

CATSKILL AREA
SCHOOLS
DENTAL PLAN

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2021

CATSKILL AREA SCHOOLS DENTAL PLAN

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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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Independent Auditor's Report

Board of Trustees
Catskill Area Schools Dental Plan

Report on the Financial Statements

We have audited the accompanying statements of net position of the Catskill Area Schools Dental Plan (the Plan) as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the Plan's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Catskill Area Schools Dental Plan as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 7 to the financial statements, the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted certain information required by GASB 44, "Economic Condition Reporting – The Statistical Section", which requires a statistical section with ten year trend information to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of the Catskill Area Schools Dental Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catskill Area Schools Dental Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Catskill Area Schools Dental Plan's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 25, 2021

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
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Independent Auditor's 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*

Board of Trustees
Catskill Area Schools Dental Plan

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 Catskill Area Schools Dental Plan (the Plan), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Catskill Area Schools Dental Plan's basic financial statements, and have issued our report thereon dated October 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Catskill Area Schools Dental Plan'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 the Catskill Area Schools Dental Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Catskill Area Schools Dental Plan'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 Plan'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Catskill Area Schools Dental Plan'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Plan'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 Catskill Area Schools Dental Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo & Co., LLP

October 25, 2021

Rome, New York

**CATSKILL AREA SCHOOLS DENTAL PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED June 30, 2021**

Introduction

Our discussion and analysis of the Catskills Area Schools Dental Plan (the Plan) financial performance provides an overview of the Plan's financial activities for the years ended June 30, 2021 and 2020. It should be read in conjunction with the basic financial statements to enhance the understanding of the Plan's financial performance, which immediately follows this section.

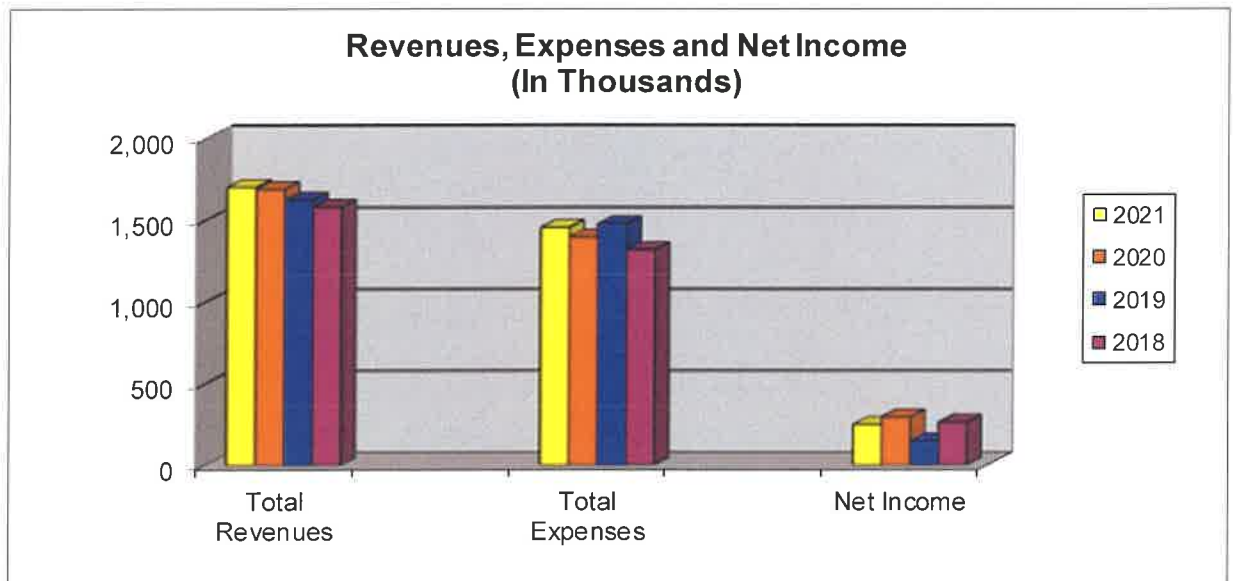
Basic Financial Statements

The Plan's objectives are to provide for the evaluation, processing, and administration of dental benefits under a self-insured plan of benefits (the Plan). This Plan provides coverage to substantially all employees of the Plan's members. Currently, there are eighteen member school districts including Otsego-Northern-Catskills (ONC) BOCES.

Revenues and expenses are recorded under the accrual method of accounting.

