

**NEW ISSUE**

**REVENUE ANTICIPATION NOTES**

*In the opinion of Barclay Damon LLP, Bond Counsel to the BOCES, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the BOCES, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, for tax years beginning after December 31, 2022, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "Tax Matters" herein regarding certain other tax considerations.*

*The BOCES will designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

**\$7,500,000**

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**for**

**THE SOLE SUPERVISORY DISTRICT OF**

**RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK**

**DOING BUSINESS AS QUESTAR III**

**RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK**

**\$7,500,000 Revenue Anticipation Notes, 2023**

**(referred to herein as the "Notes")**

**Dated: September 27, 2023**

**Due: March 27, 2024**

The Notes are unsecured obligations of the Board of Cooperative Educational Services, for The Sole Supervisory District of Rensselaer, Columbia and Greene Counties, New York doing business as Questar III (the "BOCES" and "Questar III"), payable as to both principal and interest from any monies of the BOCES legally available thereof. The Notes are issued in anticipation of the receipt of monies from contractual payments of the Component School Districts (herein defined). The BOCES has no taxing power. The Notes do not constitute a debt or obligation of any Component School District of the BOCES, nor shall the Notes be payable out of any funds other than those of the BOCES.

The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC"). If the Notes are issued registered in the name of the purchaser(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the BOCES. If the Notes are issued in book-entry-only form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on the Notes will be paid in Federal Funds by the BOCES to Cede & Co., which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving legal opinion as to the validity of the Notes by Barclay Damon LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about September 27, 2023.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com), on September 20, 2023 by no later than 11:00 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the BOCES, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

September \_\_, 2023

THE BOCES DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE BOCES WILL COVENANT TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX D – MATERIAL EVENT NOTICES" HEREIN.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
for  
**THE SOLE SUPERVISORY DISTRICT OF**  
**RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK**  
**DOING BUSINESS AS QUESTAR III**

**BOCES OFFICIALS**

**BOARD OF THE BOCES**

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President

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MARY DALY  
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MELONY SPOCK  
MARY YURISTA  
FRANK ZWACK, JR

\* \* \* \* \*

**ADMINISTRATION**

DR. GLADYS I. CRUZ  
BOCES District Superintendent

HARRY HADJIOANNOU  
Deputy Superintendent, Chief Operating Officer, Chief Innovation Officer

JAMES NIEDERMEIER  
Associate Superintendent

TERRY BORDELL  
Chief School Improvement Officer

SHAUNA MAYNARD  
Assistant Superintendent for Exceptional & Early Learning

MICHAEL BUONO  
Director of Human Resources

JAMES TARDY  
School Attorney

ROBIN EMANATIAN  
Board Clerk

FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor



BARCLAY DAMON LLP.  
Bond Counsel

No person has been authorized by the Board of Cooperative Educational Services for The Sole Supervisory District of Rensselaer, Columbia & Greene Counties, New York to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board of Cooperative Educational Services for The Sole Supervisory District of Rensselaer, Columbia & Greene Counties, New York

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**for**  
**THE SOLE SUPERVISORY DISTRICT OF**  
**RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK**  
**DOING BUSINESS AS QUESTAR III**  
**Relating To**  
**\$7,500,000 Revenue Anticipation Notes, 2023**

This Official Statement, which includes the cover page and appendices attached hereto, has been prepared by the Board of Cooperative Educational Services for The Sole Supervisory District of Rensselaer, Columbia and Greene Counties, New York doing business as Questar III, (the "BOCES" and "Questar III") in connection with the sale by the BOCES of \$7,500,000 principal amount of Revenue Anticipation Notes, 2023 (the "Notes").

The factors affecting the financial condition of the BOCES and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the finances of the BOCES, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the BOCES contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the BOCES relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

## **THE NOTES**

### **Description of the Notes**

The Notes are unsecured obligations of the BOCES, payable as to both principal and interest from any monies of the BOCES legally available therefor. The Notes are issued in anticipation of the receipt of monies from contractual payments of the Component School Districts (hereinafter defined). The BOCES has no taxing power. The Notes do not constitute a debt or obligation of any Component School District of the BOCES, nor shall the Notes be payable out of any funds other than those of the BOCES.

The Notes are dated September 27, 2023 and mature, on March 27, 2024. The Notes will be issued, at the option for the purchaser(s) either (i) registered in the name of the purchaser, in denominations of \$5,000 or integral multiples thereof, as may be determined by the successful bidder(s) or (ii) in book-entry-only form in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **No Optional Redemption**

The Notes will not be subject to redemption prior to maturity.

### **Authority for and Purpose of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State, including among others, the Education Law, the Local Finance Law, and a revenue anticipation note resolution adopted by the board of the BOCES on July 6, 2023 to finance cash flow requirements in anticipation of revenues due from the Component School Districts during the BOCES' fiscal year, which commenced July 1, 2023 and ends June 30, 2024. An estimated cash flow forecast is included in this Official Statement as "APPENDIX – C". Such cash flow deficit is the result of timing in the receipt of Component School Districts revenues, which receipt is not congruent with the cash flow needs of the BOCES.

In the event the aforesaid revenues are not received by March 27, 2024 the Notes may be renewed. Revenue anticipation renewal notes may be renewed in the event such revenues have not been received by the maturity date of such notes. The final renewal of any such revenue anticipation renewal notes must mature not later than the end of the second fiscal year succeeding the fiscal year in which such notes were originally issued. In the event such revenues have not been received by such final maturity date, principal of and interest on such Notes will be paid from other available moneys of the BOCES.

Whenever the principal amount of the Notes and any additional revenue anticipation notes issued by the BOCES in anticipation of the receipt of revenues from the Component School Districts equals the amount of such revenues remaining uncollected, all of such uncollected revenues, as thereafter collected must be set aside in a special bank account to be used only for the purpose of paying the Notes, unless provisions are made by budgetary appropriation for the redemption of the Notes.

### **Remedies upon Default**

No principal or interest payment on BOCES indebtedness is past due. The BOCES has never defaulted in the payment of the principal of or interest on any indebtedness. As a general rule, property and funds of public entities serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. In recent times, certain events and legislation affecting remedies on default have resulted in litigation. Although courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State or in municipalities of the State or the BOCES may require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

### **BOOK-ENTRY-ONLY SYSTEM**

In the event the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the BOCES as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the BOCES on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the BOCES, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the BOCES, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the BOCES. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The BOCES may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the BOCES believes to be reliable, but the BOCES takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE BOCES CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE BOCES WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE BOCES MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

## **Certificated Notes**

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the BOCES and discharging its responsibilities with respect thereto under applicable law, or the BOCES may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the BOCES. The Notes will remain not subject to redemption prior to their stated final maturity date.

## **BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

### **History of the BOCES**

Founded separately in the 1950s and 1960s, the BOCES merged to become Rensselaer-Columbia-Greene BOCES in 1977. It later adopted the name Questar III in 1994, emphasizing its cooperative leadership in excellence and innovation.

For nearly 40 years, the organization has provided cost savings through shared services and given students of all ages and abilities access to high-quality programs.

