

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

For Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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RAYMOND F. WAGER, CPA, P.C.
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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, 2018 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, 2018, 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.

Raymond F. Wagon, CPA, PC

Rochester, New York
January 8, 2019

OSWEGO CITY SCHOOL DISTRICT
Extraclassroom Activity Funds
Statement of Cash Receipts and Disbursements
For Year Ended June 30, 2018

<u>High School:</u>	<u>Cash Balance</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2018</u>
Class of 2017	\$ 19,060	\$ 223	\$ 19,283	\$ -
Class of 2018	20,851	150,925	154,418	17,358
Class of 2019	5,248	25,791	13,398	17,641
Class of 2020	3,141	5,573	2,529	6,185
Class of 2021	-	5,610	1,855	3,755
Baseball	2,697	-	407	2,290
Buc Bulletin	453	-	-	453
Drama Club	3,504	1,763	653	4,614
Environmental Science	5,807	14,083	8,993	10,897
Gay Straight Alliance	254	-	-	254
Girls' Basketball Club	335	-	-	335
Girls' Lacrosse	158	-	-	158
Girls' Soccer Club	403	-	-	403
Interact	396	-	284	112
Key Club	779	1,454	1,606	627
Math Club	-	550	445	105
National Honor Society	771	3,980	3,635	1,116
OHS, INC	2,830	28,913	29,833	1,910
Paradox	4,375	18,929	11,432	11,872
SADD Club	3,556	8,409	8,466	3,499
Ski Club	5,097	5,340	3,497	6,940
Softball	22,038	1,454	17,798	5,694
Spanish Club	3,111	2,820	1,374	4,557
Student Council - General Fund	5,705	15,264	912	20,057
Student Council - Operating Fund	4,393	22,888	22,516	4,765
Technology Club	16	1,794	1,098	712
Travel Club	2,027	2,644	3,843	828
TV Club	-	772	570	202
Weight Lifting Club	498	-	-	498
Sales Tax Collected	5,275	5,942	5,904	5,313
Total High School	<u>\$ 122,778</u>	<u>\$ 325,121</u>	<u>\$ 314,749</u>	<u>\$ 133,150</u>

<u>Middle School:</u>	Cash Balance July 1, 2017	Receipts	Disburse- ments	Cash Balance June 30, 2018
Chorus A	\$ 4,050	\$ 5,894	\$ 7,529	\$ 2,415
French Club	506	-	-	506
Hands on History	697	16,546	17,165	78
NJHS	24	2,215	1,897	342
Orchestra	3,178	4,480	5,546	2,112
Ski Club	1,383	5,280	4,165	2,498
Spanish Club	152	-	152	-
Student Council	3,906	7,705	8,049	3,562
7 East Team	638	2,644	1,823	1,459
7 South Team	267	3,141	1,892	1,516
7 & 8 West Team	1,128	2,698	2,472	1,354
8 East Team	741	2,156	2,019	878
8 South Team	109	2,006	1,686	429
Technology Club	235	-	235	-
Yearbook	2,967	2,199	854	4,312
Total Middle School	\$ 19,981	\$ 56,964	\$ 55,484	\$ 21,461
 GRAND TOTAL	 \$ 142,759	 \$ 382,085	 \$ 370,233	 \$ 154,611

**OSWEGO CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENT**

June 30, 2018

(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.

(Note 3) Subsequent Events:

Our examination disclosed receipts and disbursements pertaining to the 2017-18 fiscal year which were not transacted and recorded until the 2018-19 fiscal year as follows:

<u>School</u>	<u>Club</u>	<u>Disbursements</u>	<u>Receipts</u>
High School	Paradox	\$ 6,176	\$ -
High School	Class of 2018	18,607	361
Total		<u><u>\$ 24,783</u></u>	<u><u>\$ 361</u></u>

If these amounts had been recorded prior to year-end, the net effect would have been a reduction of the total cash balance in the amount of \$24,422 at June 30, 2018. In addition, the Class of 2018 would have a deficit cash balance of \$888 at June 30, 2018.

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, 2018. 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:

Current Year Deficiency in Internal Control –

IRS Form 1099

During the course of our examination, we noted a payment exceeding \$600 to an individual during the 2017 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 two instances in which recipients of gift cards did not sign a document acknowledging receipt.

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.

Disbursements

Our disbursements examination revealed one payment to an individual by the Softball Club which was supported by several receipts. However, some of the receipts were not itemized to allow for clear identification of items purchased.

We recommend all payments be supported by original vendor invoices or itemized receipts as a prerequisite to being processed for payment by the Central Treasurer.

Sales Tax

Our examination revealed the following:

1. There was one instance in the Class of 2019 where sales tax was paid on the invoice rather than on gross receipts for the Chicken BBQ fundraiser.

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 items.

2. There was one instance in the Drama Club and one 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 –

Deficit Balance – Class of 2018

As indicated in Note 3, the Class of 2018 had receipts and disbursements which pertained to the 2017-18 school year. If these items were recorded prior to year end, the result would have been a deficit cash balance of \$888 at June 30, 2018.

We recommend the Administration review this situation to determine the reasons for the excess of expense over revenue and to develop the appropriate corrective action to eliminate this deficit.

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 2017-18 fiscal year:

<u>High School</u>	<u>Middle School</u>
Buc Bulletin	French Club
Gay Straight Alliance	
Girls' Basketball Club	
Girls' Lacrosse Club	
Girls' Soccer 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. No raffles were conducted by the Softball Club during the 2017-18 fiscal year.
2. For the items examined, club meeting minutes were available to support the purchase of gift cards and the awarding of scholarships/donations.
3. Sales tax was remitted to New York State for the fundraisers which were examined.

Middle School

1. Items included on the profit and loss statements examined could be traced to the general ledger.

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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.

Raymond F. Wagner, CPA, PC.

Rochester, New York
January 8, 2019