Financial Highlights

- The Plan's governmental fund maintains accrued estimated claims incurred but not reported (IBNR) totaling \$212,045.
- The assets of the Plan exceeded liabilities at the close of the 2021 fiscal year by \$2,350,449. The net position during 2021 increased by \$247,836, compared to 2020.



**CATSKILL AREA SCHOOLS DENTAL PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED June 30, 2021**

Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Assets				
Cash and Cash Equivalents	\$ 2,531,604	\$ 2,286,312	\$ 245,292	10.7%
Accounts Receivable and Prepaid Assets	<u>40,015</u>	<u>33,006</u>	<u>7,009</u>	21.2%
Total Assets	<u>\$ 2,571,619</u>	<u>\$ 2,319,318</u>	<u>\$ 252,301</u>	10.9%
Liabilities				
Accounts Payable and Collections in Advance	\$ 9,125	\$ 6,300	\$ 2,825	44.8%
Estimated Claims Incurred But Not Reported	<u>212,045</u>	<u>210,405</u>	<u>1,640</u>	0.8%
Total Liabilities	<u>\$ 221,170</u>	<u>\$ 216,705</u>	<u>\$ 4,465</u>	2.1%
Net Position				
Unassigned	<u>2,350,449</u>	<u>2,102,613</u>	<u>247,836</u>	11.8%
Total Net Position	<u>2,350,449</u>	<u>2,102,613</u>	<u>247,836</u>	11.8%
Total Liabilities and Net Position	<u>\$ 2,571,619</u>	<u>\$ 2,319,318</u>	<u>\$ 252,301</u>	10.9%

Significant Estimates – Estimated Claims Incurred But Not Reported

The cost of claims payable for dental care services are provided to the Plan members, covered employees and dependents, include estimates based on evaluations of providers' claims submitted and provisions for incurred but not reported claims. The Plan's liabilities for estimated claims incurred but not yet reported is estimated based upon a claims lag report provided by the processor. Since the majority of these claims will be paid within six months, no discounting has been computed. The liability for estimated claims incurred but not reported at June 30, 2021 and 2020 is estimated at \$212,045 and \$210,405, respectively, for active employees. Since these amounts are estimated, it should be further noted that actual results may differ from these amounts.

Statements of Revenues, Expenses, and Changes in Net Position

A summary of revenues, expenses, and changes in net position is illustrated below:

	<u>2021</u>	<u>(Restated) 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Members' Contributions	\$ 1,681,521	\$ 1,641,592	\$ 39,929	2.4%
Other Revenue	<u>20,695</u>	<u>47,005</u>	<u>(26,310)</u>	(56.0)%
Total Revenues	<u>1,702,216</u>	<u>1,688,597</u>	<u>13,619</u>	0.8%
Expenses				
Incurred Claims and Claims Adjustments	1,377,378	1,305,423	71,955	5.5%
Other Expense	<u>77,002</u>	<u>89,130</u>	<u>(12,128)</u>	(13.6)%
Total Expenses	<u>1,454,380</u>	<u>1,394,553</u>	<u>59,827</u>	4.3%
Total Changes in Net Position	<u>\$ 247,836</u>	<u>\$ 294,044</u>	<u>\$ (46,208)</u>	(15.7)%

See Independent Auditor's Report

**CATSKILL AREA SCHOOLS DENTAL PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED June 30, 2021**

Revenues

The Plan's member contribution revenues increased by \$39,929, primarily as a result of an increase in census participation and also a 1% premium rate increase.

Expenses

The Plan's claims expense increased by \$71,955. Prior year claims expense was lower than usual as a result of COVID-19 related closures.

Future Factors

The Plan did not increase the premium rates for 2021-2022.

Request for Information

This financial report is designed to provide a general overview of the Catskill Area Schools Dental Plan's finances for all those with an interest in the Plan's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dr. Jennifer Avery; Otsego-Northern-Catskills BOCES NCOC Center, 2020 Jump Brook Road, Grand Gorge, NY 12434.

