

**BOARD OF COOPERATIVE EDUCATIONAL
SERVICES GENESEE, LIVINGSTON, STEUBEN
AND WYOMING 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
Genesee, Livingston, Steuben and Wyoming Counties

Report on the Audit of the Statement of Financial Statements

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 Genesee, Livingston, Steuben and Wyoming 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 the Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties for the year ended June 30, 2023, in accordance with the cash basis of accounting as described in Note 1.

Basis of Qualified

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 BOCES' 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 BOCES' 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
September 14, 2023

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, AND LIVINGSTON, STEUBEN,
AND WYOMING COUNTIES**

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2023

<u>Batavia Center:</u>	<u>Cash Balance July 01, 2022</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Cash Balance June 30, 2023</u>
Auto Body	\$ 3,243	\$ 7,715	\$ 4,230	\$ 6,728
Auto Tech	2,650	25,218	25,535	2,333
Building Trades	1,426	3,147	1,943	2,630
Cosmetology I	988	2,972	3,959	1
Culinary Arts	1,848	9,011	6,908	3,951
Diesel	-	3,657	3,118	539
FBLA	1,231	-	361	870
FFA	7,735	2,503	3,832	6,406
Health Dimensions	2,691	1,345	1,265	2,771
HOSA	-	1,046	1,028	18
Hot Rod	1,670	-	17	1,653
Metal Trades (AM)	40	600	158	482
National Vocational Honor Society	521	778	678	621
NYS Sales Tax	753	3,233	2,816	1,170
Skills USA	635	5,364	5,947	52
Student Government	1,376	3,261	3,592	1,045
Total Batavia Center	<u>\$ 26,807</u>	<u>\$ 69,850</u>	<u>\$ 65,387</u>	<u>\$ 31,270</u>
<u>May Center:</u>				
Auto Body	\$ 6,611	\$ 868	\$ 1,329	\$ 6,150
Auto Tech	11,570	9,562	8,614	12,518
Building Trades	1,247	2,181	2,462	966
Cosmetology	304	11,081	10,669	716
Criminal Justice	1,244	5,018	1,117	5,145
Culinary Arts	2,457	1,071	973	2,555
Diesel	1,924	679	135	2,468
FBLA	3,398	1,256	4,493	161
FFA	23,177	77,443	86,557	14,063
FFA (Katie Stanley Scholarship)	3,365	-	-	3,365
Health/Human Service	1,025	3,046	2,290	1,781
HOSA	1,494	1,352	1,755	1,091
NTHS	700	374	384	690
Taxes	173	1,252	1,259	166
Skills USA	2,997	12,260	13,843	1,414
Woodworking Enterprises	-	1,877	615	1,262
Total May Center	<u>\$ 61,686</u>	<u>\$ 129,320</u>	<u>\$ 136,495</u>	<u>\$ 54,511</u>
GRAND TOTAL	<u>\$ 88,493</u>	<u>\$ 199,170</u>	<u>\$ 201,882</u>	<u>\$ 85,781</u>

(See accompanying notes to financial statement)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN,
AND WYOMING 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 of Genesee, Livingston, Steuben and Wyoming 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 of Genesee, Livingston, Steuben and Wyoming 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 two checking accounts. The Mt Morris Center also maintains a deposit account at Five Star Bank which flows through to the checking account at Chase Bank. The balances in these accounts are fully covered by FDIC Insurance.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN,
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EXTRACLASSROOM ACTIVITY FUNDS

AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Board of Cooperative Educational Services of Genesee, Livingston, Steuben, and Wyoming 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.

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 statement and, accordingly, we express no opinion on them.

Batavia Center:

Prior Year Deficiencies Pending Corrective Action –

Auto Tech Club

Our examination of the Auto Tech Club revealed that there does not appear to be student involvement in bookkeeping.

