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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, 2023. 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 10, 2023. 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 2023. The BOCES evaluated the impact of GASB No. 96, *Software Based Information Technology Arrangements* to be immaterial. 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 20, 2023.

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 20, 2023

Utica, New York

Client: **63888 - Otsego Northern Catskill BOCES**
 Engagement: **Otsego Northern Catskills BOCES**
 Period Ending: **6/30/2023**
 Trial Balance: **TB**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		3400.02		
CLIENT ENTRY - to adjust the TRS accrual to actual based on August bill				
A632-00	DUE TO TEACHERS' RETRMNT (TRS)		20,685.00	
A690-04	Overpaid/Collect in Advance			20,685.00
Total			20,685.00	20,685.00
Adjusting Journal Entries JE # 5		3400.03		
CLIENT ENTRY To adjust EBLR reserve at year end due to compensated absences				
A201-00	CASH IN TIME DEPOSITS NYLAF		1,872.00	
A867-EB	Reserve for Empl Ben Accrued L		1,872.00	
A200-EB	CASH-EMP BEN ACRD LIAB RSRV			1,872.00
A690-04	Overpaid/Collect in Advance			1,872.00
Total			3,744.00	3,744.00
Adjusting Journal Entries JE # 14		5350.05		
To record CY lease proceeds additions flowing through H Fund for the TEMA Lease				
H 760-1504-293-000	GENERAL CONSTRUCTION		99,804.00	
H 980-5788	Leases			99,804.00
Total			99,804.00	99,804.00
Adjusting Journal Entries JE # 15		5350.10		
To record GASB 87 Lessor Entry - to record new leases for the year ending 6/30/2023				
A 602.490-2254-000	CHRGs TO OTHER BOCES--SERVICES		101,900.00	
A454-00	LEASES RECEIVABLE		517,643.00	
A691-04	LEASES-DEFERRED INFLOW OF RESO			619,543.00
Total			619,543.00	619,543.00
Adjusting Journal Entries JE # 16		5350.10		
To record GASB 87 Lessor Entry - to record the receipt of lease payments and recognize deferred inflow as revenue				
A 602.490-2254-000	CHRGs TO OTHER BOCES--SERVICES		565,359.00	
A691-04	LEASES-DEFERRED INFLOW OF RESO		907,203.00	
A 001 2401	Interest and Earnings			22,582.00
A 602.150-2421-000	Lease Payments Collected			907,203.00
A454-00	LEASES RECEIVABLE			542,777.00
Total			1,472,562.00	1,472,562.00