CATSKILL AREA SCHOOLS DENTAL PLAN
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,531,604	\$ 2,286,312
Accounts Receivable	36,639	33,006
Prepaid Assets	<u>3,376</u>	<u>0</u>
Total Current Assets	<u>2,571,619</u>	<u>2,319,318</u>
Total Assets	<u>\$ 2,571,619</u>	<u>\$ 2,319,318</u>
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	\$ 0	\$ 6,300
Premium Collection in Advance	9,125	0
Estimated Claims Incurred But Not Reported	<u>212,045</u>	<u>210,405</u>
Total Current Liabilities	<u>221,170</u>	<u>216,705</u>
Net Position		
Unassigned	<u>2,350,449</u>	<u>2,102,613</u>
Total Net Position	<u>2,350,449</u>	<u>2,102,613</u>
Total Liabilities and Net Position	<u>\$ 2,571,619</u>	<u>\$ 2,319,318</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CATSKILL AREA SCHOOLS DENTAL PLAN
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	(Restated) 2020
Revenues		
Members' Contributions	\$ 1,681,521	\$ 1,641,592
BOCES Administrative Coordination Fee Billing	20,003	19,684
Interest Income	692	27,321
Total Revenues	<u>1,702,216</u>	<u>1,688,597</u>
Expenses		
Incurred Claims and Claims Adjustment Expenses	1,377,378	1,305,423
BOCES Administrative Coordination Fee	20,003	19,684
Software Support	56,999	69,446
Total Expenses	<u>1,454,380</u>	<u>1,394,553</u>
Changes in Net Position	247,836	294,044
Net Position, Beginning of Year	<u>2,102,613</u>	<u>1,808,569</u>
Net Position, End of Year	<u>\$ 2,350,449</u>	<u>\$ 2,102,613</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CATSKILL AREA SCHOOLS DENTAL PLAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from (Used by) Operating Activities		
Changes in Net Position	\$ 247,836	\$ 294,044
(Increase) Decrease in Assets		
Accounts Receivable	(3,633)	(18,426)
Prepaid Assets	(3,376)	0
Increase (Decrease) in Liabilities		
Estimated Claims Incurred But Not Reported	1,640	(23,233)
Premium Collection in Advance	9,125	0
Accounts Payable	<u>(6,300)</u>	<u>421</u>
Net Cash Flows from Operating Activities	<u>245,292</u>	<u>252,806</u>
 Net Increase in Cash and Cash Equivalents	 245,292	 252,806
 Cash and Cash Equivalents, Beginning of Year	 <u>2,286,312</u>	 <u>2,033,506</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 2,531,604</u></u>	 <u><u>\$ 2,286,312</u></u>

Supplemental Cash Flows Disclosures

Cash Paid During the Year For		
Interest	\$ <u>0</u>	\$ <u>0</u>
Income Taxes	\$ <u>0</u>	\$ <u>0</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CATSKILL AREA SCHOOLS DENTAL PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Catskill Area Schools Dental Plan (the Plan) was formed to provide municipal participants a cooperative program for providing dental benefits to covered employees (including retirees and their dependents) by entering into a municipal agreement as defined by Section 119-N of the New York State General Municipal Law.

Description of Plan

The following description of the Plan provides only general information. Participants should refer to the membership handbook for a more complete description of the Plan's provisions.

The Plan provides dental benefits (if it is determined that they are medically necessary and appropriate) covering eligible employees of participating municipalities.

Eligibility for benefits is determined by the policy established and adopted by the individual participating municipalities. Participants should refer to the membership handbook for information on eligibility for coverage.

The Plan agreement provides that the Board of Trustees (Board) shall establish monthly premium equivalent rates for the employees of the participating school districts using a community rating methodology. The Board uses an actuary to determine premiums. These premiums are determined by the actuary and authorized by the Board on an annual basis.

Additionally, each participating school district agrees to pay on demand its share of any assessment ordered by the Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimate in the financial statements is for the estimated claims incurred but not reported liability. It is at least reasonably possible that the significant estimate will change within the next year.

Basis of Accounting

The Plan maintains its records on the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recorded when incurred.

Cash and Cash Equivalents

The Plan considers all short-term debt securities and certificates of deposit with a maturity of three months or less to be cash equivalents.

Tax Status

The municipal corporation established to hold the Plan's assets is tax-exempt; therefore, the Plan's net investment income is exempt from income tax.

Receivables

The Plan considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Prepaid Assets

Prepaid assets consist of items paid in the current year and expensed in the subsequent year. The Plan pays certain premiums in advance during the year due to timing.

Premium Collection in Advance

Premiums collected in advance consist of premiums collected in the current year and recorded in income in the subsequent year.