### **Operations**

Questar III BOCES serves 21 component districts (plus one non-component) in Rensselaer, Columbia and Greene counties and provides nearly 300 shared services to approximately 690 school districts and BOCES statewide. The New York State Board of Regents and the Commissioner of Education charge the State's 37 District Superintendents and BOCES with providing leadership and support to local school districts. Questar III focuses on developing the capacity of local schools to enable students to meet the state learning standards and graduation requirements.

Questar III BOCES provides shared educational programs to the school districts served. Partnerships with districts allow for the delivery of a broad range of programs and services that help meet the evolving educational needs of students. BOCES programs and services prepare diverse populations for roles in the local, regional, state, national and global economies, provide cost-effective shared services to districts and ignites collaboration to close gaps in student achievement.

BOCES has been – and continues to be – an agent of change and a vehicle for family and student choice in the public education system. Through BOCES, school districts can provide a rich variety of learning experiences for students of all interests, ages and abilities. Also, Questar III strives to be the program of choice through its core values of Commitment to Excellence, Commitment to Leadership and Service, and Commitment to Innovation.

### **State Aid to BOCES**

A BOCES has no taxing authority and except for certain Federal grants and payments for services rendered under certain contracts with public agencies, colleges, and other entities, derives all of its financial support for operations from its component school districts and the State. State law provides that State aid is paid to a BOCES, and then such State aid is to be paid by the BOCES to the component school districts to partially reimburse them for payments made to the BOCES, based upon the amount paid by the component school districts for program services and administrative and capital expenses. The component school districts pay for these expenses through real property tax levies. See "TAX LEVY LIMITATION LAW".

Program services are funded by component school districts based on the district's participation in a specific program. Administrative and capital expenses of a BOCES are shared on a pro rata apportioned basis (based on attendance or enrollment formulas or property values) by the component school districts. For purposes of apportionment of public monies to the BOCES, such payments shall be aided in the same manner as administrative expenses (subject to certain exceptions outlined below).

BOCES costs are paid, and aided by the State, in the following manner:

*BOCES Services Aid.* When a school district decides to subscribe to one of the BOCES programs, it agrees to pay a tuition or service fee. The aggregate amount of fees equals the BOCES' costs of providing the service. Each participating school district pays its pro-rata share of the program's costs.

The participating school district pays its fee in installments during the school year in which the BOCES provides the service, enabling the BOCES to meet payroll and other expenses. These payments are made on an estimated basis during the year. At the end of the school year, the exact cost is determined by audit.

The audited cost then becomes the basis on which State aid is calculated. These moneys are then paid to the BOCES in the school year following the school year in which the service was provided. The BOCES, in turn, allocates and pays this money to the component school districts as a reimbursement in the same school year that the BOCES receives it from the State. Therefore, in any given year, a school district will be paying to the BOCES its share of the estimated cost of the program it is currently participating in and will also be receiving moneys from the BOCES from State aid intended to partially reimburse such school district for its share of audited educational costs paid by it to the BOCES in the prior year.

The amount of State aid paid to each BOCES is the sum of the amounts determined for each component school district by applying a State aid formula, which is prescribed by statute. Since this formula includes in its calculation the tax rate and actual valuation of taxable property of the various component school districts, the amount of the aid actually paid to each BOCES varies depending upon these tax rates and property valuations. In all cases, the amount of State aid is less than the total costs of each BOCES program services. Each school district is therefore directly responsible to its BOCES for its share of the cost of educational programs in which it participates, with State aid reimbursing a portion of the school district's share.

*BOCES Administrative Aid.* BOCES administrative expenses are charged against all component school districts based upon attendance or enrollment formulas or property values and regardless of their participation in any BOCES educational program.

Certain BOCES administrative expenses cannot exceed in the aggregate, for purposes of State aid payments, 10% of the total BOCES expenses, including the program operating expenses. In all cases, the amount of State aid for administrative expenses is less than the actual amount of these administrative expenses. Each school district is therefore directly responsible to its BOCES for its share of administrative expenses, with State aid reimbursing a portion of the school district's share.

*BOCES Facilities Aid.* BOCES' facilities expenses are capital expenses and are charged against all component school districts based upon attendance or enrollment formulas or property values and regardless of their participation in any BOCES educational program.

BOCES facilities aid may be claimed for approved expenditures for facility construction, purchase or lease incurred for approved projects. The amount of aid payable on account of approved expenses is determined by multiplying the approved expenses by the aid ratio established by the State Education Law. Approved expenses are those incurred by the component school district during the current school year for approved debt service payments on debt instruments used to finance BOCES construction, for expenditures in support of BOCES construction and for expenditures for lease of BOCES facilities. In all cases, the amount of State aid for facilities expenses is less than the actual amount of these facilities expenses. Each school district is therefore directly responsible to its BOCES for its share of facilities expenses, with State aid reimbursing a portion of the school district's share of the costs of approved projects.

For clarification, State Aid is paid to BOCES for distribution to its component school districts for aidable services rendered. Payments are made in the months of February and June of the current fiscal year and the month of September of the next fiscal year. BOCES Services and Administrative Aid payments are based on expenditures of the previous fiscal year and BOCES Facilities Aid payments are based on expenditures of the current fiscal year.



## State Appropriations

The State has made appropriations to the BOCES program in each year since 1949 when the program was initiated. The amount of State aid payable to each BOCES has varied in accordance with a statutory formula set forth in the State Education Law, except that payments in lieu of BOCES aid were made for the school year ending June 30, 2002 in an amount specified by the Legislature. The amount apportioned by the State for payment to a BOCES during a BOCES fiscal year, which ends June 30<sup>th</sup>, is payable in installments, approximately 25% of which is payable in February, approximately 30% of which is payable in June, and the remaining balance is payable in September. During the BOCES fiscal year, the State aid payment made in February is made in one State fiscal year, and the State aid payments made in June and September occur in the subsequent State fiscal year.

While the BOCES program has received State aid in each year since its inception, both the determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to BOCES. Such amendments could result in the increase, decrease or elimination of the amount of State aid available for the payment of debt service on the Notes. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

The following chart presents the amount of State aid accrued by QUESTAR III BOCES during the past eight school years ended June 30 of the years shown, although a portion of such amount may have been received by QUESTAR III BOCES in the next school year. State aid for administrative services expenses is based on the preceding year's expenditures, while capital and facilities rental aid is based on the BOCES budget for the year in which it is received.

