

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SECOND SUPERVISORY DISTRICT OF
MONROE AND ORLEANS COUNTIES**

EXTRACLASSROOM ACTIVITY FUNDS

FINANCIAL REPORT

For Year Ended June 30, 2023



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITORS' REPORT

To the Board Members
Board of Cooperative Educational Services
Second Supervisory District of Monroe and Orleans Counties

Qualified and Unmodified Opinions

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties for the year ended June 30, 2023 and the related notes to the financial statement.

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 Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties for the year ended June 30, 2023, in accordance with the cash basis of accounting as described in Note 1.

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.

Emphasis of Matter – 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.

Responsibility of Management for the Statement of Cash Receipts and Disbursements

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; and for 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
November 27, 2023

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SECOND SUPERVISORY DISTRICT OF
MONROE AND ORLEANS COUNTIES**

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2023

	Cash Balance		Disburse-	Cash Balance
	<u>July 01, 2022</u>	<u>Receipts</u>	<u>ments</u>	<u>June 30, 2023</u>
Skills USA	\$ 2,465	\$ 48,967	\$ 47,552	\$ 3,880
TOTAL	<u>\$ 2,465</u>	<u>\$ 48,967</u>	<u>\$ 47,552</u>	<u>\$ 3,880</u>

(See accompanying notes to financial statement)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SECOND SUPERVISORY DISTRICT OF
MONROE AND ORLEANS COUNTIES
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENT

June 30, 2023

(Note 1) **Accounting Policy:**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties. Consequently, the cash balances are included in the financial statements of the BOCES as part of the Custodial Fund.

The accounts of the Extraclassroom Activity Funds of the Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties 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. The balance in this account is fully covered by FDIC Insurance.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SECOND SUPERVISORY DISTRICT OF
MONROE AND ORLEANS COUNTIES**

EXTRACLASSROOM ACTIVITY FUNDS

AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties Extraclassroom Activity Funds for the year ended June 30, 2023. 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.

Prior Year Deficiency Pending Corrective Action:

Faculty Advisor –

We commend the BOCES for the student involvement in the Skills USA club. However, we noted that the Faculty Advisor is not involved in keeping the separate set of books with the students or preparing payment orders or deposits. Instead, the retired Central Treasurer trained and worked with the students. The new Central Treasurer does not.

In an effort to improve the checks and balances over the Student Activity funds, we recommend the Faculty Advisor work with the Student Treasurer to prepare payment orders with supporting documentation, recount cash receipts and prepare deposits, prepare profit and loss statements for fundraisers, and maintain a separate set of books. In addition, these books should be reconciled with those maintained by the Central Treasurer periodically.

Current Year Deficiencies in Internal Control:

Profit and Loss Statements –

Although we were able to observe profit and loss statements for each fundraiser we tested, we noted three statements (craft vendor sale, valentine sale, and meat sticks) that were not signed by the preparers.

We recommend the Student Treasurer and Faculty Advisor prepare and sign off on all profit and loss statements.

Vending Machine –

During the course of our examination we obtained the reconciliation of inventory sold to cash collected which covered an entire year. An unreconciled variance of \$111 was identified, however, no explanations were provided, and the reconciliation was not signed by the preparer.

We recommend reconciliations be prepared at least quarterly, material variances be investigated and explained, and the Faculty Advisor and Student Treasurer sign off.

Cash Advance –

The Club issued a cash advance to the Faculty Advisor of \$4,400 to pay for various expenses for the Club's Georgia conference trip. During our examination of the documentation for this expense, we noted that while receipts were provided for a majority of the balance spent, \$218 of expenses were not supported by receipts. In addition, a signed payment order was not provided to issue the advance.

To improve internal controls, we recommend the Administration consider requiring that the club develop and approve a budget to clearly identify what expenses the advanced monies will pay. Receipts should be provided to support all cash spent, and payment orders signed by the Faculty Advisor and Student Treasurer should be used to support all disbursements.

Cash Refund –

The Club issued cash refunds to students due to a trip to Sea Breeze that was cancelled. While examining the documentation for this transaction, we noted that the funds were obtained by a cash withdrawal from the bank by the Central Treasurer rather than by a check to the Faculty Advisor. In addition, the amount withdrawn and refunded to students totaled \$1,562 but the club ledger only identifies \$1,496 deposited from students for this trip.

We recommend whenever possible refunds of this nature be made by check from the Club, and that amounts to be refunded are reconciled against the deposits received prior to distribution.

Prior Year Recommendation:

The prior year recommendation has 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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
November 27, 2023