

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL  
SERVICES**

**EXTRACLASSROOM ACTIVITY FUNDS**

**FINANCIAL REPORT**

**For Year Ended June 30, 2020**

**MENGEL METZGER BARR & CO. LLP**

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

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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, 2020 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 County Board of Cooperative Educational Services for the year ended June 30, 2020, 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  
December 1, 2020

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For Year Ended June 30, 2020**

	<b>Cash Balance</b>			<b>Cash Balance</b>
	<b><u>July 1, 2019</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b><u>June 30, 2020</u></b>
Adult Health Occupations	\$ 336	\$ 52	\$ 50	\$ 338
Auto Body	229	-	229	-
Deaf Education	1,713	1,053	295	2,471
Digital Media Class	1,731	526	685	1,572
Law Enforcement #873	1,175	500	670	1,005
Retail Citi	1,682	2,128	1,674	2,136
Campus Café	12,400	33,525	30,301	15,624
Signature Club	6,587	2,106	2,320	6,373
S.T.E.R.N. Club	89	-	89	-
CoCo Café & Gallery	1,387	5,212	4,822	1,777
Skills USA-VICA	2,282	257	270	2,269
Sales Tax	1,037	1,524	2,348	213
<b>TOTAL</b>	<b><u>\$ 30,648</u></b>	<b><u>\$ 46,883</u></b>	<b><u>\$ 43,753</u></b>	<b><u>\$ 33,778</u></b>

(See accompanying notes to financial statement)

**OSWEGO COUNTY  
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENT**

**June 30, 2020**

**(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 is 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.

This outbreak and the continuing effects of the COVID-19 health crisis resulted in limited activities and student involvement in the Extraclassroom activities and transactions from the date of closure to the end of the 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, 2020. 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 four instances in the Campus Café, Retail CiTi, Deaf Education, 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 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 that impede their ability to address these activities within timeframes suggested by the auditors. The two positions share the duties of counting money and preparing deposits, which usually helps achieve a goal of weekly deposits. However, the end of the school year renders greater challenges with demands of closing the regular year and ramping up for the summer session. Furthermore, this school year was uniquely impacted by sudden shutdowns commanded by NYS Executive Orders relative to COVID. The shutdowns derailed these and many other activities of offices and student programs. COVID is also further impacting 2020-21 school year operations, so we anticipate similar ongoing challenges.*

*That all being said, it should be noted that protective protocols are implemented at all times 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 three 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 officials about deposits made on their behalf and student treasurers and faculty advisors 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 this finding, this year there were instances of missing signatures caused by limitations placed on office and student program activities due to COVID shutdowns commanded by NYS Executive Orders. COVID is also further impacting 2020-21 operations, rendering similar challenges. As such, moving forward the Central Treasurer will alert the student treasurers and faculty advisors via email about deposits and ask for responses from both acknowledging and approving these for the record.*



**(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, the flower sale fundraiser held by Retail CITI, or the banner sale fundraiser held by Digital Media Class.

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 P&L statements, but ongoing store-like sales activities of some clubs are not singular fundraisers, so P&L is a bit different. Evaluating P&L for such activities involves tracking inventory, costs, sales and comparing the ongoing relationship between these factors. This was intended to be addressed during 2019-20, however this process was interrupted by the sudden shutdown of student program activities commanded by NYS Executive Order due to COVID. The Chief Faculty Counselor and Central Treasurer will revisit these efforts with the Teachers/Club Advisors of Retail CiTi, Campus Café and CoCo Café, and have them develop a common form, a process for inventory tracking, and complete/submit monthly P&L analysis to the Central Treasurer.*

*Regarding the banner sales, these occur regularly throughout the year, but the Faculty Advisor was not aware of the need to complete P&L statements for this activity. The Central Treasurer will alert the Faculty Advisor of the need to complete P&L statements for each banner sale that occurs from this point forward.*

*Regarding the flower sale fundraiser, this was a single small project and the P&L statement was overlooked. The Central Treasurer will alert and remind the Faculty Advisor that P&L's need to be completed from this point forward for every sales activity regardless of size and scope.*

**Sales Tax –**

Our examination revealed five instances in which sales tax was paid on the purchase of 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 –**

*For 2019-20 clubs began using the BOCES Certificate of Authority for this purpose and the Central Treasurer assisted clubs with issuing resale certificates for all items intended for resale. As this was the first year of using this process, there may have been some that were overlooked. The Central Treasurer will remind all Faculty Advisors on a periodic basis of the existence of this step in the sales process. Also, the Central Treasurer will add a question to the P&L form about whether the resale certificate was used in the activity.*

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

**Student Participation** –

Our examination revealed that the Student Treasurer for the Deaf Education Club is not involved in counting cash collections, and has limited participation in maintaining the Club's separate ledger.

We recommend every effort be made to involve the Student Treasurer in all financial transactions of the activity.

**BOCES' Response** –

*This is required of all clubs, however in the case of the Deaf Ed. Club, students are scattered across the County in different classrooms and school districts. As such, there isn't an easy avenue for the Student Treasurer to be involved in cash collections. To rectify this moving forward, all students will be designated as Deputy Treasurers and will be responsible to count their own funds and complete and sign a deposit slip (itemizing denominations of bills, coins, and checks) for submission to the Central Treasurer. In addition, the Faculty Advisor will scan copies of all deposit slips to the Student Treasurer who will use those to update the club's separate ledger.*

**Current Year Deficiency in Internal Control:**

**Change Fund** –

Our examination revealed that the redeposit of the start-up change fund for the Signature Club could not be clearly identified.

We recommend all receipts be deposited intact and all change funds deemed necessary be established by a check made payable to the Faculty Advisor. At the conclusion of the event, or at year end, the change funds should be redeposited into the extraclassroom bank account.

**BOCES' Response** –

*The normal established process for start-up funds is that they are issued to Faculty Advisors via check and are redeposited at the end of each event or year-end as applicable. This past year, the sudden shutdown of student program activities commanded by NYS Executive Order due to COVID interrupted operations and this re-deposit was overlooked. The funds were subsequently discovered and re-deposited in the 2020-21 school year. Furthermore, the subsequent issuance of a change fund for the same club has already been re-deposited, indicating they are back on track. Also, to reduce chances of being caught again by COVID shutdown, the Central Treasurer has instituted a new requirement that all change funds be re-deposited immediately upon conclusion of each event.*

**Prior Year Recommendation:**

We are pleased to report that the following prior year recommendation has been implemented to our satisfaction:

1. All clubs now maintain a ledger separate from the Central Treasurer.

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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, Barw & Co. LLP*

Rochester, New York  
December 1, 2020