

**OSWEGO CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL REPORT**

For Year Ended June 30, 2019

MENGEL METZGER BARR & CO. LLP
RAYMOND F. WAGER, CPA, P.C. DIVISION

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MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Oswego City School District, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Oswego City School District for the year ended June 30, 2019 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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; this includes 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's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from misstatement.

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

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

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.

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 Oswego City School District for the year ended June 30, 2019, in accordance with the cash basis of accounting as described in Note 1.

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.

Rochester, New York
December 17, 2019

Raymond F. Wager, CPA, PC

OSWEGO CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2019

<u>High School:</u>	<u>Cash Balance</u> <u>July 1, 2018</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2019</u>
Class of 2018	\$ 17,358	\$ 1,250	\$ 18,608	\$ -
Class of 2019	17,641	133,470	137,826	13,285
Class of 2020	6,185	24,964	13,249	17,900
Class of 2021	3,755	2,322	1,326	4,751
Class of 2022	-	4,174	1,681	2,493
Art Club	-	891	644	247
Baseball	2,290	-	540	1,750
Buc Bulletin	453	-	-	453
Drama Club	4,614	2,275	2,004	4,885
Environmental Science	10,897	12,931	15,926	7,902
French	-	1,167	535	632
Gay Straight Alliance	254	167	90	331
Girls' Basketball Club	335	-	-	335
Girls' Lacrosse	158	-	-	158
Girls' Soccer Club	403	-	-	403
Interact	112	-	-	112
Key Club	627	403	814	216
Math Club	105	1,845	1,349	601
National Honor Society	1,116	5,156	5,013	1,259
OHS, INC	1,910	9,409	8,532	2,787
Paradox	11,872	16,903	20,860	7,915
SADD Club	3,499	7,070	8,930	1,639
Ski Club	6,940	4,920	2,482	9,378
Softball	5,694	519	2,518	3,695
Spanish Club	4,557	1,598	597	5,558
Student Council - General Fund	20,057	200	1,476	18,781
Student Council - Operating Fund	4,765	11,473	9,900	6,338
Technology Club	712	502	1,094	120
Travel Club	828	5,476	2,874	3,430
TV Club	202	361	232	331
Weight Lifting Club	498	-	-	498
Sales Tax Collected	5,313	6,482	6,109	5,686
Total High School	\$ 133,150	\$ 255,928	\$ 265,209	\$ 123,869

<u>Middle School:</u>	Cash Balance <u>July 1, 2018</u>	Receipts	Disburse- ments	Cash Balance <u>June 30, 2019</u>
Chorus A	\$ 2,415	\$ 6,690	\$ 6,966	\$ 2,139
French Club	506	1,117	1,052	571
Hands on History	78	19,530	19,000	608
NJHS	342	2,601	2,354	589
Orchestra	2,112	4,925	5,075	1,962
Ski Club	2,498	2,090	2,942	1,646
Student Council	3,562	6,083	5,072	4,573
7 East Team	1,459	2,223	1,821	1,861
7 South Team	1,516	2,473	1,705	2,284
7 & 8 West Team	1,354	2,559	1,925	1,988
8 East Team	878	1,420	1,245	1,053
8 South Team	429	1,883	1,830	482
Yearbook	4,312	1,793	1,740	4,365
Total Middle School	\$ 21,461	\$ 55,387	\$ 52,727	\$ 24,121
 GRAND TOTAL	 \$ 154,611	 \$ 311,315	 \$ 317,936	 \$ 147,990

(See accompanying notes to financial statement)

OSWEGO CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENT

June 30, 2019

(Note 1) **Accounting Policy:**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Oswego City School District. Consequently, the cash balances are included in the financial statements of the School District as part of the Trust and Agency Fund.

The accounts of the Extraclassroom Activity Funds of the Oswego 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 two checking accounts and one savings account. The balance in these accounts is fully covered by FDIC Insurance.

OSWEGO CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Oswego City School District's Extraclassroom Activity Funds for the year ended June 30, 2019. 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.

General Finding:

Prior Year Deficiency Pending Corrective Action –

IRS Form 1099

During the course of our examination, we noted a payment exceeding \$600 to an individual during the 2018 calendar year for DJ services for which an IRS Form 1099 was not issued.

We recommend all non-employees receiving payments of \$600 or more in a calendar year be issued an IRS Form 1099 in the future.

High School:

Prior Year Deficiencies Pending Corrective Action –

Gifts Cards

During the course of our examination, we noted one instance in the Class of 2021 and one instance in the Student Council in which recipients of gift cards did not sign a document acknowledging receipt. Additionally, minutes approving the purchase of these gift cards were not available for our review.

We recommend all gifts, donations and scholarships be approved by a majority of student members and be documented in the meeting minutes. In addition, a listing signed by the recipient should be maintained to acknowledge receipt.

Sales Tax

Our examination revealed three instances in the Drama Club and two instance in the OHS, INC. in which the District's tax-exempt number was used to make purchases.

According to the New York State Department of Taxation and Finance, extraclassroom activity funds of public schools are not included in the exemption granted to school districts under Section 1116(a)(1) of the tax law.

Current Year Deficiency in Internal Control –

Paradox Club

Per our discussion with the Paradox Club Faculty Advisor, we were informed that personal funds were used to establish a change fund.

We recommend all change funds deemed necessary should be established by a check made payable to the Faculty Advisor or a Board authorized change fund. At the close of the event, or at year end, the change fund should be redeposited into the extraclassroom bank account.

Middle School:

Current Year Deficiency in Internal Control –

Profit and Loss Statements

Our examination revealed one instance in which a profit and loss statement was not prepared for a fundraising event held during the year by the Hands on History Club.

We recommend the Student Treasurer together with the Faculty Advisor prepare profit and loss statements at the close of each fundraising event. In addition, these statements should be submitted to the Central Treasurer and be retained for review at year end.

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 2018-19 fiscal year:

<u>High School</u>	
Buc Bulletin	Girls' Lacrosse Club
Interact Club	Girls' Soccer Club
Girls' Basketball Club	Weight Lifting Club

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:

High School

1. For those items tested, the Softball Club members submitted properly itemized receipts.
2. The Class of 2019 did not pay sales tax on the invoice from their chicken BBQ vendor.
3. There were no clubs that had a deficit cash balance at June 30, 2019.

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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.

Rochester, New York
December 17, 2019

