

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

For Year Ended June 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Holley 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 Holley 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 3, 2021

HOLLEY CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2021

	<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 2020	\$ 661	\$ -	\$ 661	\$ -
Class of 2021	2,856	7,910	10,766	-
Class of 2022	1,614	2,047	1,134	2,527
Class of 2023	246	2,165	1,719	692
Class of 2024	-	188	-	188
6th Grade Club	3,874	-	1,906	1,968
Art Club	496	-	-	496
Cheerleaders' Club	2,263	628	1,860	1,031
Elementary Library Club	427	145	297	275
Elementary Student Council	1,104	3,701	1,652	3,153
Elementary Yearbook	2,159	4,550	1,828	4,881
Hawk Baseball Camp Club	4,479	2,060	-	6,539
Hawk Basketball Camp Club	265	-	-	265
Hawk Football Club	2,960	-	406	2,554
Hawk Soccer Club	952	-	-	952
Hawk Softball Club	275	-	-	275
Hawk Wrestling Club	1,343	-	-	1,343
Hawk Yearbook	906	4,011	-	4,917
High School Student Council	696	2,493	1,624	1,565
Holley Running Club	3,033	2,962	2,746	3,249
Interact Club	433	575	256	752
Lady Hawk Basketball Club	13	-	-	13
Lady Hawk Soccer Club	2,184	1,310	1,507	1,987
Marching Band	903	1,085	1,734	254
Middle School Student Council	1,720	1,070	1,143	1,647
Middle School Yearbook	587	1,499	1,904	182
Multicultural Club	67	-	67	-
Musical Club	2,046	1,355	587	2,814
National Honor Society	2,883	-	534	2,349
National Junior Honor Society	1,497	-	-	1,497
Ski Club	181	-	-	181
Spanish Club	3,531	2,673	3,233	2,971
Technology Club	736	-	-	736
Unified Sports Club	13	-	-	13
Varsity Club	931	506	64	1,373
Vocal Music Club	4,783	157	200	4,740
Volleyball Club	399	607	669	337
Sales Tax Account	8	287	161	134
GSA Club	-	10	-	10
TOTAL	\$ 53,524	\$ 43,994	\$ 38,658	\$ 58,860

(See accompanying notes to financial statement)

HOLLEY 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 Holley 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 Holley 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) 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.

HOLLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Holley 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.

Prior Year Deficiency Pending Corrective Action:

Reconciliations –

During the course of our audit we noted that the Hawk Baseball Camp Club acquired 500 discount cards to sell for \$10, however, the Faculty Advisor indicated that the invoice was paid with personal funds, and accordingly, there is no record of the purchase on the club's ledger. We identified \$2,060 of deposits recorded on the club's ledger for the sale of discount cards, and we were able to examine 259 unsold cards secured in the possession of the Central Treasurer. However, no reconciliation of the sales was prepared, and there is no explanation as to the 35 unaccounted for cards.

We recommend all financial activity be recorded on the respective club's ledger, and that reconciliations of items sold to total cash collected be prepared and be given to the Central Treasurer when receipts are submitted for deposit.

Current Year Deficiencies in Internal Control:

Sales Tax –

During the course of our examination, we noted one instance in the Interact Club and one instance in the Library Club in which sales tax was not paid on taxable purchases.

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

Baseball Club –

Based upon our conversations with the Faculty Advisor, we were informed that the students are not maintaining a separate set of books for the Club, students do not participate in counting cash and preparing deposits, and a profit and loss statement was not prepared for the Club's fundraiser.

In an effort to conform to New York State guidelines and to promote student involvement, we recommend a Student Treasurer, with the help of the Faculty Advisor, be directly involved in all financial transactions of the Club. In addition, a separate set of financial records should be maintained which should be compared with those maintained by the Central Treasurer on a monthly basis. Profit and loss statements should also be prepared for all fundraisers held by the Club.

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 Art Club, the Hawk Basketball Camp Club, the Hawk Soccer Club, the Hawk Softball Club, the Hawk Wrestling Club, the Lady Hawk Basketball Club, the National Junior Honor Society, the Ski Club, the Technology Club and the Unified Sports Club were financially inactive during the 2020-21 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. Sales tax did not appear to have been paid on the purchase of items intended for resale.
2. Club meeting minutes were available to support expenses.
3. Our examination did not reveal any purchases of gift cards.

(Prior Year Recommendations) (Continued)

4. Our examination did not reveal any need for a change fund during the 2020-21 fiscal year.
5. We did not identify any instances where cash receipts were used to pay vendor invoices.

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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, Baw & Co. LLP

Rochester, New York
December 3, 2021