

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

For Year Ended June 30, 2023



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITORS' REPORT

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

Qualified and Unmodified Opinions

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Naples Central School District for the year ended June 30, 2023 and the related notes to the financial statement.

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 Naples Central School District for the year ended June 30, 2023, in accordance with the cash basis of accounting as described in Note 1.

Basis of Qualified

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.

Emphasis of Matter – 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.

Responsibility of Management for the Statement of Cash Receipts and Disbursements

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; and for 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
November 6, 2023

**NAPLES CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For Year Ended June 30, 2023**

	<u>Cash Balance</u> <u>July 01, 2022</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2023</u>
Class of 2022	\$ 666	\$ -	\$ 666	\$ -
Class of 2023	5,193	17,110	22,073	230
Class of 2024	1,625	6,884	2,707	5,802
Class of 2025	4,144	2,132	799	5,477
Class of 2026	1,843	3,595	1,540	3,898
Class of 2027	3,137	629	-	3,766
Class of 2028	-	2,012	133	1,879
5th & 6th Grade Band	1,638	2,743	4,497	(116)
Boys Baseball Club	431	4,362	4,705	88
Boys Golf Club	839	-	-	839
CC and More	908	-	-	908
Colorguard	1,139	-	-	1,139
Cross Country Club	2,836	200	672	2,364
Elementary Library Club	4,637	6,174	6,706	4,105
Elementary Student Council	1,228	600	500	1,328
Flying Fajitas Ski Team	1,322	-	-	1,322
French Club	788	-	-	788
Game Club	-	557	46	511
Girls Basketball Club	1,765	-	-	1,765
Girls Softball Club	2,215	-	-	2,215
High School Chorus	3,208	-	495	2,713
High School Library Club	4,936	7,591	6,881	5,646
Indoor Soccer Club	1,927	-	-	1,927
Jr. Robotics Club	1,697	-	-	1,697
Junior Student Government	35	-	-	35
Naples Corner Store	9	-	-	9
Naples Robotics	51,728	1,000	4,839	47,889
NCS Musical	8,638	15,554	15,206	8,986
NCS PBL Club	200	46	46	200
NCS Varsity Swim Club	9,612	4,000	1,669	11,943
News Staff - In and Out	-	2,025	2,025	-
Operation Santa	16,766	14,569	16,787	14,548
P.L.A.N.T. Club	800	-	-	800
Popcorn Sales Club	136	-	-	136
Rotary Interact Club	-	1,054	957	97
Sales Tax Holding Account	163	1,815	1,740	238
Ski Club	320	-	-	320
Spanish Club	899	-	-	899
Student Council	17,616	6,079	1,940	21,755
Trap Shooting Club/Team	6,431	6,800	8,684	4,547
Triumphant in 2021 and Beyond	439	-	-	439
Yearbook	8,841	5,967	7,341	7,467
TOTAL	<u>\$ 170,755</u>	<u>\$ 113,498</u>	<u>\$ 113,654</u>	<u>\$ 170,599</u>

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

NAPLES CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2023

(Note 1) Accounting Policy:

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Naples 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 Naples 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 and one NYCLASS account. The balance in these accounts is fully covered by FDIC Insurance.

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

We have examined the statement of cash receipts and disbursements of the Naples Central School District's Extraclassroom Activity Funds for the year ended June 30, 2023. 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. In particular, cash being handled by numerous students and faculty advisors at various functions provides an atmosphere of limited control over those receipts

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.

Current Year Deficiencies in Internal Control:

Deficit Balance

As indicated on the statement of cash receipts and disbursements, the 5th and 6th Grade Band had a deficit balance of \$116 at June 30, 2023.

The Administration has reviewed this item and the Club received a refund check after year end that eliminated the deficit.

IRS 1099-MISC Reporting

During our examination, we noted that there is no procedure in place to monitor payments to vendors exceeding \$600 in the aggregate and to issue IRS Form 1099-MISC.

We recommend the District implement procedures to monitor payments to vendors of \$600 or more and if necessary, to issue IRS Form 1099-MISC.

Student Participation

Our examination revealed that although separate club ledgers were maintained, the ledgers for the Class of 2023 and Operation Santa were prepared by the Faculty Advisors with no student involvement.

We recommend the Student Treasurer together with the Faculty Advisor maintain a separate set of financial records.

(Current Year Deficiencies in Internal Control) (Continued)

Raffle

During the course of our examination, we noted that the Boys Baseball Club conducted a raffle as part of a fundraising event during the 2022-23 fiscal year.

According to Section 186 of the General Municipal Law, only a non-profit charitable organization that has been issued a games of chance identification number from the Racing and Wagering Board is eligible to conduct a raffle. We recommend the Administration review this situation and take the necessary corrective action during the 2023-24 fiscal 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 following clubs were financially inactive during the 2022-23 fiscal year:

Boys Golf Club	Girls Softball Club	Popcorn Sales Club
CC and More	Indoor Soccer Club	Ski Club
Colorguard	Jr. Robotics Club	Spanish Club
Flying Fajitas Ski Team	Junior Student Government	Triumphant in 2021 and Beyond
French Club	Naples Corner Store	
Girls Basketball Club	P.L.A.N.T. 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.

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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
November 6, 2023