BOCES' Response

Management agrees with this statement. Central Administration have worked with Site Administrators, Faculty Advisors, and Student Treasurers to ensure there is appropriate bookkeeping and accounting of records by the students. This item has been addressed with staff on September 15, 2023.

(Batavia Center) (Prior Year Deficiencies Pending Corrective Action) (Continued)

Building Trades

During our interview with the Faculty Advisor of the Building Trades Club, we were informed that the Student Treasurer of the Club does not maintain a separate set of financial records, and the Faculty Advisor uses personal funds to establish change funds.

BOCES' Response

Management agrees with this statement. Central Administration have worked with Site Administrators, Faculty Advisors, and Student Treasurers to ensure there is appropriate bookkeeping and accounting of records by students to correct this issue and to ensure personal funds are not used in the future to establish change funds. This item was discussed with corrective actions implemented on September 15, 2023.

Sales Tax

We noted four instances in Building Trades, Skills USA, Student Government, and Diesel respectively in which sales tax was paid on the purchase of items intended for resale.

BOCES' Response

Management agrees with this statement. Central Administration have worked with Site Administrators, Faculty Advisors, Central Treasurers, and Student Treasurers to ensure sales tax is not paid on items intended for resale. This item was address and corrective processes implemented on September 15, 2023.

Current Year Deficiency in Internal Control –

Untimely Deposits

Our examination revealed two instances of late deposits in the Skills USA and FFA clubs.

BOCES' Response

Management agrees with this statement. Central Administration have worked with Site Administrators, Faculty Advisors, Central Treasurers and Student Treasurers to ensure this issue is properly addressed and bank deposits are made in a timelier manner. This item was discussed and corrective actions implemented on September 15, 2023

May Center:

Prior Year Deficiencies Pending Corrective Action –

Auto Tech Club

Our disbursements examination revealed that the Auto Tech Faculty Advisor submits vendor monthly statements for parts ordered, instead of detailed invoices for the entire year. As a result, we were unable to verify that parts purchased were properly billed out and included on work orders.

BOCES' Response

Management agrees with this statement. Central Administration have worked with Site Administrators, Faculty Advisors, Central Treasurers, and Student Treasurers to properly account for all purchases from original invoices and include them on work orders. This item was discussed and corrective actions implemented on September 15, 2023.

Sales Tax

During our testing we noted 1 instance (FBLA) where sales tax collected on receipts was calculated incorrectly.

BOCES' Response

Management agrees with this statement. Central Administration have worked with Site Administrators, Faculty Advisors, Central Treasurers, and Student Treasurers to ensure there is an appropriate accounting for sales tax and that sales tax is not paid on items intended for resale. This item was address and corrective processes implemented on September 15, 2023.

Current Year Deficiencies in Internal Control –

Raffles

Our examination revealed that the Criminal Justice Club conducted a raffle during the 2022-23 fiscal year.

According to Section 186 of the General Municipal Law, only a non-profit charitable organization that has been issued a games of chance identification number from the Racing and Wagering Board is eligible to conduct a raffle.

BOCES' Response

Management agrees with this statement. BOCES Central Administration will continue to work with Site Administrators to ensure this issue is properly addressed and corrected. This item has been addressed with staff on September 15, 2023.

(May Center) (Current Year Deficiencies in Internal Control) (Continued)

Untimely Deposits

Our examination revealed two instances of untimely deposits in the Criminal Justice and FBLA clubs.

BOCES' Response

Management agrees with this statement. Central Administration will work with Site Administrators, Faculty Advisors, Central Treasurers and Student Treasurers to ensure this issue is properly addressed and bank deposits are made in a timelier manner. This item was discussed and corrective actions implemented on September 15, 2023.

Prior Year Recommendations:

We are pleased to report that the following prior year recommendations have been implemented to our satisfaction:

Batavia Center

1. Sales tax was paid on taxable purchases.

May Center

1. All examined profit and loss statements were signed by the Student Treasurer.
2. Items on profit and loss statements examined could be traced to the general ledger.

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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
September 14, 2023