

*OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NEW YORK*

*EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL REPORT*

For Year Ended June 30, 2018

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

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INDEPENDENT AUDITORS' REPORT

To the Board Members
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, 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 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 the Oswego County Board of Cooperative Educational Services 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.



Rochester, New York
September 24, 2018

**OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

Extraclassroom Activity Funds

Statement of Cash Receipts and Disbursements

For Year Ended June 30, 2018

	Cash Balance		Disburse-	Cash Balance
	<u>July 1, 2017</u>	<u>Receipts</u>	<u>ments</u>	<u>June 30, 2018</u>
Adult Health Occupations	\$ 309	\$ 234	\$ 389	\$ 154
Auto Body	68	410	400	78
Deaf Education	621	4,202	2,514	2,309
Digital Media Class	397	1,394	939	852
Law Enforcement #873	1,275	500	508	1,267
Retail Citi	5,148	4,363	5,333	4,178
Silver Nugget/Retailing 1	4,864	35,945	30,839	9,970
Signature Club	5,369	2,178	623	6,924
S.T.E.R.N. Club	89	-	-	89
Star	450	1,276	965	761
Skills USA-VICA	1,613	600	48	2,165
TOTAL	<u>\$ 20,203</u>	<u>\$ 51,102</u>	<u>\$ 42,558</u>	<u>\$ 28,747</u>

(See accompanying notes to financial statement)

**OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

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 County Board of Cooperative Educational Services. Consequently, the cash balances are included in the financial statements of the BOCES 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 is comprised of one checking account which is maintained at PathFinder Bank. The balance in this account is fully covered by FDIC Insurance.

**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, 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 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.

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

Prior Year Deficiencies Pending Corrective Action:

Receipts –

- A. During the course of our examination we noted two instances in the Silver Nugget/Retailing I Club and one instance in the Deaf Education 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 more timely basis.

BOCES' Response –

The Central Treasurer's and Deputy Treasurer's responsibilities are performed by two staff members who have regular full-time clerical duties. As such there are competing demands of their time, which often do not afford the opportunity to make daily deposits. The two positions share the duties of counting money and preparing deposits, which helps achieve the goal of weekly deposits in most cases. This past year, however, there were deposits that were received during the end of summer school, which was also the timeframe when staff were focused on closing one academic year and prepping for the new program year. As such, time constraints didn't allow timely deposits to be made.

In general, however, in situations of deposit delays, protective protocols are implemented ensuring that proceeds are secured in a safe until such time deposits can be finalized. 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 Treasurer's and Faculty Advisor's are typically responsible for completing deposit slips. However, when funds are received over school breaks and summer recess, and at times when BOCES payments are received for services provided by clubs or when funds are received for programs with a remote location off-campus, deposits are made by the Central Treasurer to facilitate timely deposits. When deposits are made in these instances, notice is sent to the club notifying them about deposits made on their behalf, and Student Treasurers and Faculty Advisors are asked to confirm those deposits by initialing the deposit slip upon their return for the record.

Last year, processes were adjusted to where deposits of this type were restricted to school breaks and recesses. In the case of this finding, two of these were missed/overlooked last year, but everyone will be on the lookout for this next year.

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

Current Year Deficiency in Internal Control:

Profit and Loss Statements –

Our examination revealed that not all clubs involved in fundraising activities are preparing profit and loss statements.

We recommend the Student Treasurer together with the Faculty Advisor continue to prepare a profit and loss statement after each fund-raiser and that a copy be submitted to the Central Treasurer to be retained for our review at year end.

BOCES' Response –

Processes are in place that require completion of profit & loss statements. In instances of clubs with ongoing store-like sales (i.e.: Retail CiTi) sales are not simple, self-contained fundraisers, so profit & loss statements hadn't really been considered applicable. By contrast, they involve ongoing simultaneous overlapping sales activity.

However, in considering this further we recognize that it would make sense to track sales and also to give students the ongoing experience to track their sales activity in this manner. As such, the Central Treasurer and Faculty Counselor will work with the Advisor of the Retail CiTi to implement profit and loss analysis for each individual type of item they sell (i.e.: for maple syrup sales).

Prior Year Recommendation:

The following prior year recommendation has been implemented to our satisfaction:

1. The cash advance made for the appreciation party was properly supported with receipts.

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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
September 24, 2018

