<b>Cash Balance</b>
<b><u>Onondaga Nation School:</u></b>	<b><u>July 01, 2021</u></b>	<b><u>Receipts</u></b>	<b><u>ments</u></b>	<b><u>June 30, 2022</u></b>
Box Tops for Education	\$ 261	\$ -	\$ 226	\$ 35
Bridges	3,030	-	-	3,030
Edu Share	412	-	130	282
Grade K-3	555	-	208	347
Grade 4-5	17	-	-	17
Grade 6-8	6,244	-	785	5,459
Incentive	1,269	-	160	1,109
Yearbook	2,847	1,761	641	3,967
<b>Total Onondaga Nation School</b>	<b><u>\$ 14,635</u></b>	<b><u>\$ 1,761</u></b>	<b><u>\$ 2,150</u></b>	<b><u>\$ 14,246</u></b>
<b><u>Grimsaw Elementary School:</u></b>				
Grade 6	\$ 424	\$ 2,927	\$ 2,510	\$ 841
Council PE	1,838	-	296	1,542
Kids	(552)	-	187	(739)
Play	2,053	-	85	1,968
Student Council	10,158	-	2,027	8,131
Yearbook	(646)	7,269	-	6,623
<b>Total Grimsaw Elementary School</b>	<b><u>\$ 13,275</u></b>	<b><u>\$ 10,196</u></b>	<b><u>\$ 5,105</u></b>	<b><u>\$ 18,366</u></b>
<b>GRAND TOTAL</b>	<b><u><u>\$ 94,360</u></u></b>	<b><u><u>\$ 71,008</u></u></b>	<b><u><u>\$ 71,263</u></u></b>	<b><u><u>\$ 94,105</u></u></b>

(See accompanying notes to financial statement)

**LAFAYETTE CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

**(Note 1)      Accounting Policy:**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the LaFayette 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 LaFayette 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.

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

We have examined the statement of cash receipts and disbursements of the LaFayette Central School District's Extraclassroom Activity Funds for the year ended June 30, 2022. 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 Deficiencies Pending Corrective Action:**

**General Findings –**

**Profit and Loss Statements**

Our examination revealed that profit and loss statements were not being prepared for fundraising activities at Grimshaw Elementary School or Onondaga Nation School. In addition, the profit and loss statements at the High School are not being signed by the Student Treasurer. We also noted that there is no standard document for any of the schools for the profit and loss statement.

We recommend the Student Treasurer together with the Faculty Advisor prepare and sign a profit and loss statement for each fund-raising activity and that these statements be submitted to the Central Treasurer to be retained for our 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.



**(Prior Year Deficiencies Pending Corrective Action) (General Findings) (Continued)**

**Student Involvement**

Our examination revealed that there are multiple accounts at Onondaga Nation School and Grimshaw Elementary School that do not have an appointed Student Treasurer or Faculty Advisor. In addition, there are multiple accounts that should be reviewed to ensure they 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*.

In an effort to comply with New York State guidelines, we recommend a Student Treasurer and Faculty advisor be appointed for all clubs. In addition, we recommend the Administration review all of the activities to ensure if they meet the criteria as an extraclassroom activity account.

**Onondaga Nation School –**

**Disbursements**

Our examination revealed the following:

1. There was one instance in the Grade K-3 Club where the payment order did not have the Faculty Advisor, or Student Treasurer signatures present.
2. There was one instance in the Incentive Club where there was no original supporting documentation or receipt attached to the payment order.

In an effort to improve internal accounting control, all payment orders should be signed by the Student Treasurer, Faculty Advisor and Chief Faculty Advisor and should be adequately supported by original vendor invoices or receipts.

**Grimshaw Elementary School –**

**Deficit Balance**

As indicated on the statements of cash receipts and disbursements the Kids Account had deficit cash balance of \$739 at June 30, 2022.

We recommend the Administration review this situation 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 this deficit.

## **Current Year Deficiencies in Internal Control:**

### **General Findings –**

#### **Deposits**

Our examination revealed one instance in the Class of 2024, one instance in the Class of 2025 and one instance in the Drama Club of untimely deposits at the High School; and one instance in the Grade 6-8 Club and one instance in the Yearbook Club at the Elementary School.

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

#### **Student Ledgers**

Our examination revealed that throughout the Grimshaw Elementary School and the High School separate ledgers are not maintained by the Student Treasurers.

In an effort to conform with New York State guidelines, we recommend Student Treasurers together with Faculty Advisors maintain a separate set of financial records for their organization. In addition, these records should be compared with those maintained by the Central Treasurer on a monthly basis to determine their accuracy.

### **High School –**

#### **Sales Tax**

During the course of our examination, we noted that sales tax is not currently being remitted correctly for fundraisers, dances, concessions, yearbook sales, etc. It was we noted that sales tax was remitted on the profit instead of the gross sales.

According to the New York State Department of Taxation and Finance, extraclassroom activity funds of public schools are not included in the exemption granted to school districts under Section 1116(a) of the tax law. We recommend sales tax be remitted to New York State for any taxable events or items the clubs are selling. In addition, sales tax should be paid on all taxable purchases.

### **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 High School Robotics, the High School Garlic Project, the Onondaga Nation School Bridges, and the Onondaga Nation School Grade 4-5 were financially inactive during the 2021-22 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:

**High School:**

1. The financial statement for the High School agreed with the bank reconciliation at June 30, 2022.
2. The High School Central Treasurer who was also the Faculty Advisor for the Student Council and Drama Clubs is no longer the Central 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, Barw & Co. LLP*

Rochester, New York  
December 21, 2022