

**BOQUET VALLEY CENTRAL
SCHOOL DISTRICT**

Independent Auditor's Report Pursuant
to Governmental Auditing Standards
and the Requirements of the Uniform Guidance

Year Ended June 30, 2024

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Board of Education
Boquet Valley Central School District
Elizabethtown, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Boquet Valley Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Boquet Valley Central School District's basic financial statements and have issued our report thereon dated November 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boquet Valley Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boquet Valley Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Boquet Valley Central School District's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boquet Valley Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001.

Boquet Valley Central School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Boquet Valley Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Boquet Valley Central School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
November 5, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Boquet Valley Central School District
Elizabethtown, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boquet Valley Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Boquet Valley Central School District's major federal programs for the year ended June 30, 2024. Boquet Valley Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Boquet Valley Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Boquet Valley Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Boquet Valley Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Boquet Valley Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Boquet Valley Central School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Boquet Valley Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Boquet Valley Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Boquet Valley Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Boquet Valley Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Boquet Valley Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Boquet Valley Central School District's basic financial statements. We issued our report thereon dated November 5, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The *schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures of federal awards* is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
November 5, 2024

BOQUET VALLEY CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor Pass-through Grantor Program or Cluster Title	Assistance Listing	Pass-through Grantor Number	Payments to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass-through programs from:				
New York State Department of Education:				
Child Nutrition Cluster:				
School Breakfast	10.553		\$ -	\$ 44,882
National School Lunch	10.555		-	142,113
National School Lunch Program - Commodities	10.555		-	20,092
After School Snack	10.555		-	4,295
Supply Chain Assistance	10.555		-	16,824
Total Child Nutrition Cluster U.S. Department of Agriculture			<u>-</u>	<u>228,206</u>
U.S. Department of Education				
Pass-through programs from:				
New York State Education Department				
Special Education Cluster:				
Special Education - Grants to States 611	84.027A	0032-24-0247	-	122,211
Special Education - Grants to States 611	84.027X	0032-23-0247	-	5,291
Special Education - Preschool Grants 619	84.173A	0033-24-0247	-	7,972
Total Special Education Cluster			<u>-</u>	<u>135,474</u>
COVID 19 - ARP ESSER 3	84.425U	5880-21-5595	<u>-</u>	<u>544,819</u>
			-	544,819
Title I - A&D Improvements	84.010A	0021-24-5595	-	112,393
Title I IA- Teacher/Prin Training/Recruiting	84.367A	0147-24-5595	-	11,268
Title IV - SSAE Allocation	84.424A	0204-24-5595	-	10,051
Total Passed-through NYS Education Department			<u>-</u>	<u>814,005</u>
Small Rural School Achievement	84.358A		-	8,092
Total U.S. Department of Education			<u>-</u>	<u>822,097</u>
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 1,050,303</u>

See Notes to Schedule of Expenditures of Federal Awards.

BOQUET VALLEY CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified cash basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the District's financial statements. Federal awards that are included in the Schedule may be received directly from Federal agencies, as well as Federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of Certain Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as Federal expenditures were obtained from the Federal financial reports for the applicable program and period. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

Note 3 – Scope of Audit

The District is an independent municipal corporation. All Federal grant operations of the District are included in the scope of the single audit.

Note 4 – Non-monetary Assistance

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$20,092.

Note 5 – Indirect Cost Rate

The District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

Note 6 – Other Disclosures

No insurance is carried specifically to cover equipment purchased with Federal funds. Equipment purchased with Federal funds is covered by the District's casualty insurance policy.

There were no loans or loan guarantees outstanding at year-end.

BOQUET VALLEY CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal Control over financial reporting:				
Material weakness identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> X </u>	No
Noncompliance material to the financial statement	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major federal programs:				
Material weakness identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> X </u>	None

Type of auditor's report issued on compliance for federal major programs:	Unmodified			
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Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)	<u> X </u>	Yes	<u> </u>	No
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Identification of major federal programs:	
<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425U	Education Stabilization Fund
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as a low risk auditee?	<u> </u>	Yes	<u> X </u>	No
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BOQUET VALLEY CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

Type of Finding - Compliance and Other Matters

2024-001 Excess Unassigned Fund Balance

Criteria: New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4% of the ensuing year's appropriations.

Condition: The portion of the District's fund balance subject to New York State Real Property Tax Law limit was 10.9% of next year's general fund budget.

Context: This is a repeat finding for the past several years. According to New York State Real Property Tax Law Section 1318, a district's unassigned fund balance may not exceed an amount equal to 4% of next year's budget.

Potential effect: Funds were not used in a manner that benefited taxpayers such as increasing legally adopted reserves, paying off debt, and reducing property taxes.

Cause: The District adopted budgets with appropriations which exceeded the actual amounts needed.

Recommendation: We recommend the District keep in mind this property tax law when preparing future budget.

Management's response: See attached.

Type of Finding – Material Weakness

2024-002 Reconciling of Balance Sheet Accounts

Criteria: Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documents on a monthly basis in order to detect and correct errors in account balances.

Condition: Management did not perform adequate procedures to close the general ledger activity completely in a timely manner. A number of the School District's balances sheet accounts were not reconciled to actual balances at year end.

Context: During the course of the audit, we recommended material adjusting journal entries to accounts receivable and accounts payable.

Potential effect: The School District's account balances may not report the true position of the School District at year end.

Cause: Unknown

Recommendation: Accounts should be reconciled to supporting documentation at least annually in order to detect and correct misstatements whether due to error or fraud on a timely basis.

Management's response: See attached.

BOQUET VALLEY CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Type of Finding – Material Weakness

2024-003 Cash Disbursements

Criteria: Internal controls should be in place to ensure that all cash disbursements are approved in accordance with the School District’s policies and procedures.

Condition: During the course of the audit, we performed cash disbursements testing. In our sample of cash disbursements, we found multiple instances where the District Treasurer did not sign warrants, warrants did not exist, and/or the claims auditor did not sign the warrants or purchase order.

Potential effect: Without proper internal controls in place, vendors could be paid the incorrect amount.

Cause: Unknown.

Recommendation: We recommend the School District maintain a system of internal control to allow management or employees in the normal course of performing their assigned function to prevent, detect and correct misstatements on a timely basis.

Management’s response: See attached.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS

<u>Finding Number</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Status of Corrective Action Plan</u>
2023-001	None	Excess Unassigned Fund Balance	Repeated in 2024-001

November 5, 2024

2024-001 Excess Unassigned Fund Balance

District acknowledges being above the 4% threshold. Given the current state of foundation aid in NYS, the district has taken a conservative approach to spending and moving money to reserves. The district will continue to monitor the unassigned fund balance and move to assigned reserves as necessary.

2024-002 Reconciling of Balance Sheet Accounts

District acknowledges this finding and has taken immediate steps to correct this finding. New district business procedures have been implemented to correct this issue moving forward. District does not anticipate this being a problem again in the future.

2024-003 Cash Disbursements

District acknowledges this finding and has taken immediate steps to correct. New district business procedures have been implemented to correct this issue moving forward. District does not anticipate this being a problem again in the future.

These corrective action plans will be implemented by Joshua Meyer, Superintendent of Schools.

