

PENN YAN CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

FINANCIAL REPORT

For Year Ended June 30, 2017

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Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
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Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Penn Yan Central School District, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Penn Yan Central School District for the year ended June 30, 2017 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 Penn Yan Central School District for the year ended June 30, 2017, 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.

Raymond F. Wager, CPA PC

November 13, 2017

PENN YAN CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds
Statement of Cash Receipts and Disbursements
For Year Ended June 30, 2017

<u>High School:</u>	<u>Cash Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2017</u>
Class of 2014	\$ (65)	\$ 65	\$ -	\$ -
Class of 2016	5,191	-	5,191	-
Class of 2017	6,580	4,335	10,915	-
Class of 2018	6,389	29,695	17,040	19,044
Class of 2019	2,898	849	431	3,316
Class of 2020	-	4,392	1,831	2,561
3-D Living Club	2,214	2,513	2,346	2,381
Art Club	672	-	-	672
Band	1,434	-	414	1,020
Concert Choir	1,907	6,499	6,402	2,004
Drama Club	5,701	22,502	23,274	4,929
PYE Drama Club	9,737	6,261	6,868	9,130
Engineering - PYA	302	500	-	802
FBLA	1,421	507	1,280	648
FFA	13,351	44,201	44,842	12,710
GAA/Varsity Club	23,814	1,721	7,550	17,985
Honor Society	2,182	4,164	4,158	2,188
International Club	805	-	428	377
Media Club	801	700	985	516
Orchestra	931	-	93	838
Outdoor Adventure	-	570	306	264
Pep Club	2,062	-	1,117	945
Sales Tax	798	5,106	5,448	456
Ski Club - PYA	1,488	845	-	2,333
Ski Club - PYE	112	20	22	110
Student Council	23,518	4,453	9,861	18,110
Student Council - PYE	2,712	-	-	2,712
Yearbook	3,171	13,103	11,817	4,457
Yorkers/Debate	188	12,492	12,666	14
Total High School	\$ 120,314	\$ 165,493	\$ 175,285	\$ 110,522
 <u>Middle School:</u>				
PYMS Class of 2016	\$ 1,062	\$ -	\$ 1,062	\$ -
PYMS Class of 2017	-	10,053	8,245	1,808
Drama Club	6,033	7,991	12,532	1,492
NJHS	1,171	659	347	1,483
PYMS Book Club	331	927	1,201	57
Sales Tax	156	555	562	149
Ski Club PYMS	1,353	1,666	54	2,965
Student Council	7,045	3,167	6,645	3,567
Yearbook Club	2,481	3,221	3,178	2,524
Total Middle School	\$ 19,632	\$ 28,239	\$ 33,826	\$ 14,045
GRAND TOTAL	\$ 139,946	\$ 193,732	\$ 209,111	\$ 124,567

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

PENN YAN CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2017

(Note 1) Accounting Policy:

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Penn Yan 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 Penn Yan 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 two checking accounts. The balance in these accounts is fully covered by FDIC Insurance.

(Note 3) Subsequent Event:

Our examination disclosed expenses pertaining to the 2016-2017 fiscal year which were not transacted or recorded until the 2017-2018 fiscal year as follows:

<u>School</u>	<u>Club</u>	<u>Expenses</u>
High School	Yearbook	<u>\$ 3,434</u>

If this amount had been recorded prior to year end, the effect would have been a reduction of the total cash balance in the amount of \$3,434 at June 30, 2017.

PENN YAN CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Penn Yan Central School District's Extraclassroom Activity Funds for the year ended June 30, 2017. 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 Finding:

Profit and Loss Statements

Our examination revealed that profit and loss statements were not prepared for all fundraising events. In addition, those profit and loss which were prepared, were not signed by the Student Treasurer or Faculty Advisor.

We recommend the Student Treasurer together with the Faculty Advisor prepare profit and loss statements for all fund raising events. In addition, these statements should be signed and be submitted to the Central Treasurer to be retained for our review at year end.

High School:

Prior Year Deficiencies Pending Corrective Action –

Purchases

Our examination revealed two instances in the Drama Club where items purchased were shipped to an address other than the District.

