

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

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

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, 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 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 Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties 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 7, 2020

**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, 2020

	Cash Balance		Disburse-	Cash Balance
	<u>July 1, 2019</u>	<u>Receipts</u>	<u>ments</u>	<u>June 30, 2020</u>
HOSA	\$ 630	\$ -	\$ 630	\$ -
Skills USA	<u>2,946</u>	<u>14,501</u>	<u>11,241</u>	<u>6,206</u>
TOTAL	<u><u>\$ 3,576</u></u>	<u><u>\$ 14,501</u></u>	<u><u>\$ 11,871</u></u>	<u><u>\$ 6,206</u></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, 2020

(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 Trust and Agency 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.

(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.

**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, 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.

Current Year Deficiencies in Internal Control:

Vending Machines –

Our examination revealed that the duties of filling the vending machines with product and emptying money from the machines are performed by the same individuals.

To improve internal controls over this process, we recommend separate individuals perform these duties.

Profit and Loss Statements –

During the course of our examination, we noted the profit and loss statements were being prepared by the Central Treasurer. In addition, during the Carnation sale, there was no accounting done to track the units sold at various prices.

We recommend the Activity Treasurer together with the Faculty Advisor prepare profit and loss statements for each fundraising activity and that these statements be submitted to the Central Treasurer to be retained for our review at year end. In addition, we recommend sales are tracked and a reconciliation to actual cash receipts is prepared at the conclusion of the event.

Prior Year Recommendations:

There were no findings noted in the prior year.

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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 7, 2020