### State Aid Appropriations to QUESTAR III BOCES

School Year <u>Ending June 30,</u>	Accrued Sept. Payment <u>State Aid</u>	Total Annual Payments <u>State Aid</u>
2016	\$8,690,578	\$ 16,729,304
2017	8,970,834	17,644,997
2018	8,301,992	17,475,153
2019	8,505,233	18,052,766
2020	9,363,845	20,045,856
2021	9,472,562	20,067,088
2022	10,332,907	22,751,213
2023 (Unaudited)	11,154,158	24,787,018
2024 (Budgeted)	11,250,000	25,000,000

## Obligations of Component School Districts

All component school districts are required to pay their allocable share of BOCES administrative and capital expenses notwithstanding that they may elect not to participate in any of BOCES educational programs. Each component school district pays a proportional share of BOCES administrative and capital expenses (based on attendance or enrollment formulas or property values) through tax levies and local boards of education vote on BOCES administrative budget each spring. The Education Law requires that each component school district add the amount of its share of BOCES administrative and capital expenses to its budget and pay such amount to BOCES. The moneys collected for and on behalf of a BOCES by each component school district are required by law to be paid by the school district to such BOCES treasurer. Under other provisions of State law, component school districts of a BOCES are political subdivisions of the State and (with certain exceptions) have the power to levy and collect ad valorem taxes on real property. See "TAX LEVY LIMITATION LAW" herein for limitations thereon.

Under State law, if the budget of a school district is not approved by the voters, provision is made for the board of education of the school district to adopt, without voter approval, a contingent budget to pay for the basic or minimal needs of the school district subject to statutory caps which will include its allocable share of BOCES administrative and capital expenses.

All the taxable property of each such school district is subject to levy of ad valorem taxes, without limitation as to rate or amount, to pay the school district's allocable share of BOCES administrative and capital expenses, subject to the statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" herein. In addition, each county or other political subdivision having responsibility for the enforcement of delinquent school taxes is required to pay to the school districts the full amount of school taxes which remain uncollected before the end of the school year.

## THE BOCES

### General Information

Boards of Cooperative Educational Services (BOCES) were created by the State Legislature in 1948 to operate as an extension of the public-school system. A BOCES provides programs and services that districts are unable to offer on their own or that are more economical to share with other districts. Questar III BOCES is a cooperative of 21 school districts and provides services for nearly 30,000 students and 500 staff members. Services are also provided to 690 school districts and BOCES state-wide. School districts participate in specific programs and services on a cost-sharing basis. In addition, they are eligible for State aid for nearly all services for which they contract. The services which the Questar III BOCES offers cover the whole spectrum of public education services:

- Instructional programs make up the majority of Questar III services and include Special Education, Career & Technical Education, New Visions, STEM High School, Pre-Kindergarten, Adult and Community Education and a variety of K-12 enrichment programs.
- Instructional Support Services include School Improvement, Data Coordination and Analysis, School Library System, Model Schools, Odyssey of the Mind and Technology Services.
- District Support Services include Asset Management and Valuation, Absence Management GASB 75 Valuation, State Aid and Financial Planning, Special Education Aid Assistance, Health and Safety, and Communications. Many of the District Support Services are provided to school districts across New York State.

### Component School Districts

The component school districts (each a “Component School District” and together the “Component School Districts”) which comprise the BOCES are as follows:

Averill Park CSD	Berlin CSD	Brunswick (Brittonkill) CSD	Coxsackie-Athens CSD
Cairo-Durham CSD	Catskill CSD	Chatham CSD	Hoosic Valley CSD
East Greenbush CSD	Germantown CSD	Greenville CSD	Wynantskill UFSD
Hudson City SD	Ichabod Crane CSD	Lansingburgh CSD	Schodack CSD
New Lebanon CSD	North Greenbush Common	Rensselaer City School District	
Taconic Hills CSD	Troy City School District		

### Form of BOCES Administration

Like public school districts, Questar III is governed by a policy-making board of education. The 11 members of the Questar III Board serve three-year terms and are elected by component boards through a special vote held each April. Questar III Board Members either serve or have served on local school boards. Most of them also have experience as board presidents in their districts of residence. The President and Vice-President of the BOCES are selected by the Board members. The Board also appoints a Superintendent and a Treasurer to run the day-to-day operations of the BOCES.

### Budgetary Procedures

Pursuant to the Education Law, the BOCES annually prepares a tentative budget for BOCES programs based on Component School District requests. An annual meeting is held in April to review the budget with each Board of Education and to vote on said budget and prior to June 15 the Board adopts the budget for the subsequent fiscal year. Component School Districts are charged based on programs specifically requested and included in the budget.

The Boards of Education are required to add these charges to the budget of each such Component School District, levy and collect the same at the same time and in the same manner as such Component School District collects taxes for its own use and pay such amounts to the Treasurer of the BOCES. In the event the tentative budget of a Component School District is not approved by a majority of the qualified voters of such Component School District, the charge from the BOCES may be raised by the Component School District as an ordinary contingent expense in a like manner as if the same had been approved by its qualified voters.

## Investment Policy

Pursuant to the statutes of the State, the BOCES is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in or a deposit placement program with a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the BOCES; (6) obligations of a New York public corporation which are made lawful investments by the BOCES pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of BOCES moneys held in certain reserve funds established pursuant to law, obligations issued by the BOCES. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the BOCES' current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations of the State of New York.

## Contractual Agreement

Upon adoption of the budget, contracts are prepared and executed by and between the BOCES and the Component School Districts. Component School Districts are billed based on their requests for service submitted by May 1. Executed contracts are submitted to the State Education Department by August 1. Component School Districts pay one-tenth of their contract each month from September through June. Supplemental contracts are issued throughout the year and year-end to adjust for changes in any service requests.

The percentages of contractual liability by Component and Non Component School Districts for the 2023-2024 contracts are as follows:

<u>School District</u>	<u>Contract Amount</u>	<u>% of Liability</u>
Averill Park CSD	\$2,972,220	5.7%
Berkshire UFSD	0	0%
Berlin CSD	1,650,103	3.2%
Brunswick (BrittonKill)	1,520,872	2.9%
Cairo-Durham CSD	3,127,287	6.0%
Catskill CSD	2,048,860	3.9%
Chatham CSD	2,022,443	3.9%
Coxsackie-Athens CSD	1,924,718	3.7%
East Greenbush CSD	4,963,000	9.6%
Germantown CSD	925,038	1.8%
Greenville CSD	1,580,077	3.0%
Hoosic Valley CSD	2,032,550	3.9%
Hudson City SD	2,948,292	5.7%
Ichabod Crane CSD	3,130,334	6.0%
Lansingburgh CSD	3,550,505	6.8%
New Lebanon CSD	606,192	1.2%
North Greenbush Common School District	21,139	0%
Rensselaer City School District	1,997,090	3.8%
Schodack CSD	1,375,005	2.6%
Taconic Hills CSD	1,792,028	3.5%
Troy City School District	6,106,723	11.8%
Wynantskill UFSD	548,964	1.1%
Total Component School Districts	\$46,843,440	90.3%
Total Non-Component School Districts	\$ 5,059,775	9.7%
Each Component and Non-Component School District is severally liable for the payment of its contractual obligation.		

## State Aid

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19, the State previously declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The full impact of COVID-19 upon the State's economy and financial condition is not expected to be known for some time (See also "MARKET AND RISK FACTORS" herein).