We recommend all future purchases be shipped directly to the District.

(High School) (Prior Year Deficiencies Pending Corrective Action) (Continued)

Disbursements

Our examination revealed the following:

1. There was one payment order missing one of the three required authorizing signatures.
2. The Student Council, 3D-Living and Class of 2018 purchased gift cards as prizes and gave cash prizes to students. There was no signed documentation verifying that the students received these items.

We recommend the Administration review these items and implement the appropriate corrective action during this next fiscal year.

Receipts

Our examination revealed two instances in the Drama Club of untimely deposits.

We recommend all receipts be submitted to the Central Treasurer for deposit on a timely basis.

Current Year Deficiencies in Internal Control –

Fund-Raising

Formal reconciliations of sales to cash collected were unavailable for our review for the FFA Chicken BBQ and National Honor Society Chicken BBQ.

We recommend the Student Treasurer, with the help of the Faculty Advisor, prepare a formal reconciliation of items sold to the actual cash collected at the conclusion of the event. In addition, this reconciliation should be submitted in to the Central Treasurer and be retained for our review at year end.

Club Minutes

During the course of our examination, we noted one instance in the Student Council, 3-D Living, Class of 2018, and Concert Choir where gifts, cash prizes, donations and a teacher appreciation breakfast were made, however, club minutes did not specifically identify approval by a majority of club members.

We recommend all payments of this nature be supported by club minutes documenting authorization by a majority of student participants.

Middle School:

Prior Year Deficiencies Pending Corrective Action –

Fund-Raising

A formal reconciliation of sales to cash collected was unavailable for our review for Book Club lollipop sales.

We recommend the Student Treasurer, with the help of the Faculty Advisor, prepare a formal reconciliation of items sold to the actual cash collected at the conclusion of the event. In addition, this reconciliation should be submitted in to the Central Treasurer and be retained for our review at year end.

(Middle School) (Prior Year Deficiencies Pending Corrective Action) (Continued)

Gift Cards/ Prizes

Our examination revealed two instances in the Student Council where gift cards were purchased as prizes. There was no signed documentation verifying that the students received these items.

We recommend all gifts and prizes be supported by a signed document from the recipient acknowledging receipt.

Receipts

Drama Club receipts were not turned into the Central Treasurer for deposit until several weeks after the performances of James and the Giant Peach were held.

We recommend every effort continue to be made to deposit receipts on a more timely basis.

Current Year Deficiencies in Internal Control –

Disbursements

During the course of our examination we noted the following:

1. There were two instances in the Drama Club, and one instance in the National Jr Honor Society in which the payment order was missing the Student Treasurer's signature.
2. There were two instances in the Book Club in which payments were made from a monthly statement.
3. There were two cash advances totaling \$1,025 provided to the Drama Club Faculty Advisor for which no receipts or invoices were given to the Central Treasurer to support the expenditures.

We recommend that all payment orders include the three required signatures prior to payment being made, and that all payments be supported with an original invoice or receipt. In addition, any cash advances should be supported with receipts, and any remaining money should be redeposited into the extraclassroom bank account.

Bank Reconciliation

During our examination we noted that there was a small unreconciled difference throughout the year in the Middle School bank account.

We recommend this situation be reviewed, and any differences be corrected in this next fiscal year.

Ski Club

Our examination revealed that the Ski Club is collecting money from club members to cover the cost of transportation, however, it was not billed for transportation expenses during the 2016-17 fiscal year.

We recommend the club reimburse the students who paid for transportation during the 2016-17 year.

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, and the PYE Student Council were financially inactive during the 2016-17 fiscal year.

We recommend the status of these clubs be reviewed. If future financial activity is not anticipated, they should be closed in accordance with the Board of Education policy.

Prior Year Recommendations:

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

1. The Middle School Drama Club had purchases shipped directly to the District, and had club minutes to support purchases.
2. The Middle School Student Council made deposits in a timely manner.
3. Sales tax was not paid on the purchase of items intended for resale for the Middle School fundraisers.
4. There were no deficit balances as of June 30, 2017.

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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.

Raymond J. Wagon, CPA, PC

November 13, 2017