

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL  
SERVICES**

**EXTRACLASSROOM ACTIVITY FUNDS**

**FINANCIAL REPORT**

**For Year Ended June 30, 2021**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Oswego County  
Board of Cooperative Educational Services, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Oswego County Board of Cooperative Educational Services for the year ended June 30, 2021 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 BOCES' 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 BOCES' 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 County Board of Cooperative Educational Services for the year ended June 30, 2021, 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.

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
October 14, 2021

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For Year Ended June 30, 2021**

	<b>Cash Balance</b>			<b>Cash Balance</b>
	<b><u>July 1, 2020</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b><u>June 30, 2021</u></b>
Adult Health Occupations	\$ 338	\$ -	\$ -	\$ 338
Deaf Education	2,471	-	-	2,471
Digital Media Class	1,572	508	422	1,658
Law Enforcement #873	1,005	-	489	516
Retail Citi	2,136	2,853	2,029	2,960
Campus Café	15,624	1,603	1,551	15,676
Signature Club	6,373	3,571	3,385	6,559
CoCo Café & Gallery	1,777	5,531	3,982	3,326
Skills USA-VICA	2,269	-	-	2,269
Sales Tax	213	695	475	433
<b>TOTAL</b>	<b><u>\$ 33,778</u></b>	<b><u>\$ 14,761</u></b>	<b><u>\$ 12,333</u></b>	<b><u>\$ 36,206</u></b>

(See accompanying notes to financial statement)

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

**(Note 1)      Accounting Policy:**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Oswego County Board of Cooperative Educational Services. 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 County Board of Cooperative Educational Services 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 are comprised of one checking account which is maintained at PathFinder Bank. The balance in this account is fully covered by FDIC Insurance.

**(Note 3)      COVID-19:**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, limited activities and student involvement in the Extraclassroom activities and transactions have resulted from the date of closure through the end of the 2020-21 fiscal year.

**OSWEGO COUNTY**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**AUDITORS' FINDINGS AND EVALUATION**

We have examined the statement of cash receipts and disbursements of the Oswego County Board of Cooperative Educational Services Extraclassroom Activity Funds for the year ended June 30, 2021. 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 BOCES' 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.

BOCES' written responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Prior Year Deficiencies Pending Corrective Action:**

### **Receipts –**

- A. During the course of our examination we noted two instances in the Coco Café & Gallery and Digital Media Class for which cash receipts were not deposited into the bank on a timely basis. In addition, cash received by the Central Treasurer is being held and deposited into the bank in a lump sum.

While deposits are being kept secure, we recommend that cash receipts be deposited into the bank on a timelier basis.

### **BOCES' Response –**

*The Central Treasurer and Deputy Treasurer responsibilities are performed by two staff members who have regular full-time clerical duties, demands for which limit their ability to process deposits within timeframes suggested by the auditors. Responsibilities of counting money and preparing deposits are shared, which usually helps achieve weekly deposits, other than the end of the school year when closing the year and opening summer session requires additional time. Also, COVID related requirements to reduce in-person instruction and office presence to prevent viral spread, further hindered these efforts.*

*For these two instances, one was a deposit from the prior year that was prevented by the NYS mandated immediate shut down of schools from the COVID public health emergency, and further delayed by virtual instruction upon return the following school year. This was a truly unique and unavoidable situation. The second was a ten-day delay toward the end of the school year which included a holiday weekend.*

*It should be noted that protective protocols are always implemented ensuring that proceeds are secured in a safe until such time deposits can be finalized. These measures will continue effective 7/1/21 and throughout the 2021-22 school year. The Audit Committee and the Board have been kept apprised of these conditions and have traditionally supported this approach.*

- B. During our examination, we noted two instances where the deposit slip was not signed by the Student Treasurer.

We recommend the Faculty Advisor and the Student Treasurer sign off on all deposits made by the Club.

### **BOCES' Response –**

*Student Treasurers and Faculty Advisors are typically responsible for completing deposit slips. However, when funds are received over school breaks/summer recess, from off-campus programs, or when payments are submitted directly to the Central Treasurer, deposits are made without signatures to facilitate their timeliness. In these instances, notice is sent to the club officials about deposits made on their behalf and are asked to confirm those deposits by initialing the deposit slip. The Audit Committee and the Board have been kept apprised and have traditionally supported this approach.*

*In the case of these two findings, (1) one student signed in the wrong location on the form, and (2) the Treasurer emailed the Advisor for signature, which was never returned. To correct these types of errors, effective with the start of school in September 2021, the Chief Faculty Counselor will remind the Faculty Advisors of the need to review the deposit slips to ensure students sign in the correct location, and make sure they return signed deposit slips when forwarded by the Central Treasurer for action.*



## **Current Year Deficiency in Internal Control:**

### **Disbursement –**

Our disbursements examination revealed three instances where reimbursements or cash advances were not supported with an original vendor invoice or other documentation to support the amount expended.

In an effort to improve internal accounting control and avoid the possibility of duplicate payments, all payment orders should be adequately supported by original vendor invoices or receipts as a prerequisite to being processed for payment by the Central Treasurer.

### **BOCES' Response –**

*It is the usual practice to pay from original invoices and obtain receipts and documentation for cash advances, however, in the case of these three findings:*

*The first was a cash advance for start-up purchases and no receipts were returned. Effective with the start of school in September 2021, the Central Treasurer will reach out to the club Advisor and follow-up for the outstanding documentation. To avoid this in the future, also effective with the start of school in September 2021, the Chief Faculty Counselor will remind club Advisors that for any cash advances, they need to return receipts accounting for all purchases along with any unused funds from the original cash advance.*

*The second situation was relative to a backordered item. The invoice was appended to the payments for items originally received but wasn't copied and appended for backorder items received the following month. To help clear this up in the future, effective with the start of school on 9/7/21, the Central Treasurer will copy and append invoices to payments subsequently made for any backordered items, with a note referencing payments for the original order.*

*The third situation was a club reimbursing CiTi BOCES for program supplies used as part of a club activity. In this case the instructor, who is typically also the Advisor, figures amounts owed and initiates the reimbursement check, in some cases informally and without backup. To correct this in the future, effective with the start of school on 9/7/21, the Central Treasurer will require instructors/Advisors to create formal detailed invoices to append to all program reimbursement payments.*

## **Prior Year Recommendations:**

We are pleased to report that the following prior year recommendations have been implemented to our satisfaction:

1. There was no financial activity in the Deaf Education Club during the 2020-21 fiscal year.
2. Profit and loss statements were prepared for all activities that we examined.
3. We noted significant improvement in the BOCES' use of resale certificates to avoid paying sales tax on the purchase of items intended to be resold.

**(Prior Year Recommendations) (Continued)**

4. Our examination revealed that the redeposit of the start-up change fund for the Signature Club could be clearly identified on the 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.

*Mengel, Metzger, Bawls & Co. LLP*

Rochester, New York  
October 14, 2021