State law provides that State aid is paid to a BOCES, and then is to be paid by the BOCES to the component school districts to partially reimburse them for payments made to the BOCES, based upon the amount paid by the component school districts for program services, administrative and capital expenses. The component school districts pay for these expenses through real property tax levies. Program services are funded by component school districts based on the district's participation in a specific program. Administrative and capital expenses of a BOCES are shared on a pro rata apportioned basis by the component school districts.

When a school district decides to subscribe to one of the BOCES programs, it agrees to pay a tuition or service fee. The aggregate amount of fees equals the BOCES' costs of providing the service. Each participating school district pays its pro-rata share of the program's costs.

The participating school district pays its fee in installments during the school year in which the BOCES provides the service. These payments are made on an estimated basis during the year. At the end of the school year, the exact cost is determined by audit.

The audited cost then becomes the basis on which State aid is calculated. These moneys are then paid to the BOCES in the school year following the school year in which the service was provided. The BOCES, in turn, allocates and pays this money to the component school districts as a reimbursement in the same school year that the BOCES receives it from the State. Therefore, in any given year, a school district will be paying to the BOCES its share of the estimated cost of the program it is currently participating in and will also be receiving moneys from the BOCES from State aid intended to partially reimburse such school districts for its share of audited educational costs paid by it to the BOCES in the prior year.

The amount of State aid paid to each BOCES is the sum of the amounts determined for each component school district by applying a State aid formula, which is prescribed by statute. Since this formula includes in its calculation the tax rate and actual valuation of taxable property of the various component school districts, the amount of the aid actually paid to each BOCES varies depending upon these tax rates and property valuations.

## Recent Events Affecting State Aid to New York School Districts

*School District Fiscal Year (2019-2020):* The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6% and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

*School district fiscal year (2020-2021):* Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these federal funds, State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflected current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

*School District Fiscal Year (2021-2022):* The State’s 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor’s Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

*School district fiscal year (2023-2024):* The State’s 2023-24 Enacted Budget provides for a total of \$34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a \$3.2 billion or 10.4% increase in State funding for education, and includes a \$2.6 billion, or 12.3% percent Foundation Aid increase. The State’s 2023-24 Enacted Budget provides \$134 million to increase access to free school meals. A \$20 million in grant funding will be used to establish new Early College High School and Pathways in Technology Early Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State. In fiscal years 2022 and 2023, public school districts were awarded \$14 billion of federal elementary and secondary school emergency relief funds, available for use over multiple years.

#### *State Aid Litigation*

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments.

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A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of state funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

## Employees

The BOCES provides services through approximately 490 full and 186 part-time employees. Certain employees are represented by various bargaining units as follows:

<u>Association</u>	<u>Periods Covered</u>	<u>Number of Employees Covered</u>	<u>Affiliation</u>
Teachers' Association	July 1, 2021 – June 30, 2026	178	NYSUT
Teaching Assistants Unit	July 1, 2021 – June 30, 2026	152	NYSUT
Support Services Federation	July 1, 2021 – June 30, 2026	55	NYSUT
Administrators' Association	July 1, 2022 – June 30, 2026	12	SAANYS

Source: BOCES officials.

## Status and Financing of Employee Pension Benefits

Professional employees (teachers and administrators) are members of the New York State Teachers' Retirement System ("TRS"). All non-professional employees of the BOCES eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and collectively with TRS, the "Retirement Systems". These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally begin vesting after five (5) years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 1, 1976, with less than 10 years of service, must contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. New professional hires as members of TRS will be required to contribute 3.5% under recent new legislature.

On December 12, 2009, the new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Additionally, on March 16, 2012, the new Tier VI was signed into law, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The BOCES payments to ERS and TRS since the 2017-2018 fiscal year to the 2021-2022 fiscal year, unaudited results for the 2022-2023 fiscal year and the budgeted figure for the 2023-2024 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$ 1,002,151	\$ 1,615,438
2018-2019	1,039,061	1,837,042
2019-2020	1,073,031	2,023,949
2020-2021	1,085,585	1,768,214
2021-2022	1,238,744	1,983,776
2022-2023 (Unaudited)	921,310	2,131,699
2023-2024 (Budgeted)	1,122,007	2,300,000

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The BOCES currently does not have any early retirement incentives.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2019-20 to 2023-24) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The BOCES is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

**Stable Rate Pension Contribution Option:** The 2013-14 State Budget included a provision that provides local governments and school districts, including the Component School Districts and the BOCES, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Component School Districts’ and BOCES’ employees is not subject to the direction of the Component School Districts and the BOCES. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Component School Districts and the BOCES which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State’s 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, allows school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement the BOCES has not established a TRS reserve fund.

## **Other Post-Employment Benefits**

**Healthcare Benefits.** It should also be noted that the BOCES provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the BOCES, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

**OPEB.** OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.



**GASB 75.** In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The BOCES implemented GASB 75. The implementation of this statement requires BOCES' to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the BOCES to calculate and report a net OPEB obligation. However, under GASB 45 BOCES could amortize the OPEB liability over a period of years, whereas GASB 75 requires BOCES to report the entire OPEB liability on the statement of net position.

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The BOCES contracted with Questar III's GASB 75 Service to calculate its actuarial valuation under GASB for the fiscal years ending June 30, 2022 and 2023, which calculation was certified by Milliman, and actuarial firm.

The following table outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

	Balance at June 30:	2021	2022
		<u>\$ 144,676,166</u>	<u>\$ 110,170,067</u>
<u>Changes for the year:</u>			
Service cost		7,529,801	5,341,008
Interest on total OPEB liability t		3,253,210	4,031,025
Effect of demographic gains or losses		(14,455,532)	
Effect of assumptions changes or inputs		(27,627,684)	(6,404,251)
Benefit payments		<u>(3,205,894)</u>	<u>(3,309,383)</u>
Net Changes		<u>\$ (34,506,099)</u>	<u>\$ 341,601</u>
	Balance at June 30:	2022	2023
		<u>\$ 110,170,067</u>	<u>\$ 109,828,466</u>

Note: The above table is not audited. For additional information see "APPENDIX - E" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The BOCES has reserved \$0 towards its OPEB liability. The BOCES funds this liability on a pay-as-you-go basis.

The BOCES' unfunded actuarial accrued OPEB liability could have a material adverse impact upon the BOCES' finances and could force the BOCES to reduce services, raise fees charged to Component District or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

Prior to July 1, 2015, Questar III had charged components, non-components and grantors for postemployment healthcare costs and accumulated those funds for several years in anticipation of partially funding the liability. As legislation was never passed that allowed for the funding of postemployment healthcare costs, the New York State Comptroller's Office required the funds be liquidated. A plan to liquidate the funds was approved by the Questar III Board, the State Education Department and the participating districts. The plan required that funds collected from components and non-components of \$15,692,282 be liquidated via providing credits to the districts over a five year period. Additionally, funds collected from grantors of \$2,318,337 will be retained in the Special Aid fund, and the BOCES sought guidance from the New York State Education Department concerning how to address these funds. Lastly, a one year estimate for retiree healthcare costs will remain in the general fund as a current liability. The liquidation of the liability to components and non-components was completed in 2020.

## Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

This Official Statement includes a summary of financial data of each Component School District having power to levy taxes within its respective school district.

