

HUDSON CITY SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND-CASH BASIS  
Year Ended June 30, 2015

HUDSON CITY SCHOOL DISTRICT  
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Year ended June 30, 2015  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Hudson City School District:

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of the Hudson City School District as of June 30, 2015, which comprise the Statement of Assets, and Fund Balance-Cash Basis and the related Statement of Cash Receipts and Disbursements-Cash Basis for the year then ended, and the related note to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements 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 statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

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

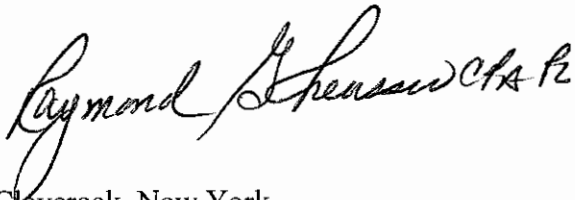
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance of the Extraclassroom Activity Funds of the Hudson City School District as of June 30, 2015, and its receipts and disbursements for the year then ended, in accordance with the basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

A handwritten signature in black ink that reads "Raymond Sheehan CPA #2". The signature is written in a cursive style with a large initial 'R'.

Claverack, New York  
October 22, 2015

HUDSON CITY SCHOOL DISTRICT  
STATEMENT OF ASSETS AND FUND BALANCE-CASH BASIS  
June 30, 2015  
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ASSETS

Cash	-Junior High School	\$ 11,480.38
	-High School	113,108.16
		<u>\$ 124,588.54</u>

FUND BALANCE

Fund Balance	-Junior High School	\$ 11,480.38
	-High School	113,108.16
		<u>\$ 124,588.54</u>

See auditor's report. See note to financial statements.

HUDSON CITY SCHOOL DISTRICT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS  
JUNIOR HIGH SCHOOL  
Year ended June 30, 2015  
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Activities Per General Ledger	Balances 7/1/2014	Receipts	Disburse- ments	Balances 6/30/2015
Home and Career Skills	\$ 204.26	\$ -	\$ -	\$ 204.26
Junior Honor Society	18.12	244.14	250.00	12.26
ASP	7,289.40	10,850.00	11,036.41	7,102.99
Musicals-Grade 6	-	25.00	-	25.00
Office	117.23	-	30.70	86.53
Student Council	1,746.37	-	-	1,746.37
Yearbook	2,272.74	1,469.27	1,491.26	2,250.75
Sales Tax	-	141.10	88.88	52.22
Totals	<u>\$ 11,648.12</u>	<u>\$ 12,729.51</u>	<u>\$ 12,897.25</u>	<u>\$ 11,480.38</u>

See auditor's report. See note to financial statements.

HUDSON CITY SCHOOL DISTRICT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS  
HIGH SCHOOL  
Year ended June 30, 2015  
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Activities Per General Ledger	Balances 7/1/2014	Receipts	Disburse- ments	Balances 6/30/2015
Art Club	\$ 635.62	\$ -	\$ -	\$ 635.62
Athletic Club	557.54	-	-	557.54
Band	1,223.98	14,175.01	4,192.61	11,206.38
Baseball Club	1,102.96	1,450.00	1,310.30	1,242.66
Blue and Gold	12,320.83	14,081.66	15,012.00	11,390.49
Bluehawk Running Club	1,234.85	-	-	1,234.85
Boys Varsity Basketball	250.00	1,869.85	1,674.85	445.00
Charlatans	8,172.30	4,746.13	6,733.33	6,185.10
Class of 2015	7,849.13	21,379.15	29,228.28	-
Class of 2016	5,733.40	25,685.85	16,333.19	15,086.06
Class of 2017	1,765.71	4,940.79	1,257.05	5,449.45
Class of 2018	768.00	855.64	145.75	1,477.89
Environmental Club	209.73	804.00	718.94	294.79
Football Club	10,517.05	3,399.00	4,002.85	9,913.20
Gay Straight Alliance	588.10	-	-	588.10
Golf Club	-	700.00	-	700.00
Kindness Club	3,789.28	7,195.64	4,258.11	6,726.81
Math Club	216.30	-	-	216.30
Office Supplies for Acc.	1,584.13	3,061.94	160.39	4,485.68
Language Club	154.37	1,861.94	-	2,016.31
Mock Trial	34.51	1,192.25	666.27	560.49
National Honor Society	12,193.41	3,056.00	4,030.07	11,219.34
Owl	32.00	-	32.00	-
Robotics Team	13,736.14	1,459.25	5.68	15,189.71
SADD	793.25	958.30	498.00	1,253.55
Save A Life	148.74	23.00	-	171.74
Student Council	7,476.50	391.55	4,236.88	3,631.17
Varsity Club	2,044.11	700.00	1,514.18	1,229.93
Totals	<u>\$ 95,131.94</u>	<u>\$ 113,986.95</u>	<u>\$ 96,010.73</u>	<u>\$ 113,108.16</u>

See auditor's report. See note to financial statements.

