

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

For Year Ended June 30, 2025



TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
Statement of Cash Receipts and Disbursements for year ended June 30, 2025	3
Notes to Financial Statement	4
Auditors' Findings and Evaluation	5 – 7

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, New York (the District) for the year ended June 30, 2025 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 the District for the year ended June 30, 2025, 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, Barr & Co. LLP

Fairport, New York
December 3, 2025

CORTLAND ENLARGED CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For Year Ended June 30, 2025

	Cash Balance			Cash Balance
	<u>July 1, 2024</u>	Receipts	Disbursements	<u>June 30, 2025</u>
Class of 2023	\$ 2,377	\$ -	\$ 2,377	\$ -
Class of 2024	1,347	-	1,347	-
Class of 2025	13,637	32,964	42,810	3,791
Class of 2026	8,018	16,703	5,047	19,674
Class of 2027	4,830	2,990	238	7,582
Class of 2028	500	9,820	6,125	4,195
Art Club	79	-	-	79
Chorus	1,952	3,464	2,881	2,535
CO-HI-AN	6,988	3,323	3,284	7,027
Cortland Theater	11,028	6,144	10,983	6,189
eSports Club	153	-	-	153
French Club	2,019	-	-	2,019
Helping Hands	10,478	2,149	3,756	8,871
History Club	(648)	21,220	20,950	(378)
International Club	421	-	-	421
Jr. High Band	1,624	1,642	1,642	1,624
Jr. High Interservice	730	77	748	59
Jr. High Music	2,109	-	1,481	628
JH Grade 7	2,701	2,834	4,589	946
JH Grade 8	495	-	-	495
Link Crew	290	-	-	290
Modern Band	1,831	447	350	1,928
National Honor Society	3,289	-	-	3,289
Pay It Forward	1,734	1,500	-	3,234
Photo Club	747	-	-	747
Relay for Life Club	1,193	-	-	1,193
S.A.D.D.	788	969	989	768
Sales Tax Remitted	680	21	-	701
Science Honor Society	1,800	5,862	4,758	2,904
Sr. High Band	221	20,350	20,071	500
Sr. High Orchestra	4,346	3,954	3,500	4,800
Student Council	5,101	16,514	16,532	5,083
Student Senate	8,568	18,136	17,355	9,349
Technology Club	692	-	-	692
Tri-M	61	234	-	295
Video Club	8,085	-	-	8,085
TOTAL	<u>\$ 110,264</u>	<u>\$ 171,317</u>	<u>\$ 171,813</u>	<u>\$ 109,768</u>

() Denotes red figure

(See accompanying notes to financial statement)

CORTLAND ENLARGED CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2025

(Note 1) Accounting Policy:

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the District. Consequently, the cash balances are included in the financial statements of the District as part of the Custodial Fund.

The accounts of the Extraclassroom Activity Funds of the 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.

(Note 3) Deficit Balance:

Our examination revealed that the History Club had a deficit cash balance of \$378 at June 30, 2025.

CORTLAND ENLARGED CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the District's Extraclassroom Activity Funds for the year ended June 30, 2025. 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:

General Audit Findings –

The following general audit findings were noted in previous fiscal year audits, and were not addressed during the 2024-25 fiscal year:

1. Sales tax is not being collected and remitted on taxable fundraisers.
2. There is no formal process in place for clubs to reconcile their books with those maintained by the Central Treasurer.
3. Receipts are not prenumbered.
4. There was a raffle conducted during the year.
5. Bank Reconciliations are reviewed by the Business Official, however there is no indication of such review.

We recommend the District 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.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Profit and Loss Statements –

During the course of our examination, we noted one instance in the Class of 2026 in which some of the items on the profit and loss statement 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.

Deficit Balance –

As indicated on the statement of cash receipts and disbursements the History Club had a deficit cash balance at June 30, 2025.

We recommend the Administration review the activity during this next fiscal year to determine the cause of the deficit balance, and to develop the corrective action necessary to eliminate the deficit.

Current Year Deficiencies in Internal Control:

Sales Tax –

During the course of examination, we noted one instance each in the Junior High Band Club and Class of 2025 where sales tax was paid on the purchase of items intended for resale.

We recommend every effort continue to be made to issue resale certificates (Form ST-120) to vendors when making purchases of items intended for resale and to collect sales tax upon the resale of those items.

Disbursements –

During the course of our examination, we noted one instance in Junior High Band in which a copy of a receipt was provided for support for a reimbursement. Additionally, we noted that the Central Treasurer is not provided with adequate or original invoices, and will process reimbursements without supporting documentation.

We recommend all expenses be supported with original vendor invoices or receipts to support the expense and all clubs have adequate invoices to provide to the Central Treasurer for payments and reimbursements.

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, eSports club, French Club, International Club, JH Grade 8, Link Crew, National Honor Society, Photo Club, Relay for Life Club, Technology Club and Video Club were financially inactive during 2024-25 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. There is a process in place to ensure that individuals receiving payments in excess of \$600 in a calendar year are issued an IRS Form 1099, when required.
2. There is a formal approval process in place for fundraising activities.

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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

Airport, New York
December 3, 2025