No principal or interest upon any obligation of the BOCES is past due.

The fiscal year of the BOCES is July 1 to June 30.

## **Financial Statements**

The BOCES retains independent certified public accountants. The last audited report was performed by Cusack & Company LLC and covers the period ending June 30, 2022 and may be found attached hereto as “APPENDIX – E” to this Official Statement. Copies of the report may be examined at the BOCES Central Office. In addition, the State Comptroller's office, Department of Audit and Control, periodically performs a compliance review to ascertain whether the BOCES has complied with the requirements of various State and Federal statutes.

The BOCES complies with the Uniform System of Accounts as prescribed by the State Comptroller for BOCES in the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the BOCES is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The BOCES is in compliance with Statement No. 34.

## **Fund Structure and Accounts**

The General Fund is the general operating fund for the BOCES which is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for substantially all revenues and expenditures of the BOCES.

## **The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller classifies all the component Districts with no designation.

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

**New York State Comptroller Report of Examination**

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the BOCES has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

As of the date of this Official Statement, there is a State Comptrollers audit of the BOCES that is currently in progress. The BOCES is unaware when this audit will be completed.

Note: Reference to website implies no warranty of accuracy of information therein.

**INDEBTEDNESS OF THE BOCES**

**Installment Purchase Debt**

Installment purchase debt activity for the year ended June 30, 2023 is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
Installment purchase debt, beginning balance	\$ 2,237,089
New Leases	611,000
Repayments	640,653
Installment Purchase Debt, Ending Balance	\$ 2,207,436

Current maturities of installment purchase debt are as follows:

2024	993,507
2025	647,272
2026	426,316
2027	134,419
2028	<u>5,922</u>
Total	\$ 2,207,436

Source: BOCES officials. The table itself is not audited.

**Capital Project**

The BOCES is currently renovating the Durham School. This project will be financed with budget appropriations and the BOCES does not anticipate borrowing. Additionally, the BOCES is moving its current warehouse operations to its building located at 1070 Rt. 9 Schodack, NY and will be converting the space to house CTE programs. The projects are primarily financed by current appropriations.

**Cash Flow Borrowings**

Besides the Notes, the BOCES does not anticipate issuing any additional revenue anticipation notes during the fiscal year 2023-2024.

**The following two sections are applicable to the Component School Districts of the BOCES. The BOCES has no taxing authority.**

**Tax Collection Procedure of Component School Districts**

Tax payments in each of the Component School Districts are due September 1. On November 1, uncollected taxes are returnable to the respective counties/cities for collection. The Component School Districts receive the uncollected amount from said counties/cities prior to the end of the Component School Districts' fiscal year, thereby assuring 100% collection annually.

## **TAX LEVY LIMITATION LAW**

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (“Chapter 97” or the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Chapter 97 was set to expire June 15, 2020; however legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district’s calculation of each fiscal year’s tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System and the Teachers’ Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. There is also an exception for school districts for “Capital Local Expenditures” subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. “Capital Local Expenditures”, are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law”. The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy”, and is an exclusion from the tax levy limitation.

## **SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the BOCES and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the BOCES upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the BOCES may not be enforced by levy and execution against property owned by the BOCES.

The Federal Bankruptcy Code allows public bodies, such as the BOCES, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these Local Finance Law provisions do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any Counties, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the BOCES.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes such as the Notes.

## **MARKET AND RISK FACTORS**

The financial condition of the BOCES as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the BOCES' control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the BOCES to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Component School Districts are dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, in any year, the Component School Districts and BOCES may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the BOCES for the Component School Districts.

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Component School Districts could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

The BOCES, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the BOCES will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

*Covid.* An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the BOCES's financial condition and operating results by potentially delaying the receipt by the Component School Districts of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Beginning in early 2020, COVID-19, a respiratory disease caused by a new strain of coronavirus, spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak of the disease affected travel, commerce, financial markets globally and economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency which expired in May 2023. The State also previously declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Non-essential businesses and schools have reopened, initially under strict State guidelines. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the BOCES's operations and finances is difficult to predict. Any resurgence of COVID-19 could have a material adverse effect on the State and municipalities and school districts located in the State, including the BOCES. The BOCES is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

#### *Cybersecurity*

The BOCES, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the BOCES will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. The BOCES has obtained a cybersecurity insurance policy in the event of an insured loss.

### **TAX MATTERS**

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, for tax years beginning after December 31, 2022, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the School District, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

#### *General*

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The School District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the School District has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications or statements of reasonable expectation, or of the failure by the School District to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes and such Beneficial Owner's other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

#### *Certain Collateral Federal Income Tax Consequences*

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

#### *Backup Withholding and Information Reporting*

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

#### *Legislation*

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will be designated by BOCES as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

## **LEGAL MATTERS**

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding unsecured general obligations of the BOCES, that under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the BOCES, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code and interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, for tax years beginning after December 31, 2022, interest on the Notes that is included in the “adjusted financial statement income” of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the BOCES comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The BOCES will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

## **LITIGATION**

The BOCES is subject to a number of lawsuits in the ordinary conduct of its affairs. The BOCES does not believe, however, that such suits, individually or in the aggregate if decided adversely to BOCES, are likely to have a material adverse effect on the financial condition of the BOCES.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the BOCES, threatened against or affecting the BOCES to restrain or enjoin the issuance, sale or delivery of the Notes or the collection of payments from the Component School Districts to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the BOCES taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence of the BOCES.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the BOCES will enter into an Undertaking to Provide Material Event Notices, a description of which is attached hereto as “APPENDIX – D”.

## **Historical Compliance**

The BOCES is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent Municipal Advisor to the BOCES on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the BOCES and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the BOCES or the information set forth in this Official Statement or any other information available to the BOCES with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the BOCES to Fiscal Advisors are partially contingent on the successful closing of the Notes.



## CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the BOCES provided, however; the BOCES assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the BOCES management's beliefs as well as assumptions made by, and information currently available to, the BOCES's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the BOCES files with the repositories. When used in BOCES documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Barclay Damon LLP, Albany, New York, Bond Counsel to the BOCES, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the BOCES for use in connection with the offer and sale of the Notes, including but not limited to, this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the BOCES will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the BOCES.

The Official Statement is submitted only in connection with the sale of the Notes by the BOCES and may not be reproduced or used in whole or in part for any other purpose.

The BOCES hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the BOCES nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the BOCES disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the BOCES also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The BOCES contact information is as follows: Lynn MacDonald, Treasurer, 10 Empire State Blvd. Castleton, New York 12033, Phone: (518) 479-6807, Email: [jennifer.mulligan@questar.org](mailto:jennifer.mulligan@questar.org)

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com) and [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com).