**CATSKILL AREA SCHOOLS DENTAL PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 CUSTODIAL CREDIT RISK

The Plan maintains its cash balances in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are secured by collateral held by a third-party custodian. Such collateral is limited to United States Government and New York State municipal obligations. At June 30, 2021 and 2020, the Plan had FDIC coverage and additional collateral at financial institutions greater than its deposits. However, there exists the possibility that at times deposits in these financial institutions could exceed insurance thereby subjecting the excess to potential loss.

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. New York State statutes govern the Plan's investment policies. As of June 30, 2021 and 2020, the Plan's bank balances of \$636,108 and \$438,369 were fully collateralized by Federal Deposit Insurance Corporation (FDIC) and securities held by an agent of the pledging financial institution in the Plan's name.

NOTE 3 INVESTMENT POOL

The Plan participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-o, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

As of June 30, 2021 and 2020, the amount included in unrestricted cash equivalents is \$1,904,591 and \$1,903,949, respectively.

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. The Investment Pool issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYLAF Administration, PMA Financial Network, 2135 City Gate Lane 7th FL, Naperville, IL 60563.

NOTE 4 ESTIMATED CLAIMS INCURRED BUT NOT REPORTED

The Plan establishes a liability for both reported and unreported insured events, which include estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Plan during the year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<u>Estimated Claims Incurred But Not Reported,</u>		
Beginning of Year	\$ 210,405	\$ 233,638
Incurred Claims and Claims Adjustment Expenses		
Provision for Insured Events of the Current Year		
Total Incurred Claims and Claims	<u>1,377,378</u>	<u>1,305,423</u>
Subtotal	<u>1,587,783</u>	<u>1,539,061</u>
Payments		
Claims and Claims Adjustment Expenses Attributable to		
Insured Events of the Current Year	(1,165,333)	(1,095,018)
Claims and Claims Adjustment Expenses Attributable to		
Insured Events of Prior Fiscal Year	<u>(210,405)</u>	<u>(233,638)</u>
Subtotal	<u>(1,375,738)</u>	<u>(1,328,656)</u>
<u>Estimated Claims Incurred But Not Reported,</u>		
End of Year	<u>\$ 212,045</u>	<u>\$ 210,405</u>

**CATSKILL AREA SCHOOLS DENTAL PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5 MEMBERS' CONTRIBUTIONS

The Plan derives its revenues from charges per covered employee, which are paid by participating municipalities. These municipalities are billed on a monthly basis by the Plan.

NOTE 6 RELATED-PARTY TRANSACTIONS

The Otsego-Northern Catskill BOCES (the BOCES) is related to the Plan through mutual management. The BOCES provides the Plan with technical and operational support services. The BOCES is responsible for billing and collection of the administrative portion of the premiums from the Plan members. The administrative expense for this function was \$20,003 and \$19,684 for the years ended June 30, 2021 and 2020, respectively.

The BOCES is also a member of the Plan and paid premiums of \$303,483 and \$276,320 to the Plan for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 PRIOR PERIOD RESTATEMENT

The Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020 was restated to include \$19,684 for both revenues and administrative expenses that were previously netted. There is no impact to Net Position. These revenues and expenses were administered by the Otsego-Northern Catskill BOCES on the behalf of the Plan, but not grossed up and reflected in the records of the Plan.

Required Communication With Those Charged With Governance

To the Trustees

Catskill Area Schools Dental Plan

We have audited the financial statements of the governmental activities, of Catskill Area Schools Dental Plan for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing 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 June 7, 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 Catskill Area Schools Dental Plan are described in Note 1 to the financial statements. No new accounting policies were adopted during 2021, however revenues and expenses for the administrative portion of the premiums and fees administered by the BOCES are now shown on the Statement of Revenues, Expenses, and Changes in Net Position that had been previously netted. We noted no transactions entered into by Catskill Area Schools Dental Plan 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 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 estimate affecting the Plan's financial statements was:

Management's estimate of the claims incurred but not reported (IBNR) which is based on a claims lag report provided by the processor and reviewed by KBM Management. We evaluated the key factors and assumptions used to develop the estimated claims incurred but not reported in determining that it is 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 clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

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 disagreements 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 October 25, 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 Catskill Area Schools Dental Plan'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 Catskill Area Schools Dental Plan'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 applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Trustees and management of Catskill Area Schools Dental Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo & Co., LLP

October 25, 2021

Rome, New York