

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

For Year Ended June 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
Statement of Cash Receipts and Disbursements for year ended June 30, 2021	3 - 4
Notes to Financial Statement	5
Auditors' Findings and Evaluation	6 - 8

INDEPENDENT AUDITORS' REPORT

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

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, 2021 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 LaFayette Central School District for the year ended June 30, 2021, 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, Baw & Co. LLP

Rochester, New York
December 8, 2021

LAFAYETTE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2021

<u>High School:</u>	<u>Cash Balance</u> <u>July 01, 2020</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2021</u>
Class of 2019	\$ 30	\$ -	\$ 30	\$ -
Class of 2020	2,091	-	1,929	162
Class of 2021	5,305	2,950	7,379	876
Class of 2022	3,384	13,419	7,511	9,292
Class of 2023	1,604	1,862	1,791	1,675
Class of 2024	2,387	2,934	1,637	3,684
Class of 2025	2,838	1,340	2,077	2,101
Class of 2026	-	1,361	805	556
Big Picture	2,581	1,245	1,415	2,411
Cross Country	1,380	-	203	1,177
Drama	7,616	2,548	2,434	7,730
Garlic Project	1,365	-	320	1,045
Jr. Honor Society	4,025	1,439	1,293	4,171
Music Club	6,656	102	500	6,258
National Honor Society	429	40	169	300
Native Club	-	200	-	200
Outdoor Ed	2,701	105	-	2,806
Robotics	726	-	274	452
Spanish Club	271	75	-	346
Student Council	6,240	1,625	231	7,634
Teen Institute	377	-	-	377
V. Basketball	273	895	853	315
Yearbook Account	10,292	9,983	7,393	12,882
Total High School	\$ 62,571	\$ 42,123	\$ 38,244	\$ 66,450

	Cash Balance		Disburse-	Cash Balance
<u>Onondaga Nation School:</u>	<u>July 01, 2020</u>	<u>Receipts</u>	<u>ments</u>	<u>June 30, 2021</u>
Box Tops for Education	\$ 261	\$ -	\$ -	\$ 261
Bridges	3,030	-	-	3,030
Edu Share	412	-	-	412
Grade K-3	1,325	-	770	555
Grade 4-5	17	-	-	17
Grade 6-8	6,244	-	-	6,244
Incentive	1,269	-	-	1,269
Yearbook	3,386	-	539	2,847
Total Onondaga Nation School	<u>\$ 15,944</u>	<u>\$ -</u>	<u>\$ 1,309</u>	<u>\$ 14,635</u>
<u>Grimsaw Elementary School:</u>				
Grade 6	\$ 312	\$ 5,698	\$ 5,586	\$ 424
Council PE	2,052	2,185	2,399	1,838
Kids	(448)	23	127	(552)
Play	2,053	-	-	2,053
Student Council	9,225	2,071	1,138	10,158
Yearbook	(174)	-	472	(646)
Total Grimsaw Elementary School	<u>\$ 13,020</u>	<u>\$ 9,977</u>	<u>\$ 9,722</u>	<u>\$ 13,275</u>
GRAND TOTAL	<u>\$ 91,535</u>	<u>\$ 52,100</u>	<u>\$ 49,275</u>	<u>\$ 94,360</u>

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

LAFAYETTE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENT

June 30, 2021

(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.

(Note 3) Subsequent Events:

Our examination disclosed disbursements pertaining to the 2020-21 fiscal year which were not transacted or recorded until the 2021-22 fiscal year as follows:

<u>School</u>	<u>Club</u>	<u>Amount</u>
High School	Yearbook Account	\$7,000
Onondaga Nation School	Yearbook (ONS)	524
Total		<u><u>\$7,524</u></u>

If these amounts had been recorded prior to year-end, the effect would have resulted in a reduction of the total cash balance in the amount of \$7,524 at June 30, 2021.

(Note 4) 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.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, limited activities and student involvement in the Extraclassroom activities and transactions have resulted from the date of closure through the end of the 2020-21 fiscal year.

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, 2021. 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:

Current Year Deficiencies in Internal Control –

Profit and Loss Statements

Our examination revealed that profit and loss statements were not being prepared for fundraising activities at Grimshaw Elementary School. In addition, the profit and loss statements at the High School are not being signed by the Student Treasurer.

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.

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. There are multiple accounts that appear to not 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 their lack of student participation and purpose.

In an effort to comply with New York State guidelines, we recommend a Student Treasurer and Faculty advisor be appointed for all clubs. We also recommend the Administration review the following activities to determine if they meet the criteria as an extraclassroom activity account: ONS Bridges, ONS Box Tops, ONS Edu Share, ONS Incentive, ONS Yearbook, ONS Grade PreK-3 and ONS Grade 4-5 as well as Grimshaw Elementary Yearbook, PE, Kids/BoxTops, Play.

High School:

Current Year Deficiencies In Internal Control –

Central Treasurer

Our examination revealed that the Central Treasurer also acts as the Faculty Advisor for the Drama Club and the Student Council.

Since this situation provides limited internal accounting control, we recommend the Administration consider appointing a different individual to be the Faculty Advisor of the Drama Club and Student Council.

Financial Statement

On the year to date statement of cash receipts and disbursements prepared by the Central Treasurer, the ending balances total \$67,336, however, the bank reconciliation shows a balance of \$66,450. In addition, the Central Treasurer's Master List (Excel ledger) shows a balance of \$68,227, while the individual club ledgers total \$67,311. It appears there are several clubs in which the beginning balance did not agree with the ending balance from the prior year audit report. In addition, we noted a duplicate receipt of \$495 recorded on the Master List.

We recommend the statement of cash receipts and disbursements be reconciled monthly to the bank statements, and any differences be investigated for proper disposition.

Onondaga Nation School:

Current Year Deficiency In Internal Control –

Disbursements

Our disbursement examination revealed the following:

1. There was one instance in the Incentive Club and one instance in the Grade K-3 Club where the payment order did not have the Faculty Advisor, Central Treasurer, or Student Treasurer signatures present. In addition, there was no line on the ONS payment orders for the Student Treasurer signature.
2. There was one instance in the Grade K-3 Club where no payment order was attached to the supporting documentation.
3. There was one instance in the Grade K-3 Club where there was no original supporting documentation or receipt with 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.

Elementary School:

Current Year Deficiency In Internal Control –

Deficit Balances

As indicated on the statements of cash receipts and disbursements the Yearbook and Kids accounts had deficit cash balances at June 30, 2021.

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.

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 2020-21 fiscal year:

<u>High School</u>	<u>Onondaga Nation School</u>	
Teen Institute	Box Tops for Education	Grade 4-5
	Bridges	Grade 6-8
<u>Elementary School</u>	Edu Share	Incentive
Play Club		

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.

*

*

*

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 8, 2021