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
FOR THE SOLE SUPERVISORY DISTRICT OF  
RENSSELAER, COLUMBIA & GREENE COUNTIES, NEW YORK**

**Dated: September \_\_, 2023**

**President of the Board and Chief Fiscal Officer**

**APPENDIX - A**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES BOCES**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u><b>ASSETS</b></u>					
Unrestricted Cash	\$ 8,374,348	\$ 10,819,362	\$ 9,280,307	\$ 12,229,258	\$ 10,479,613
Due from School Districts and Other BOCES	2,526,307	2,741,696	5,066,954	4,078,974	4,914,340
Lease Receivable	-	-	-	-	2,353,167
Due from Health Insurance Trust	1,388,952	1,149,984	687,947	1,552,589	1,566,099
State and Federal Aid Receivables	1,262	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	64,718	-	18,943	154,071	135,483
Other Receivables	52,054	37,662	13,153	57,305	68,934
Prepaid Expenditures	139,490	52,358	42,190	43,850	44,428
<b>TOTAL ASSETS</b>	<u><u>\$ 12,547,131</u></u>	<u><u>\$ 14,801,062</u></u>	<u><u>\$ 15,109,494</u></u>	<u><u>\$ 18,116,047</u></u>	<u><u>\$ 19,562,064</u></u>
<u><b>LIABILITIES AND FUND EQUITY</b></u>					
Accounts Payable	\$ 800,985	\$ 1,679,217	\$ 2,748,109	\$ 4,446,598	\$ 2,672,925
Accrued Expenses	679,166	1,117,278	962,515	725,829	387,452
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	30,298	-	-	-
Due to Retirement System	2,060,139	2,289,756	2,050,389	2,300,500	2,365,303
Postemployment Benefit Liability	3,181,463	3,345,603	3,661,950	3,905,552	3,627,537
Unearned Revenue	-	-	-	30,036	73,037
Deferred Revenue	1,388,952	1,149,984	687,947	1,552,589	9,510,643
<b>TOTAL LIABILITIES</b>	<u><u>\$ 8,110,705</u></u>	<u><u>\$ 9,612,136</u></u>	<u><u>\$ 10,110,910</u></u>	<u><u>\$ 12,961,104</u></u>	<u><u>\$ 18,636,897</u></u>
<u><b>FUND EQUITY</b></u>					
Nonspendable	\$ 139,490	\$ 52,358	\$ 42,190	\$ 43,850	\$ 44,428
Assigned	4,296,936	5,136,568	4,956,394	5,111,093	6,478,768
Unassigned	-	-	-	-	(5,598,029)
<b>TOTAL FUND EQUITY</b>	<u><u>\$ 4,436,426</u></u>	<u><u>\$ 5,188,926</u></u>	<u><u>\$ 4,998,584</u></u>	<u><u>\$ 5,154,943</u></u>	<u><u>\$ 925,167</u></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><u>\$ 12,547,131</u></u>	<u><u>\$ 14,801,062</u></u>	<u><u>\$ 15,109,494</u></u>	<u><u>\$ 18,116,047</u></u>	<u><u>\$ 19,562,064</u></u>

Source: Audited financial reports of the BOCES. This Appendix is not itself audited.

**APPENDIX - A1**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES BOCES**

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Equity**

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>					
Charges for Services	\$ 71,356	\$ 70,390	\$ 76,457	\$ 26,736	\$ 43,973
Charges to Components	55,806,091	59,487,441	61,728,315	64,208,053	65,641,452
Charges to Non-Components	9,859,991	10,547,029	10,533,688	10,804,374	11,926,678
Interest and Earnings	13,378	26,755	47,749	18,806	28,077
Sales	164,677	159,119	119,933	130,987	159,411
Miscellaneous	879,902	467,604	591,923	781,004	979,363
Interfund Revenues	862,361	965,110	1,241,193	1,538,542	1,835,988
Revenues from State Sources	-	-	-	-	-
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 67,657,756</u>	<u>\$ 71,723,448</u>	<u>\$ 74,339,258</u>	<u>\$ 77,508,502</u>	<u>\$ 80,614,942</u>
Other Sources:					
Interfund Transfers					
Encumbrances, Previous year	<u>743,671</u>	<u>839,632</u>	<u>(180,174)</u>	<u>154,699</u>	<u>1,367,675</u>
Total Revenues and Other Sources	<u>\$ 68,401,427</u>	<u>\$ 72,563,080</u>	<u>\$ 74,159,084</u>	<u>\$ 77,663,201</u>	<u>\$ 81,982,617</u>
<b>EXPENDITURES</b>					
Administration	\$ 7,027,177	\$ 7,274,117	\$ 7,382,506	\$ 7,468,632	\$ 10,596,914
Career Education	8,383,624	9,275,201	9,514,879	9,795,846	9,834,168
Instruction for Handicapped	21,088,165	22,134,563	24,015,290	26,052,970	25,831,942
Itinerant Services	1,627,678	1,731,780	1,479,689	1,468,002	1,564,809
General Instruction	6,000,764	5,842,593	5,902,750	5,703,065	6,655,033
Instructional Support	6,908,536	7,861,896	7,947,971	8,223,682	11,758,229
Other Services	10,853,404	12,442,716	12,733,557	13,894,830	16,530,079
Total Expenditures	<u>\$ 61,889,348</u>	<u>\$ 66,562,866</u>	<u>\$ 68,976,642</u>	<u>\$ 72,607,027</u>	<u>\$ 82,771,174</u>
Other Sources:					
Refund of Surplus	5,268,408	4,636,757	4,326,232	3,841,890	5,826,487
Proceeds on Installment Purchase Agreements	-	-	-	-	(1,353,648)
Lease Proceeds Property	-	-	-	-	(3,259,676)
Lease Revenue	-	-	-	-	(3,152,627)
Transfer to Capital Projects	500,000	523,825	1,036,384	1,059,585	1,000,000
Decrease in Reserve for Prepaids	-	87,132	10,168	-	-
Increase in Reserve for Prepaids	<u>(99,315)</u>	<u>-</u>	<u>-</u>	<u>(1,660)</u>	<u>(578)</u>
	<u>5,669,093</u>	<u>5,247,714</u>	<u>5,372,784</u>	<u>4,899,815</u>	<u>(940,042)</u>
Total Expenditures and Other Uses	<u>\$ 67,558,441</u>	<u>\$ 71,810,580</u>	<u>\$ 74,349,426</u>	<u>\$ 77,506,842</u>	<u>\$ 81,831,132</u>
Excess (Deficit) Revenues Over Expenditures	842,986	752,500	(190,342)	156,359	151,485
<b>FUND EQUITY</b>					
Fund Equity - Beginning of Year	3,593,440	4,436,426	5,188,926	4,998,584	5,154,943
Prior Period Adjustments (net)	-	-	-	-	(4,381,261)
Fund Equity - End of Year	<u>\$ 4,436,426</u>	<u>\$ 5,188,926</u>	<u>\$ 4,998,584</u>	<u>\$ 5,154,943</u>	<u>\$ 925,167</u>

Source: Audited financial reports of the BOCES. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Equity - Budget to Actual**

Fiscal Years Ending June 30:

