

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

**For Year Ended June 30, 2020**

**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, 2020 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, 2020, 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, Barw & Co. LLP*

Rochester, New York  
December 8, 2020

**HOLLEY CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For Year Ended June 30, 2020**

	<u>Cash Balance</u> <u>July 01, 2019</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2020</u>
Class of 2019	\$ 197	\$ -	\$ 197	\$ -
Class of 2020	4,047	775	4,161	661
Class of 2021	1,971	2,117	1,232	2,856
Class of 2022	982	2,164	1,532	1,614
Class of 2023	-	266	20	246
6th Grade Club	2,342	3,227	1,695	3,874
Art Club	56	440	-	496
Cheerleaders' Club	449	4,178	2,364	2,263
Elementary Library Club	362	65	-	427
Elementary Student Council	960	2,692	2,548	1,104
Elementary Yearbook	1,373	1,186	400	2,159
Hawk Baseball Camp Club	3,688	1,270	479	4,479
Hawk Basketball Camp Club	345	-	80	265
Hawk Football Club	3,130	1,572	1,742	2,960
Hawk Soccer Club	992	-	40	952
Hawk Softball Club	275	-	-	275
Hawk Wrestling Club	1,122	1,259	1,038	1,343
Hawk Yearbook	1,573	4,795	5,462	906
High School Student Council	913	4,704	4,921	696
Holley Running Club	2,333	700	-	3,033
Interact Club	591	282	440	433
Lady Hawk Basketball Club	13	-	-	13
Lady Hawk Soccer Club	3,301	2,459	3,576	2,184
Marching Band	703	200	-	903
Middle School Student Council	1,906	1,065	1,251	1,720
Middle School Yearbook	866	105	384	587
Multicultural Club	67	-	-	67
Musical Club	9,516	1,159	8,629	2,046
National Honor Society	2,068	1,250	435	2,883
National Junior Honor Society	1,497	-	-	1,497
Ski Club	66	22,986	22,871	181
Spanish Club	1,728	3,716	1,913	3,531
Technology Club	736	-	-	736
Unified Sports Club	13	-	-	13
Varsity Club	394	1,118	581	931
Vocal Music Club	4,983	-	200	4,783
Volleyball Club	757	695	1,053	399
Sales Tax Account	-	685	677	8
<b>TOTAL</b>	<b>\$ 56,315</b>	<b>\$ 67,130</b>	<b>\$ 69,921</b>	<b>\$ 53,524</b>

(See accompanying notes to financial statement)

**HOLLEY CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENT**

**June 30, 2020**

**(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.

**(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.

This outbreak and the continuing effects of the COVID-19 health crisis resulted in limited activities and student involvement in the Extraclassroom activities and transactions from the date of closure to the end of the 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, 2020. 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 five instances where student minutes were not available to support expenses (High School Student Council – staff appreciation, Elementary School Student Council – teacher appreciation, Interact Club – gift cards, Musical Club – Stipends, and Hawk Football Club – lights rental)

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

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

**Gift Cards** –

During the year, the Interact Club bought \$200 worth of gift cards. There was no supporting listing of the individuals who received the gift cards or their signature to acknowledge receipt.

We recommend a listing of all gift card recipients be maintained and be signed by the individuals to acknowledge receipt.

**Reconciliations** –

Our examination revealed the following regarding reconciliations of items sold to items purchased:

1. The High School Student Council purchased 53 t-shirts to sell for \$5 each. However, we only noted \$50 deposited for t-shirt sales with no explanation for the variance of \$215.
2. The Hawk Baseball Camp Club purchased 500 discount cards to sell for \$10. We only noted \$1,270 deposited for discount cards with no explanation for the variance of \$3,730. In addition, unsold discount cards, if any, were not returned to the Central Treasurer.

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.

**Current Year Deficiencies in Internal Control:**

**Middle School Yearbook** –

During our review of the Middle School Yearbook, we identified a check for \$350 issued to the Advisor for start up change. We were unable to see this amount re-deposited into the bank at year end.

We recommend the District follow up with the Advisor regarding the status of this change fund.

**Cash Payments** –

We noted the Hawk Football Club held pancake breakfasts through a local restaurant and paid the vendor with cash.

In an effort to improve accountability, we recommend all receipts be deposited in tact and that all expenses be paid by check.



**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 Hawk Softball Club, the Lady Hawk Basketball Club, the Multicultural Club, the National Junior Honor Society, the Technology Club, and the Unified Sports Club were financially inactive during the 2019-20 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. Reimbursements included in our sample appeared to be supported by original copies.
2. The Elementary Library Club was financially active during the 2019-20 fiscal year.
3. The Extraclassroom activity in nVision was modified so that the clubs were set up as liability accounts.
4. Profit and loss statements were completed during the 2019-20 fiscal year.

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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 8, 2020