

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

## Required Communication with Those Charged with Governance

To the Board of Education  
Otsego Northern Catskills BOCES

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otsego Northern Catskills BOCES for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Otsego Northern Catskills BOCES are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by Otsego Northern Catskills BOCES during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates effecting the financial statements were:

1. The BOCES, in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, requires significant actuarial estimates to calculate the BOCES' postemployment benefits liability.
2. The BOCES' estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the BOCES' capital assets and the related depreciation.
4. The BOCES, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions* (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources – pensions, and pension expense.

We evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 8, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Education, Administration of Otsego Northern Catskills BOCES, and the New York State Education Department, and is not intended to be and should not be used by anyone other than these specified parties.

*D'Arcangelo & Co., LLP*

September 8, 2020

Rome, New York

Client: 63888 - Otsego Northern Catskill BOCES  
Engagement: Otsego Northern Catskills BOCES  
Period Ending: 6/30/2020  
Trial Balance: TB  
Workpaper: Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
3400.01				
Client Entry 1: To post IPA's issued in 2019-2020 to Capital Fund				
H 980 600	Other Services (IPA)		383,069.00	
H 4570	Installment Purchase Agreements			383,069.00
<b>Total</b>			<b>383,069.00</b>	<b>383,069.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
3400.01				
Client Entry: To post long term debt activity				
GW 0601-100	Other Services - Other		173,085.00	
GW 0684	Energy Performance Contract		51,263.00	
GW 0685	Installment Purchase Debt			135,660.00
GW 0687	Compensated Absences			88,688.00
<b>Total</b>			<b>224,348.00</b>	<b>224,348.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
3400.01				
Client Entry: To book the current year additions to fixed assets				
GW 0102	Buildings		699,856.00	
GW 0104	Equipment		702,667.00	
GW 0105	Construction Work in Progress		256,203.00	
GW 0001-200	Administration - Capitalized Expenditures			84,470.00
GW 0002-200	Administration-Capital Component - Capitalized Expenditures			111,431.00
GW 0101-200	Occupational Instruction - Capitalized Expenditures			170,967.00
GW 0105	Construction Work in Progress			699,856.00
GW 0201-200	Instruction for Special Needs - Capitalized Expenditures			56,126.00
GW 0301-200	Itinerant Services - Capitalized Expenditures			51,038.00
GW 0401-200	General Instruction - Capitalized Expenditures			71,336.00
GW 0501-200	Instructional Support - Capitalized Expenditures			157,299.00
GW 2000	Capital Outlay			256,203.00
<b>Total</b>			<b>1,658,726.00</b>	<b>1,658,726.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
3400.01				
Client Entry: To post deletions of fixed assets				
GW 0114	ACCUM DEPRECIATION - EQUIPMENT		189,538.00	
GW2655	Sale of Equipment		31,404.00	
GW 0104	Equipment			220,942.00
<b>Total</b>			<b>220,942.00</b>	<b>220,942.00</b>
<b>Adjusting Journal Entries JE # 5</b>				
3400.01				
Client Entry: To book prior year adjustments for fixed assets				
GW 0104	Equipment		214,005.00	
GW 0114	ACCUM DEPRECIATION - EQUIPMENT			192,437.00
GW 0909	Fund Balance- Prior Period Adjustments			21,568.00
<b>Total</b>			<b>214,005.00</b>	<b>214,005.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
3400.01				
Client Entry: To post depreciation expense				
GW 0001-300	Administration - Depreciation		163,773.00	
GW 0002-300	Administration-Capital Component - Depreciation		216,046.00	
GW 0101-300	Occupational Instruction - Depreciation		331,477.00	
GW 0201-300	Instruction for Special Needs - Depreciation		108,819.00	
GW 0301-300	Itinerant Services - Depreciation		98,953.00	
GW 0401-300	General Instruction - Depreciation		138,309.00	
GW 0501-300	Instructional Support - Depreciation		304,977.00	
GW 0112	ACCUM DEPRECIATION - BUILDINGS			431,082.00
GW 0114	ACCUM DEPRECIATION - EQUIPMENT			931,272.00
<b>Total</b>			<b>1,362,354.00</b>	<b>1,362,354.00</b>
<b>Adjusting Journal Entries JE # 7</b>				
5360.02				

Client: 63888 - Otsego Northern Catskill BOCES  
Engagement: Otsego Northern Catskills BOCES  
Period Ending: 6/30/2020  
Trial Balance: TB  
Workpaper: Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
To adjust Deferred Outflows and Inflows for OPEB CY OPEB changes				
GW 0495	Deferred Outflows-OPEB		12,018,910.00	
GW 9030-800	OPEB Expense		4,714,636.00	
GW 0683	GASB 45 Liability			16,138,162.00
GW 0691	Deferred Inflows-OPEB			595,384.00
GW 9030-800	OPEB Expense			
<b>Total</b>			<b>16,733,546.00</b>	<b>16,733,546.00</b>
<b>Adjusting Journal Entries JE # 8</b>				
		5350.58		
To book changes to TRS and ERS for GASB 68 purposes at year end				
GW 0108	Net Pension Asset - Proportionate Share		402,290.00	
GW 0496	Deferred Outflows - Pensions		1,213,130.00	
GW 9010-800	Pension Expense - ERS		526,713.00	
GW 9020-800	Pension Expense - TRS		77,791.00	
GW 9020-800	Pension Expense - TRS		613,699.00	
GW 0496	Deferred Outflows - Pensions			77,791.00
GW 0638	Net Pension Liability - Proportionate Share			2,190,399.00
GW 0697	Deferred Inflows - Pensions			565,433.00
<b>Total</b>			<b>2,833,623.00</b>	<b>2,833,623.00</b>
<b>Adjusting Journal Entries JE # 9</b>				
		5200.15		
To adjust Due to TRS based on Projection				
A632-00	DUE TO TEACHERS' RETRMNT (TRS)		5,910.00	
A690-04	Overpaid/Collect in Advance			5,910.00
<b>Total</b>			<b>5,910.00</b>	<b>5,910.00</b>
<b>Adjusting Journal Entries JE # 10</b>				
To allocate GASB 75 expense				
GW 0001-863	Administration - GASB 45		566,763.00	
GW 0101-683	Occupational Instruction - GASB 45		747,662.00	
GW 0201-683	Instruction for Special Needs - GASB 45		1,147,128.00	
GW 0301-683	Itinerant Services - GASB 45		376,585.00	
GW 0401-683	General Instruction - GASB 45		342,443.00	
GW 0501-683	Instructional Support - GASB 45		478,639.00	
GW 0601-863	Other Services - GASB 45		1,055,416.00	
GW 9030-800	OPEB Expense			4,714,636.00
<b>Total</b>			<b>4,714,636.00</b>	<b>4,714,636.00</b>
<b>Adjusting Journal Entries JE # 11</b>				
To book additional capital project to fixed assets				
GW 0102	Buildings		322,940.00	
GW 0105	Construction Work in Progress			322,940.00
<b>Total</b>			<b>322,940.00</b>	<b>322,940.00</b>