

LONG LAKE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITED FINANCIAL STATEMENTS

June 30, 2017

**LONG LAKE CENTRAL SCHOOL DISTRICT  
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**JUNE 30, 2017**

**EXTRACLASSROOM ACTIVITY FUNDS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Long Lake Central School District

We have audited the accompanying financial statements of the Extraclassroom Activity Fund of the Long Lake Central School District, which comprise the statement of assets, liabilities, and fund equity – cash basis as of June 30, 2017, and the related statement of revenues, expenditures, and changes in fund equity – cash basis for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund'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 statements.

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

Insufficient accounting controls are exercised over cash receipts at 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.

LARRY REECE CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

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Qualified Opinion

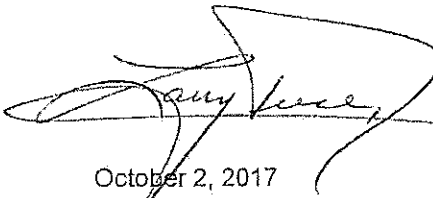
In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund equity – cash basis of the Extraclassroom Activity Fund of Long Lake Central School District at June 30, 2017, and its revenues, expenditures, and changes in fund equity – cash basis for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the opinion paragraphs, the information is fairly stated in all material respects in relation to the financial statements as a whole.

 CPA, P.C.  
October 2, 2017  
Potsdam, New York

LONG LAKE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2017

<u>Assets</u>	
Cash	<u>\$ 6,168</u>
Total Assets	<u><u>\$ 6,168</u></u>
Fund Equity	
Assigned	<u>\$ 6,168</u>
Total Liabilities and Fund Equity	<u><u>\$ 6,168</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND EQUITY - CASH BASIS**  
**For the Year Ended June 30, 2017**

Revenues	
Charges for Services, Sale of Property, and Miscellaneous	\$ 8,047
Total Revenues	<u>\$ 8,047</u>
Expenditures	
Instruction - Club Activities	\$ 8,852
Total Expenditures	<u>\$ 8,852</u>
(Excess) Expenditures Over Revenues	\$ (805)
Fund Equity, Beginning of year	<u>6,973</u>
Fund Equity, End of year	<u><u>\$ 6,168</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

LONG LAKE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Operations*

The transactions of the Extraclassroom Activity Fund are considered part of the reporting entity of Long Lake Central School District.

The Board of Education makes rules and regulations for the conduct, operation, and maintenance of the Extraclassroom Activity Fund and for the safeguarding, accounting, and auditing of all monies received and derived therefrom.

*Basis of Accounting*

The books and records of the School District's Extraclassroom Activity Fund are maintained on the cash basis of accounting, which is another comprehensive basis of accounting. Under this basis of accounting, revenues are recognized when cash is received, and expenditures are recognized when cash is disbursed.

*Cash and Cash Equivalents*

The Fund's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

NOTE 2 – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2017, the School District's Extraclassroom total bank balances of \$ 6,168 were included in the third party collateral arrangement with Wilmington Trust.

LONG LAKE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND  
DISBURSEMENTS - CASH BASIS

For the Year Ended June 30, 2017

<u>Activities</u>	Cash and Fund Equity <u>7/1/16</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Cash and Fund Equity <u>6/30/17</u>
Allocated Interest	\$ -	\$ 0	\$ 0	\$ -
Electrathon Club	1,287	2,641	3,107	821
Sales Tax	117	181	139	159
Student Council	2,506	2,961	3,587	1,880
Yearbook Club	3,062	2,264	2,018	3,308
TOTAL	\$ <u>6,972</u>	\$ <u>8,047</u>	\$ <u>8,851</u>	\$ <u>6,168</u>



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## Extraclassroom Activity Fund Required Communication with Board of Education

Board of Education  
Long Lake Central School District

We have audited the financial statements of the Extraclassroom Activity Funds of Long Lake Central School District (the funds) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Extraclassroom Activity Funds of Long Lake Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Funds during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during the audit.

LARRY REECE, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 2, 2017.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

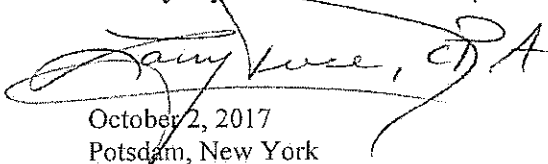
*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education, Administration of Long Lake Central School District, and the New York State Education Department, and is not intended to be and should not be used by anyone other than these specified parties.

  
October 2, 2017  
Potsdam, New York

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## Extraclassroom Activity Fund Required Communication of Areas in Need of Improvement

Board of Education  
Long Lake Central School District

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Long Lake Central School District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Extraclassroom Activity Funds of Long Lake Central School District's (the funds) internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control.

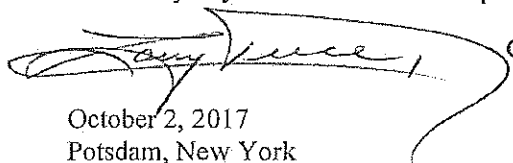
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the attached schedule, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Funds' internal control to be significant deficiencies.

The significant deficiencies and other matters are identified and described in the attached schedule of findings and recommendations.

This communication is intended solely for the use of management, the Board of Education, the New York State Education Department, and the New York State Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

 LARRY REECE, CPA, P.C.  
October 2, 2017  
Potsdam, New York

LARRY REECE, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

LONG LAKE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2017

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I. Significant Deficiency

1. See Status of Prior Year Findings and Recommendations

II. Other Matters

None noted.

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LONG LAKE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2017

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Prior Year Extraclassroom Findings

I. Material Weaknesses

None noted.

II. Significant Deficiency

1. Reconciliation of Cash

Our audit of the Extraclassroom fund determined that insufficient accounting controls exist over cash collection, deposits, and reconciliations. The same individual makes out the deposit slip, makes the deposit, and performs the reconciliation of cash per the bank to cash per the books

This was noted again during this year's audit, but more review by students and faculty advisors has occurred. This has helped to ameliorate the risk of material misstatement of the financial statements.

2. Insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the central treasurer.

This was noted again during this year's audit. This year more emphasis on ethics and attention to possible fraud was noticed.

III. Other Matters

None noted.

IV. Status – Noted Again During Current Year Audit

