

CORTLAND ENLARGED CITY 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
Cortland Enlarged City 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 Cortland Enlarged City 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 Cortland Enlarged City School District for the year ended June 30, 2023, in accordance with the cash basis of accounting as described in Note 1.

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.

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
December 15, 2023

CORTLAND ENLARGED CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For Year Ended June 30, 2023

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2023
Class of 2022	\$ 9,783	\$ 80	\$ 9,863	\$ -
Class of 2023	15,655	53,849	67,127	2,377
Class of 2024	6,885	5,120	1,001	11,004
Class of 2025	9,039	22,571	20,037	11,573
Class of 2026	500	2,772	1,832	1,440
Class of 2027	-	500	-	500
Class of 2028	-	500	-	500
Chorus	3,399	-	98	3,301
CO-HI-AN	6,586	6,102	1,155	11,533
Cortland Theater	7,935	6,980	6,377	8,538
French Club	1,053	1,108	-	2,161
Helping Hands	8,540	3,394	2,522	9,412
International Club	421	-	-	421
Jr. High Band	6,112	9,649	13,455	2,306
Jr. High Interservice	1,473	2,300	2,020	1,753
Jr. High Music	3,264	850	3,662	452
Jr. High Orchestra	78	-	78	-
Jr. High Team #1	853	1,980	2,833	-
Jr. High Team #2	2,976	3,255	3,642	2,589
Jr. High Team #3	686	2,304	2,990	-
Jr. High Team #4	264	-	200	64
Link Crew	290	-	-	290
National Honor Society	3,418	-	129	3,289
Pay It Forward	1,684	3,950	1,440	4,194
Photo Club	747	-	-	747
Relay for Life Club	1,193	-	-	1,193
S.A.D.D.	252	-	-	252
Science Honor Society	1,300	2,383	1,709	1,974
Sr. High Band	223	8,831	8,291	763
Sr. High Orchestra	4,269	77	-	4,346
Student Council	3,401	24,802	23,961	4,242
Student Senate	3,650	25,565	21,697	7,518
Technology Club	665	1,527	-	2,192
Tri-M	132	33	105	60
Video Club	8,243	12	-	8,255
TOTAL	\$ 114,969	\$ 190,494	\$ 196,224	\$ 109,239

(See accompanying notes to financial statement)

CORTLAND ENLARGED CITY 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 Cortland Enlarged City 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 Cortland Enlarged City 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 certificate of deposit. The balance in these accounts is fully covered by FDIC Insurance.

CORTLAND ENLARGED CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of Cortland Enlarged City 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.

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:

The following general audit findings were noted in previous fiscal year audits, and were not addressed during the 2022-23 fiscal year:

1. There still appears to be a lack of student involvement in preparing the profit and loss statements. In all instances we examined, the profit and loss statements prepared lacked the signature of the Student Treasurer.
2. Sales tax is not being collected and remitted on taxable fundraisers.
3. There is no process in place to ensure individuals receiving payments in excess of \$600 in a calendar year are appropriately issued an IRS Form 1099, when required.
4. There is no formal approval process in place for fundraising activities.
5. There is no formal process in place for clubs to reconcile their books with those maintained by the Central Treasurer.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

6. Receipts are not prenumbered.
7. We noted two instances in which payment orders were missing the Student Treasurer's signature.
8. There were two instances in which student meeting minutes approving the purchase of gift cards were unavailable for our review.

We recommend the District should continue to review the guidelines issued by the New York State Education Department and implement operating procedures to ensure that future financial activities of the clubs are handled consistently, and an adequate system of internal control is in place.

Current Year Deficiencies in Internal Control:

Raffles –

During the course of our examination, we noted that three raffles were held during the 2022-23 school year.

We recommend the Administration review this item to determine if it is in accordance with District guidelines as well as the Laws of New York State, and develop the necessary corrective action during the 2023-24 fiscal year.

Profit and Loss Statements –

During the course of our examination, we noted two instances in which profit and loss statements were not prepared by clubs involved with fundraising activities.

We recommend the Student Treasurer together with the Faculty Advisor prepare profit and loss statements at the close of each fundraising event which should be given to the Central Treasurer and be retained for our review at yearend.

Disbursements –

During our disbursements examination, we noted one instance in the Class of 2023 in which an invoice was unable to be provided to support the payment.

We recommend all expenses be supported with a payment order and original supporting documentation to support the expense.

Receiving Signatures –

Our examination revealed one instance in the Class of 2023 and one instance in the Helping Hands Club in which gift cards were given out to individuals. There was no documentation showing receiving signatures of those who received them.

We recommend documentation containing signatures be maintained to accurately track who has received gift cards.

Other Item:

The following item is not considered to be a deficiency in internal control; however, we consider it an 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 International Club, the Link Crew, the Photo Club, the Relay for Life, and the S.A.D.D. Club were financially inactive during 2022-23 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 that the following prior year recommendations have been implemented to our satisfaction:

1. The Administration is now reviewing the financial records throughout the year.
2. The Class of 2023 Faculty Advisor maintained the books with the assistance of the Student Treasurer.
3. The certificate of deposit statement was available for our review.

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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 15, 2023