HUDSON CITY SCHOOL DISTRICT  
NOTE TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies:

The Extraclassroom Activity Fund of the District represents funds of the students of the district. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Fund is independent of the district with respect to its financial transactions, and the designation of student management. Separate financial statements are issued for the fund. The District also reports the fund in its financial statements, within the Fiduciary Fund.

The books and records of the Hudson City School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets are increased when cash is received and decreased when cash is disbursed.

See auditor's report.



HUDSON CITY SCHOOL DISTRICT  
AUDITOR'S FINDINGS AND EVALUATION

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Cash Receipts:

We found that generally, the internal accounting controls with regards to cash receipts were adequate to maintain proper accountability beyond the point of initial recording of the cash receipts.

High School:

During our audit we noted the following:

1. One instance where a deposit slip was not attached to a receipt.
2. Numerous instances where deposits lacked supporting documentation. (Tally sheets, sales records, student lists)

Junior High School

1. One instance where a deposit lacked supporting documentation. (Tally sheets, sales records, student lists)
2. Five instances where funds were held by Clubs
3. One instance where funds were held by the Central Treasurer.

We recommend that all cash receipts be properly completed and deposits be made within three days. The cash receipts should then be properly filed and accessible.

Inactive Clubs:

Junior High School:

During our audit, we noted two clubs were inactive during the year.

High School:

During our audit, we noted five clubs were inactive during the year.

We recommend that the inactive clubs be reviewed and if the club is no longer in existence, the remaining funds should be disposed of as prescribed by the Board of Education.

See auditor's report.

HUDSON CITY SCHOOL DISTRICT  
AUDITOR'S FINDINGS AND EVALUATION (CONTINUED)

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Fundraising Activities: (Junior High School)

All fundraising activities must have the written approval of the Building Principal before they can be undertaken. When any such activity is completed, be it a dance involving admissions or an actual fundraiser, the organization must submit a Profit and Loss Statement to the Central Treasurer showing the complete results of the event. In addition, during a fundraiser, the organization should maintain "tally sheets" whereby those turning in funds will be duly recorded to backup all deposits.

Currently we noted that Profit and Loss Statements were not being prepared for fundraisers and related activities. We recommend that this process be instituted as required by all clubs.

Organizations:

Student Extraclassroom Activities may only be formed for educational and school service programs and may only be formed by students in grades 6-12. An extraclassroom activity is one that consists of a number of students with a Student President, Student Treasurer and a Faculty Advisor. During our audit, we noted that some organizations may not meet the criteria for a bona fide student activity.

Such organizations include:

Junior High School: Office, ASP

High School: Baseball Club, Charlatans, Golf Club, and Football Club

See auditor's report.

**CORRECTIVE ACTION PLAN  
FOR THE  
2014-2015 EXTERNAL AUDIT  
EXTRA-CLASSROOM FUND  
HUDSON CITY SCHOOL DISTRICT  
215 Harry Howard Avenue  
Hudson, NY 12534**

**1. DEPOSIT DOCUMENTATION:**

The central treasurers of both the high school and the junior high school Extra-Classroom Activity Funds were contacted concerning the audit findings. They will work with individual club advisors and their treasurers to sure that:

- a. Receipts are attached to deposit slips.
- b. Deposits have supporting documentation.
- c. Funds are deposited in a timely manner.

**2. INACTIVE CLUBS:**

All clubs currently have an advisor, student officers and a charter approved by the Board of Education.

**3. FUNDRAISING ACTIVITIES:**

This Business Officer will work with the junior high school administration on a procedure for sponsoring of fund raising events that will include:

- a. Prior written approval by the building principal or his/her designated representative.
- b. Documentation of funds collected and expended during the event.
- c. Preparation of profit and loss statements for each event.

**4. ORGANIZATIONS:**

Any student extra-classroom activity organization can only be formed for educational and/or school serving activities. They can only exist in the grades 6 – 12 and must have elected student officers and a faculty advisor. Of the clubs listed in the audit, the only one not conforming to such criteria is “Office,” which has historically been a clearing account for expenses of all clubs. This practice has been discontinued and these funds are slowly being expended to the good of all clubs.

While some of the other clubs may not seem to fit the “educational/service” description, they have submitted charters there were approved by the Board of Education.

Submitted by:      John E. McKinney, Interim School Business Administrator  
Date Board Approved:      December 14, 2015