Client: **63888 - Otsego Northern Catskill BOCES**
 Engagement: **Otsego Northern Catskills BOCES**
 Period Ending: **6/30/2023**
 Trial Balance: **TB**
 Workpaper: **Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 2		5370.02		
GW to adjust GASB 68 amounts to letters received				
GW 0697	Deferred Inflows - Pensions		2,996,301.00	
GW 0697	Deferred Inflows - Pensions		8,460,032.00	
GW 9010-800	Pension Expense - ERS		525,289.00	
GW 9020-800	Pension Expense - TRS		333,117.00	
GW 0108	Net Pension Asset - Proportionate Share			913,433.00
GW 0108	Net Pension Asset - Proportionate Share			7,881,950.00
GW 0496	Deferred Outflows - Pensions			75,618.00
GW 0496	Deferred Outflows - Pensions			97,752.00
GW 0638	Net Pension Liability - Proportionate Share			813,447.00
GW 0638	Net Pension Liability - Proportionate Share			2,532,539.00
Total			12,314,739.00	12,314,739.00
Reclassifying Journal Entries JE # 3		3400.01		
GW To post long term debt activity including OPEB				
GW 0001-863	Administration - GASB 45		54,409.00	
GW 0101-683	Occupational Instruction - GASB 45		37,517.00	
GW 0201-683	Instruction for Special Needs - GASB 45		13,101.00	
GW 0301-683	Itinerant Services - GASB 45		11,839.00	
GW 0401-683	General Instruction - GASB 45		23,613.00	
GW 0501-683	Instructional Support - GASB 45		49,357.00	
GW 0683	GASB 45 Liability		5,258,724.00	
GW 0684	Energy Performance Contract		60,792.00	
GW 0685	Installment Purchase Debt		25,134.00	
GW 0687	Compensated Absences		132,120.00	
GW 0495	Deferred Outflows-OPEB			2,664,664.00
GW 0601-100	Other Services - Other			218,046.00
GW 0691	Deferred Inflows-OPEB			2,783,896.00
Total			5,666,606.00	5,666,606.00
Reclassifying Journal Entries JE # 4		5300.07		
To post IPAs issued in 2022-23 to the Capital Fund				
H 980 600	Other Services (IPA)		517,643.00	
H 4570	Installment Purchase Agreements			517,643.00
Total			517,643.00	517,643.00
Reclassifying Journal Entries JE # 7		3400.01		
GW To book the current year additions to fixed assets				
GW 0104	Equipment		713,508.00	
GW 0105	Construction Work in Progress		1,405,838.00	
GW 0001-200	Administration - Capitalized Expenditures			204,498.00
GW 0101-200	Occupational Instruction - Capitalized Expenditures			141,010.00
GW 0201-200	Instruction for Special Needs - Capitalized			49,241.00
GW 0301-200	Itinerant Services - Capitalized Expenditures			44,498.00
GW 0401-200	General Instruction - Capitalized Expenditures			88,749.00
GW 0501-200	Instructional Support - Capitalized Expenditures			185,512.00
GW 2000	Capital Outlay			1,405,838.00
Total			2,119,346.00	2,119,346.00
Reclassifying Journal Entries JE # 8		3400.01		
GW To post deletions of fixed assets				
GW 0114	ACCUM DEPRECIATION - EQUIPMENT		716,844.00	
GW2655	Sale of Equipment		67,940.00	
GW 0104	Equipment			784,784.00
Total			784,784.00	784,784.00

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 Period Ending: **6/30/2023**
 Trial Balance: **TB**
 Workpaper: **Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 9		3400.01		
GW To book prior year adjustments for fixed assets				
GW 0112	ACCUM DEPRECIATION - BUILDINGS		197,347.00	
GW 0114	ACCUM DEPRECIATION - EQUIPMENT		558,519.00	
GW 0909	Fund Balance- Prior Period Adjustments		42,935.00	
GW 0104	Equipment			798,801.00
Total			798,801.00	798,801.00
Reclassifying Journal Entries JE # 10		3400.01		
GW To post the depreciation expenses				
GW 0001-300	Administration - Depreciation		360,755.00	
GW 0101-300	Occupational Instruction - Depreciation		248,756.00	
GW 0201-300	Instruction for Special Needs - Depreciation		86,866.00	
GW 0301-300	Itinerant Services - Depreciation		78,500.00	
GW 0401-300	General Instruction - Depreciation		156,563.00	
GW 0501-300	Instructional Support - Depreciation		327,262.00	
GW 0112	ACCUM DEPRECIATION - BUILDINGS			495,148.00
GW 0114	ACCUM DEPRECIATION - EQUIPMENT			763,554.00
GW 0601-300	Other Services - Depreciation			
Total			1,258,702.00	1,258,702.00
Reclassifying Journal Entries JE # 11		5350.05		
GW GASB 87 to record current year lease additions (TEMA lease)				
GW 0106	Intangible Lease Asset - Machinery and Equipment		104,508.00	
GW 5710	Proceeds of Serial Bonds		99,804.00	
GW 0601-200	Other Services - Capitalized Expenditures			4,704.00
GW 0682	Lease Liability			99,804.00
GW 2000	Capital Outlay			99,804.00
Total			204,312.00	204,312.00
Reclassifying Journal Entries JE # 12		5350.05		
GW GASB 87 to record current year amortization of ROU assets				
GW 0002-300	Administration-Capital Component - Depreciation		57,876.00	
GW 0115	Accum Depreciation - Intangible Lease Asset M&E			57,876.00
Total			57,876.00	57,876.00
Reclassifying Journal Entries JE # 13		5350.05		
GW GASB 87 to record current year lease payments				
GW 0682	Lease Liability		54,503.00	
GW 0002-100	Administration-Capital Component - Other			54,503.00
Total			54,503.00	54,503.00