

**HOLLEY 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  
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, 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 Holley 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  
November 26, 2019

*Raymond F. Wager, CPA, PC*

**HOLLEY CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For Year Ended June 30, 2019**

	<u>Cash Balance</u> <u>July 1, 2018</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2019</u>
Class of 2018	\$ 1,013	\$ -	\$ 1,013	\$ -
Class of 2019	3,209	6,986	9,998	197
Class of 2020	1,494	4,570	2,017	4,047
Class of 2021	1,160	2,762	1,951	1,971
Class of 2022	-	1,220	238	982
6th Grade Club	2,550	2,347	2,555	2,342
Art Club	257	245	446	56
Cheerleaders' Club	86	1,751	1,388	449
Elementary Library Club	362	-	-	362
Elementary Student Council	281	4,792	4,113	960
Elementary Yearbook	422	2,811	1,860	1,373
Hawk Baseball Camp Club	2,371	2,823	1,506	3,688
Hawk Basketball Camp Club	408	190	253	345
Hawk Football Club	2,615	1,699	1,184	3,130
Hawk Soccer Club	1,110	175	293	992
Hawk Softball Club	275	-	-	275
Hawk Wrestling Club	440	2,388	1,706	1,122
Hawk Yearbook	2,836	4,641	5,904	1,573
High School Student Council	1,634	6,147	6,868	913
Holley Running Club	2,915	3,302	3,884	2,333
Interact Club	756	300	465	591
Lady Hawk Basketball Club	8	200	195	13
Lady Hawk Soccer Club	1,851	7,150	5,700	3,301
Marching Band	400	921	618	703
Middle School Student Council	2,242	1,126	1,462	1,906
Middle School Yearbook	745	2,058	1,937	866
Multicultural Club	49	18	-	67
Musical Club	13,185	7,190	10,859	9,516
National Honor Society	1,478	1,100	510	2,068
National Junior Honor Society	1,105	392	-	1,497
Ski Club	6	17,030	16,970	66
Spanish Club	1,761	5,420	5,453	1,728
Technology Club	560	176	-	736
Unified Sports Club	127	222	336	13
Varsity Club	901	493	1,000	394
Vocal Music Club	2,126	10,432	7,575	4,983
Volleyball Club	918	706	867	757
Sales Tax Account	508	542	1,050	-
<b>TOTAL</b>	<b>\$ 54,164</b>	<b>\$ 104,325</b>	<b>\$ 102,174</b>	<b>\$ 56,315</b>

(See accompanying notes to financial statement)

**HOLLEY 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 Holley 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 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.

**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, 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 Deficiencies Pending Corrective Action:**

**Sales Tax –**

The District's current practice for handling sales tax, is to pay sales tax on vendor invoices for items intended to be resold. Sales tax is then remitted on the net proceeds. However, the New York State Education Department suggests that a resale certificate should be issued whenever purchasing items to be resold to avoid paying sales tax on the purchase. Instead, sales tax should be remitted on gross receipts.

We recommend the District review these items and implement the corrective action necessary for compliance with New York State Sales Tax Law.

**Club Minutes –**

During the course of our examination, we noted that stipend payments made to individuals for the Musical Club and the Lady Hawk Soccer Club were made without the support of club minutes indicating the amount and name of the individual to be paid. In addition, the Cheerleaders' Club and High School Student Council made donations during the year without meeting minutes indicating approval by a majority of each clubs' members.

We recommend all payments of this nature be supported by club minutes indicating student authorization.

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

**Profit and Loss Statements –**

Our examination revealed the District currently has a standard profit and loss form to be used by all clubs, however, we noted one instance in the 6th Grade Club, one instance in the Musical Club, one instance in the Vocal Music club, and one instance in the Class of 2019 where a profit and loss statement was not prepared at the conclusion of the fundraising event. In addition, there were two instances in the Elementary Student Council where the profit and loss statements prepared were missing the Faculty Advisor and the Student Treasurer signatures.

We recommend profit and loss statements be completed by the Student Treasurer, with the help of the Faculty Advisor, and be signed by both before being given to the Central Treasurer.

**Gift Cards –**

During the year, the Elementary Student Council bought \$100 worth of gift cards, and the Middle School Student Council bought \$500 worth of gift cards. There was no supporting listing of the individuals who received the gift cards or their signature to acknowledge receipt. In addition, the Elementary Student Council did not have club minutes to approve the purchase of the gift cards.

We recommend a listing of all gift card recipients be maintained and be signed by the individuals to acknowledge receipt. In addition, purchases of this nature should be supported by club minutes indicating approval by a majority of the respective club members.

**Disbursements –**

Our disbursements examination revealed one instance in the Lady Hawk Soccer Club where the Faculty Advisor's credit card statement was submitted for reimbursement, with no other supporting documentation or detail indicating the items that were purchased.

We recommend all payments be properly supported by an original vendor invoice or receipt prior to being processed for payment by the Central Treasurer.

**Current Year Deficiencies in Internal Control:**

**Reconciliations –**

Our examination revealed one instance in the Musical Club, one instance in the Ski Club, one instance in the Vocal Music Club, and one instance in the 6<sup>th</sup> Grade Club for which a reconciliation of items sold to total cash collected was not prepared.

We recommend reconciliations of items sold to total cash collected be prepared and be given to the Central Treasurer when receipts are submitted for deposit.

**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:

**Inactive Clubs** –

As indicated on the statement of cash receipts and disbursements, the Elementary Library Club and the Hawk Softball Club were financially inactive during the 2018-19 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.

**NVision** –

The financial activity for the District’s extraclassroom activity funds is maintained on the District’s software, NVision. However, the clubs are set up on the system as expense codes. Prior year club ending balances are input as a budgetary amount, and revenues are input as negative expenses. At any given time, the only way to know a club’s balance is to run an appropriation status report for the club’s “unencumbered balance.”

We recommend all the clubs be changed in NVision to liability accounts. The system would then be able to track revenues and expenses in separate columns and maintain a running balance for each club. In addition, balances would properly roll over to the new fiscal year.

**Prior Year Recommendations:**

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

1. For those items tested, all purchases appeared to be sent to the District.
2. The receipts which were tested appeared to be deposited in a timely manner.
3. For those items tested, sales tax was properly paid on taxable purchases.
4. Donations made by the Elementary Student Council were supported by Club minutes indicating approval by a majority of club members.
5. No gift cards were purchased by the Library Club during the 2018-19 fiscal year.
6. Reimbursements to teachers/PTSA were properly supported by receipts and/or invoices.

\* \* \*

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  
November 26, 2019

