

*OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES*

*NEW YORK*

*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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**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, 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 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, 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.

*Raymond F. Wager, CPA, PC*

Rochester, New York  
October 10, 2019

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**Extraclassroom Activity Funds**

**Statement of Cash Receipts and Disbursements**

**For Year Ended June 30, 2019**

	<b>Cash Balance</b>			<b>Cash Balance</b>
	<b><u>July 1, 2018</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b><u>June 30, 2019</u></b>
Adult Health Occupations	\$ 154	\$ 737	\$ 555	\$ 336
Auto Body	78	527	376	229
Deaf Education	2,309	4,128	4,724	1,713
Digital Media Class	852	2,240	1,361	1,731
Law Enforcement #873	1,267	500	592	1,175
Retail Citi	4,178	1,981	4,477	1,682
Campus Café	9,970	47,358	44,928	12,400
Signature Club	6,924	2,232	2,569	6,587
S.T.E.R.N. Club	89	-	-	89
CoCo Café & Gallery	761	1,695	1,069	1,387
Skills USA-VICA	2,165	424	307	2,282
Sales Tax	-	1,037	-	1,037
<b>TOTAL</b>	<b><u>\$ 28,747</u></b>	<b><u>\$ 62,859</u></b>	<b><u>\$ 60,958</u></b>	<b><u>\$ 30,648</u></b>

(See accompanying notes to financial statement)

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**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 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, 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 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 Campus Café and 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 and Deputy Treasurer responsibilities are performed by two staff members who have regular full-time clerical duties. As such there are competing demands of their time, significantly limiting their ability to make daily deposits. The two positions share the duties of counting money and preparing deposits, which in most cases helps achieve the goal of weekly deposits. However, the end of the school year is a challenging time for this office due to the demands of closing the regular year and ramping up for the summer session. Adding additional challenge, another clerical staff member retired toward the end of this school year and these two positions needed to cover those duties during the time it took to refill the position (which was lengthy due to Civil Service requirements). As such, these constraints didn't allow for even the weekly deposits to be made during this time period.*

*It should be noted however that protective protocols are implemented ensuring that proceeds are secured in a safe at all times 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 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 by the Central Treasurer in order to facilitate their timeliness. In these instances, notice is sent to the club about deposits made on their behalf, and student treasurers and faculty advisors are asked to confirm those deposits by initialing the deposit slip for the record.*

*In the case of this finding, these were instances of a few being missed/overlooked last year, but everyone will be on the lookout for this next year. The Audit Committee and the Board have been kept apprised and have traditionally supported this approach.*



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

**(Prior Year Deficiencies Pending Corrective Action) (Continued)**

**Profit and Loss Statements –**

Our examination revealed that profit and loss statements were not prepared for the Campus Café store sales, or the maple syrup fundraiser held by Retail CITI.

We recommend the Student Treasurer together with the Faculty Advisor continue to prepare a profit and loss statement after each fundraiser, or minimally at the end of the year for store sales, and that a copy be submitted to the Central Treasurer to be retained for our review at year end.

**BOCES' Response –**

*General operating procedures established by the Central Treasurer require completion of profit & loss statements. In instances of clubs with ongoing store-like sales (i.e.: Campus Café & Retail CiTi), activity is not self-contained fundraisers, so profit & loss statements are more involved. Staff (Advisor) turn-over has proved a challenge in making this a consistent activity.*

*Regarding the maple syrup sales for this past year, there were no expenses as the jugs were left-overs from prior years. As such, this year's sales were entirely profit, hence P&L statements were not viewed as applicable.*

*Relative to Campus Café, we recognize the importance and value of tracking sales and giving students experience in tracking inventory and profit/loss activity. As such, the Chief Faculty Counselor will meet with the Teachers/Club Advisors of Retail CiTi, Campus Café and CoCo Café and have them work on a common form and a process for inventory tracking and profit and loss analysis, involving monthly submittal to the Central Treasurer, which will be implemented during 2019-20.*

**Current Year Deficiencies in Internal Control:**

**Sales Tax –**

Our examination revealed five instances in which sales tax was paid on items intended for resale.

We recommend every effort be made to issue resale certificates (Form ST-120) to vendors when making purchases of merchandise intended for resale and to collect sales tax upon the resale of merchandise.

**BOCES' Response –**

*In the past, it was assumed the student clubs would need their own Certificate of Authority from the NYS Department of Taxation and Finance, and that process proved elusive. However we will proceed with using the BOCES Certificate of Authority for this purpose and starting in 2019-20 the Central Treasurer will assist clubs with issuing resale certificates for all items intended for resale.*

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

**(Current Year Deficiencies in Internal Control) (Continued)**

**Student Participation** –

We noted the following items related to student participation:

1. Not all clubs maintain a separate set of financial records.
2. The Student Treasurer for the Deaf Education Club is not involved in counting the cash collections.

We recommend the Student Treasurer together with the Faculty Advisor maintain a separate set of books to be reconciled with those maintained by the Central Treasurer on a monthly basis. In addition, every effort should be made to involve the Student Treasurer in all financial transactions of the activity.

**BOCES' Response** –

*We agree with the auditors on this item. This has always been required and we have operated under the assumption this has been happening. In finding out these steps are sometimes not occurring, the Chief Faculty Counselor will meet with the Teachers/Club Advisors will be given a copy of the student club accounts handbook and reminded of this requirement. Clubs that won't operate in this manner will be closed.*

*Relative to reconciliation of books, this year the Central Treasurer has created a shared Google Doc housing the Central Treasurer's record of Club account activity and balances. The Club Advisors will be required to consult this document and reconcile their records on a monthly basis with those posted online.*

**Prior Year Recommendations:**

The prior year recommendations have been noted above.

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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  
October 10, 2019