

**CORTLAND ENLARGED CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL REPORT**

For Year Ended June 30, 2024



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, 2024 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, 2024, 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.

Mangel, Metzger, Barr & Co. LLP

Rochester, New York
January 10, 2025

CORTLAND ENLARGED CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For Year Ended June 30, 2024

	Cash Balance			Cash Balance
	July 1, 2023	Receipts	Disbursements	June 30, 2024
Class of 2023	\$ 2,377	\$ -	\$ -	\$ 2,377
Class of 2024	11,004	73,495	83,152	1,347
Class of 2025	11,573	2,421	357	13,637
Class of 2026	1,440	8,980	2,402	8,018
Class of 2027	500	10,698	6,368	4,830
Class of 2028	500	-	-	500
Art Club	-	79	-	79
Chorus	3,301	5,572	6,921	1,952
CO-HI-AN	11,533	2,917	7,462	6,988
Cortland Theater	8,538	9,462	6,972	11,028
eSports Club	-	153	-	153
French Club	2,161	2,270	2,412	2,019
Helping Hands	9,412	7,968	6,902	10,478
History Club	-	13,138	13,786	(648)
International Club	421	-	-	421
Jr. High Band	2,306	6,111	6,793	1,624
Jr. High Interservice	1,753	-	1,023	730
Jr. High Music	452	4,835	3,178	2,109
JH Grade 7	2,589	4,439	4,327	2,701
JH Grade 8	64	7,367	6,936	495
Link Crew	290	-	-	290
Modern Band	-	2,031	200	1,831
National Honor Society	3,289	-	-	3,289
Pay It Forward	4,194	550	3,010	1,734
Photo Club	747	-	-	747
Relay for Life Club	1,193	-	-	1,193
S.A.D.D.	252	977	441	788
Sales Tax Remitted	-	680	-	680
Science Honor Society	1,974	2,782	2,956	1,800
Sr. High Band	763	5,171	5,713	221
Sr. High Orchestra	4,346	-	-	4,346
Student Council	4,242	18,933	18,074	5,101
Student Senate	7,518	19,855	18,805	8,568
Technology Club	2,192	-	1,500	692
Tri-M	60	1	-	61
Video Club	8,255	300	470	8,085
TOTAL	<u>\$ 109,239</u>	<u>\$ 211,185</u>	<u>\$ 210,160</u>	<u>\$ 110,264</u>

() Denotes red figure

(See accompanying notes to financial statement)

CORTLAND ENLARGED CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2024

(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, 2024. 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 2023-24 fiscal year:

1. Sales tax is not being collected and remitted on taxable fundraisers.
2. 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.
3. There is no formal approval process in place for fundraising activities.
4. There is no formal process in place for clubs to reconcile their books with those maintained by the Central Treasurer.
5. Receipts are not prenumbered.
6. There was a raffle conducted during the year.

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:

Profit and Loss Statements

During the course of our examination, we noted one instance in the Class of 2026, one instance in the Class of 2027 and one instance in the Class of 2024 where some of the items on the profit and loss statements which were prepared could not be clearly identified on the general ledger.

We recommend the items appearing on the profit and loss statements be traceable to the general ledger maintained by the Central Treasurer.

Bank Reconciliation

During the course of our examination, we were made aware that bank reconciliations are not reviewed by an individual that is independent of preparation.

We recommend the District implement a process for documenting that the bank reconciliation has been reviewed by an individual that is independent of preparation.

Deficit Balance

As indicated on the statement of cash receipts and disbursements the History Club had a deficit cash balance at June 30, 2024.

We recommend the Administration review the activity during this next fiscal year to determine the reason for the excess of expense over revenue and to develop the corrective action necessary to eliminate the deficit.

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, National Honor Society, International Club, Link Crew, Photo Club, Sr. High Orchestra, the Relay for Life Club, Class of 2023, and Class of 2028 were financially inactive during 2023-24 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. Profit and loss statements were signed by Student Treasurers.
2. Payment orders were signed by Student Treasurers.

(Prior Year Recommendations) (Continued)

3. Meeting minutes were available to review.
4. Profit and loss statements were prepared for fundraisers.
5. Receiving signatures for gift card recipients were documented.
6. Invoices were provided to support purchases.

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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, Barr & Co. LLP

Rochester, New York

January 10, 2025