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Certified Public Accountants & Consultants

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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, 2021. 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, 2021. 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. As described in Note 1 to the financial statements, the BOCES changed accounting policies related to Fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, in 2021. 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.

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 10, 2021.

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 10, 2021

Utica, New York

Client: 63888 - Otsego Northern Catskill BOCES
Engagement: Otsego Northern Catskills BOCES
Period Ending: 6/30/2021
Trial Balance: TB
Workpaper: Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		5360.01		
To book changes to OPEB deferrals				
GW 0683	GASB 45 Liability		3,160,704.00	
GW 9030-800	OPEB Expense		4,271,317.00	
GW 0495	Deferred Outflows-OPEB			2,664,664.00
GW 0691	Deferred Inflows-OPEB			4,767,357.00
Total			7,432,021.00	7,432,021.00
Adjusting Journal Entries JE # 2				
To allocate OPEB expense				
GW 0001-863	Administration - GASB 45		544,441.00	
GW 0101-683	Occupational Instruction - GASB 45		709,190.00	
GW 0201-683	Instruction for Special Needs - GASB 45		980,846.00	
GW 0301-683	Itinerant Services - GASB 45		336,402.00	
GW 0401-683	General Instruction - GASB 45		186,858.00	
GW 0501-683	Instructional Support - GASB 45		501,831.00	
GW 0601-863	Other Services - GASB 45		1,011,749.00	
GW 9030-800	OPEB Expense			4,271,317.00
Total			4,271,317.00	4,271,317.00
Adjusting Journal Entries JE # 3				
To book changes to TRS due to GASB 68				
GW 0496	Deferred Outflows - Pensions		673,368.00	
GW 0697	Deferred Inflows - Pensions		775,260.00	
GW 9020-800	Pension Expense - TRS		947,959.00	
GW 0108	Net Pension Asset - Proportionate Share			1,126,985.00
GW 0638	Net Pension Liability - Proportionate Share			1,269,602.00
Total			2,396,587.00	2,396,587.00
Adjusting Journal Entries JE # 4		5350.58		
To book adjustments to ERS gasb 68 based on statement dated 3/31/21				
GW 0496	Deferred Outflows - Pensions		531,846.00	
GW 0638	Net Pension Liability - Proportionate Share		2,972,757.00	
GW 0697	Deferred Inflows - Pensions			3,303,540.00
GW 9010-800	Pension Expense - ERS			201,063.00
Total			3,504,603.00	3,504,603.00

Client: 63888 - Otsego Northern Catskill BOCES
Engagement: Otsego Northern Catskills BOCES
Period Ending: 6/30/2021
Trial Balance: TB
Workpaper: Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 101				
To book adjust to TRS accrual based on 2021 projection				
A632-00	DUE TO TEACHERS' RETRMNT (TRS)		12,044.00	
A690-04	Overpaid/Collect in Advance			12,044.00
Total			12,044.00	12,044.00
Reclassifying Journal Entries JE # 102				
To post IPA's issued in 2020-21 to the Capital fund				
H 980 600	Other Services (IPA)	3400.01	583,893.00	
H 4570	Installment Purchase Agreements			583,893.00
Total			583,893.00	583,893.00
Reclassifying Journal Entries JE # 103				
To post long term debt activity				
GW 0601-100	Other Services - Other		34,951.00	
GW 0684	Energy Performance Contract		55,688.00	
GW 0685	Installment Purchase Debt		392,551.00	
GW 0687	Compensated Absences		100,703.00	
GW 0683	GASB 45 Liability			583,893.00
GW 0685	Installment Purchase Debt			583,893.00
Total			583,893.00	583,893.00
Reclassifying Journal Entries JE # 104				
To book the current year additions to fixed assets				
GW 0102	Buildings		1,453,987.00	
GW 0104	Equipment		636,962.00	
GW 0105	Construction Work in Progress		1,599,977.00	
GW 0001-200	Administration - Capitalized Expenditures			81,190.00
GW 0002-200	Administration-Capital Component - Capitalized Expenditures			105,758.00
GW 0101-200	Occupational Instruction - Capitalized Expenditures			146,269.00
GW 0105	Construction Work in Progress			1,453,987.00
GW 0201-200	Instruction for Special Needs - Capitalized Expenditures			50,166.00
GW 0301-200	Itinerant Services - Capitalized Expenditures			27,865.00
GW 0401-200	General Instruction - Capitalized Expenditures			74,836.00
GW 0501-200	Instructional Support - Capitalized Expenditures			150,877.00
GW 2000	Capital Outlay			1,599,978.00
Total			3,690,926.00	3,690,926.00
Reclassifying Journal Entries JE # 105				
To book deletions of fixed assets				
GW 0114	ACCUM DEPRECIATION - EQUIPMENT		223,620.00	
GW2655	Sale of Equipment		44,367.00	
GW 0104	Equipment			267,987.00
Total			267,987.00	267,987.00
Reclassifying Journal Entries JE # 106				
To book prior period adjustment to fixed assets				
GW 0104	Equipment		17,870.00	
GW 0114	ACCUM DEPRECIATION - EQUIPMENT			2,608.00
GW 0909	Fund Balance- Prior Period Adjustments			15,262.00
Total			17,870.00	17,870.00
Reclassifying Journal Entries JE # 107				
To book depreciation expense for the year				
GW 0001-300	Administration - Depreciation		171,891.00	
GW 0002-300	Administration-Capital Component - Depreciation		223,906.00	
GW 0101-300	Occupational Instruction - Depreciation		309,673.00	
GW 0201-300	Instruction for Special Needs - Depreciation		106,209.00	

9/10/2021
11:00 AM

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Engagement: Otsego Northern Catskills BOCES
Period Ending: 6/30/2021
Trial Balance: TB
Workpaper: Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
GW 0301-300	Itinerant Services - Depreciation		58,995.00	
GW 0401-300	General Instruction - Depreciation		158,438.00	
GW 0501-300	Instructional Support - Depreciation		319,429.00	
GW 0112	ACCUM DEPRECIATION - BUILDINGS			454,820.00
GW 0114	ACCUM DEPRECIATION - EQUIPMENT			893,721.00
Total			1,348,541.00	1,348,541.00