	<b>2022</b>		
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<b><u>REVENUES</u></b>			
Administration	\$ 8,916,214	\$ 12,396,035	\$ 12,520,251
Career Education	10,120,484	11,600,444	10,113,296
Instruction for Handicapped	26,079,665	28,562,312	27,690,807
Itinerant	1,781,884	1,787,548	1,708,748
General Instruction	6,370,654	7,521,432	7,101,617
Instructional Support	8,732,226	13,263,503	12,368,060
Other	14,510,218	19,198,289	18,094,882
Total Revenues	<u>\$ 76,511,345</u>	<u>\$ 94,329,563</u>	<u>\$ 89,597,661</u>
Other Sources			
Interfund Transfers			
 Total Revenues and Other Sources	 <u>\$ 76,511,345</u>	 <u>\$ 94,329,563</u>	 <u>\$ 89,597,661</u>
 <b><u>EXPENDITURES</u></b>			
Administration	\$ 8,916,214	\$ 12,396,035	\$ 11,596,914
Career Education	10,120,484	11,600,444	9,834,168
Instruction for Handicapped	26,079,665	28,562,312	25,831,942
Itinerant	1,781,884	1,787,548	1,564,809
General Instruction	6,370,654	7,521,432	6,655,033
Instructional Support	8,732,226	13,263,503	11,758,229
Other	14,510,218	19,198,289	16,530,079
Total Expenditures	<u>\$ 76,511,345</u>	<u>\$ 94,329,563</u>	<u>\$ 83,771,174</u>
Other Sources:			
Refund of Surplus	\$ -	\$ -	5,826,487
Proceeds on Installment Purchase Agreements	-	-	(1,353,648)
Lease Proceeds Property	-	-	(3,259,676)
Lease Revenue	-	-	(3,152,627)
Transfer to Capital Projects	-	-	1,000,000
Decrease in Reserve for Prepaids	-	-	-
Increase in Reserve for Prepaids	-	-	(578)
Total Expenditures and Other Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,831,710</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>6,765,951</u>
 <b><u>FUND EQUITY</u></b>			
Fund Equity - Beginning of Year	-	-	5,154,943
Encumbrances, Previous year	-	-	1,367,675
Prior Period Adjustments (net)	-	-	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,288,569</u>

Source: Audited financial reports of the BOCES. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Equity - Budget (Non-GAAP)**

Fiscal Years Ending June 30:	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<u>Adopted Budget</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<b><u>REVENUES</u></b>					
Administration and Capital	\$ 8,672,612	\$ 8,916,214	\$ 8,916,214	\$9,181,810	\$9,358,021
Career Education	9,678,687	10,048,692	10,120,484	10,617,399	11,491,911
Instruction for Special Education	24,742,921	25,881,410	26,079,665	28,087,962	30,836,920
Itinerant Services	1,927,748	1,535,004	1,781,884	1,664,291	1,804,666
General Instruction	5,828,218	6,096,810	6,370,654	7,828,834	7,569,364
Instructional Support	7,919,580	7,956,227	8,732,226	10,367,376	10,831,750
Other Services	13,291,144	14,289,486	14,510,218	17,126,380	18,006,224
Total Revenues	<u>\$ 72,060,917</u>	<u>\$ 74,723,843</u>	<u>\$ 76,511,345</u>	<u>\$84,874,052</u>	<u>\$89,898,856</u>
<b><u>EXPENDITURES</u></b>					
Administration and Capital	\$ 8,672,612	\$ 8,916,214	\$ 8,916,214	\$9,181,810	\$9,358,021
Career Education	9,678,687	10,048,692	10,120,484	10,617,399	11,491,911
Instruction for Special Education	24,742,921	25,881,410	26,079,665	28,087,962	30,836,920
Itinerant Services	1,927,748	1,535,004	1,781,884	1,664,291	1,804,666
General Instruction	5,828,218	6,096,810	6,370,654	7,828,834	7,569,364
Instructional Support	7,919,580	7,956,227	8,732,226	10,367,376	10,831,750
Other Services	13,291,144	14,289,486	14,510,218	17,126,380	18,006,224
Total Expenditures	<u>\$ 72,060,917</u>	<u>\$ 74,723,843</u>	<u>\$ 76,511,345</u>	<u>\$84,874,052</u>	<u>\$84,874,052</u>
Other Financing Sources (Uses):					
Operating Transfers (in)	-	-	-	-	-
Operating Transfers (out)	-	-	-	-	-
Total Other Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficit) Revenues Over Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND EQUITY</u></b>					
Fund Equity - Beginning of Year	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Annual budgets of the BOCES. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**

**FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

	Averill Park C.S.D.	Berlin C.S.D.	Brunswick (Brittonkill) C.S.D.	Cairo-Durham C.S.D.	Catskill C.S.D.
<b>REVENUES</b>					
Real Property Taxes	\$ 32,833,431	\$ 8,905,354	\$ 12,708,251	\$ 14,281,535	\$ 18,742,456
Real Property Tax Items	-	-	1,252,160	994,385	4,821,519
Non-Property Tax Items	-	963,453	-	-	-
Charges for Services	1,264,997	100,681	320,099	99,734	3,996
Use of Money & Property	328,403	2,053	15,955	17,667	123,511
Sale of Property and Compensation for Loss	16,623	50,905	-	25,619	27,505
Miscellaneous	479,435	760,679	344,570	216,223	454,340
Medicaid Reimbursement	-	-	31,567	131,699	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	25,578,166	11,354,306	12,013,205	15,872,424	19,206,508
Revenues from Federal Sources	277,653	123,275	-	8,436	275,903
<b>Total Revenues</b>	<b>\$ 60,778,708</b>	<b>\$ 22,260,706</b>	<b>\$ 26,685,807</b>	<b>\$ 31,647,722</b>	<b>\$ 43,655,738</b>
<b>Other Sources:</b>					
Interfund Transfers	-	-	-	-	250,000
Proceeds From Leases	-	-	-	-	-
<b>Total Revenues and Other Sources</b>	<b>\$ 60,778,708</b>	<b>\$ 22,260,706</b>	<b>\$ 26,685,807</b>	<b>\$ 31,647,722</b>	<b>\$ 43,905,738</b>
<b>EXPENDITURES</b>					
General Support	\$ 6,124,742	\$ 2,700,415	\$ 2,647,320	\$ 3,472,981	\$ 3,885,447
Instruction	30,894,742	10,823,734	11,808,814	16,816,604	22,191,261
Pupil Transportation	3,067,531	1,605,656	1,681,540	1,631,705	2,719,082
Community Services	-	-	71,822	-	-
Employee Benefits	15,429,045	5,270,946	6,554,684	6,012,668	9,616,274
Debt Service	4,133,918	1,467,891	195,030	2,381,927	4,524,945
<b>Total Expenditures</b>	<b>\$ 59,649,978</b>	<b>\$ 21,868,642</b>	<b>\$ 22,959,210</b>	<b>\$ 30,315,885</b>	<b>\$ 42,937,009</b>
<b>Other Uses:</b>					
Interfund Transfers	-	48,145	3,541,093	2,271,355	80,306
Premium on Bonds	-	-	-	-	-
Proceeds From Leases	-	-	(192,992)	-	-
<b>Total Expenditures and Other Uses</b>	<b>\$ 59,649,978</b>	<b>\$ 21,916,787</b>	<b>\$ 26,307,311</b>	<b>\$ 32,587,240</b>	<b>\$ 43,017,315</b>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>1,128,730</b>	<b>343,919</b>	<b>378,496</b>	<b>(939,518)</b>	<b>\$ 888,423</b>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	9,869,213	6,490,116	4,733,630	10,595,356	14,809,317
Prior Period Adjustments (net)	(1,400,992)	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ 9,596,951</b>	<b>\$ 6,834,035</b>	<b>\$ 5,112,126</b>	<b>\$ 9,655,838</b>	<b>\$ 15,697,740</b>

Source: Audited financial reports of the Component School Districts  
This Appendix is not itself audited.

COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

	Chatham C.S.D.	Coxsackie-Athens C.S.D.	East Greenbush C.S.D.	Germantown C.S.D.	Greenville C.S.D.
<b>REVENUES</b>					
Real Property Taxes	\$ 22,128,831	\$ 17,495,347	\$ 58,279,332	\$ 9,720,360	\$ 15,913,166
Real Property Tax Items	1,136,462	2,231,417	6,604,428	12,535	1,571,069
Non-Property Tax Items	-	-	-	-	-
Charges for Services	169,679	37,950	752,238	43,727	573,435
Use of Money & Property	41,162	51,135	114,948	12,425	28,866
Sale of Property and Compensation for Loss	-	50,861	404,208	-	3,914
Miscellaneous	838,685	847,424	629,181	368,564	653,989
Medicaid Reimbursement	-	-	356,405	-	16,801
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	7,777,504	11,645,045	28,181,260	4,938,786	13,747,164
Revenues from Federal Sources	98,874	312,611	-	31,458	34,786
Total Revenues	\$ 32,191,197	\$ 32,671,790	\$ 95,322,000	\$ 15,127,855	\$ 32,543,190
Other Sources:					
Interfund Transfers	417,998	-	525,000	73,045	-
Proceeds From Leases	-	-	-	-	-
Total Revenues and Other Sources	\$ 32,609,195	\$ 32,671,790	\$ 95,847,000	\$ 15,200,900	\$ 32,543,190
<b>EXPENDITURES</b>					
General Support	\$ 3,622,491	\$ 3,287,047	\$ 9,365,152	\$ 1,776,039	\$ 4,041,090
Instruction	14,255,892	16,465,217	47,885,892	6,888,298	16,073,885
Pupil Transportation	1,822,213	2,181,631	5,687,349	1,110,929	1,693,523
Community Services	-	-	-	-	-
Employee Benefits	8,051,960	7,046,435	22,954,601	4,083,366	6,354,444
Debt Service	1,058,025	3,053,027	5,342,928	626,500	2,327,771
Total Expenditures	\$ 28,810,581	\$ 32,033,357	\$ 91,235,922	\$ 14,485,132	\$ 30,490,713
Other Uses:					
Interfund Transfers	1,067,148	138,143	5,250,255	635,184	224,181
Premium on Bonds	-	-	-	-	-
Proceeds From Leases	-	-	(98,333)	-	(98,555)
Total Expenditures and Other Uses	29,877,729	32,171,500	96,387,844	15,120,316	30,616,339
Excess (Deficit) Revenues Over Expenditures	\$ 2,731,466	\$ 500,290	\$ (540,844)	\$ 80,584	\$ 1,926,851
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	15,929,135	8,931,497	29,989,596	5,843,847	7,428,406
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ 18,660,601	\$ 9,431,787	\$ 29,448,752	\$ 5,924,431	\$ 9,355,257

Source: Audited financial reports of the Component School Districts  
This Appendix is not itself audited.



COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

	Hoosic Valley C.S.D.	Hudson City S.D.	Ichabod Crane C.S.D.	Lansingburgh C.S.D.	Wynantskill UFSD
<b>REVENUES</b>					
Real Property Taxes	\$ 8,508,202	\$ 23,195,978	\$ 23,436,294	\$ 14,440,391	\$ 4,952,912
Real Property Tax Items	-	1,465,414	1,917,568	1,807,702	720,948
Non-Property Tax Items	-	766,043	-	-	-
Charges for Services	12,984	1,212	129,175	156,934	788,206
Use of Money & Property	10,046	275,602	110,779	708	595
Sale of Property and Compensation for Loss	-	1,407	163	422,335	-
Miscellaneous	700,521	1,238,174	803,658	1,276,813	453,714
Medicaid Reimbursement	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	12,212,289	24,674,792	17,293,424	34,264,932	3,279,081
Revenues from Federal Sources	83,796	425,913	417,039	1,039,686	7,786
Total Revenues	\$ 21,527,838	\$ 52,044,535	\$ 44,108,100	\$ 53,409,501	\$ 10,203,242
Other Sources:					
Interfund Transfers	-	20,447	862,106	-	-
Proceeds From Leases	-	-	-	-	-
Total Revenues and Other Sources	\$ 21,527,838	\$ 52,064,982	\$ 44,970,206	\$ 53,409,501	\$ 10,203,242
<b>EXPENDITURES</b>					
General Support	\$ 2,138,003	\$ 5,245,225	\$ 4,487,038	\$ 5,680,164	\$ 1,094,957
Instruction	10,778,264	23,930,473	22,034,938	26,753,447	5,003,047
Pupil Transportation	1,584,505	4,160,280	2,317,015	4,062,455	942,101
Community Services	-	4,794	-	-	-
Employee Benefits	5,446,734	12,178,247	12,143,859	10,624,151	2,045,187
Debt Service	1,814,145	5,405,013	3,939,371	4,811,275	331,450
Total Expenditures	\$ 21,761,651	\$ 50,924,032	\$ 44,922,221	\$ 51,931,492	\$ 9,416,742
Other Uses:					
Interfund Transfers	530,814	62,762	-	399,963	213,735
Premium on Bonds	-	-	-	-	-
Proceeds From Leases	-	-	-	-	-
Total Expenditures and Other Uses	22,292,465	50,986,794	44,922,221	52,331,455	9,630,477
Excess (Deficit) Revenues Over Expenditures	\$ (764,627)	\$ 1,078,188	\$ 47,985	\$ 1,078,046	\$ 572,765
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	10,417,674	10,636,645	4,671,416	8,794,518	3,357,558
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ 9,653,047	\$ 11,714,833	\$ 4,719,401	\$ 9,872,564	\$ 3,930,323

Source: Audited financial reports of the Component School Districts. This Appendix is not itself audited.

COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

	North Greenbush				
	New Lebanon	Common <sup>(1)</sup>	Rensselaer City	Schodack	Taconic Hills
REVENUES	C.S.D.	S.D.	S.D.	C.S.D.	C.S.D.
Real Property Taxes	\$ 8,596,955	\$ 1,558,965	\$ 8,257,820	\$ 14,367,982	\$ 24,259,429
Real Property Tax Items	72,335	129,545	945,817	-	984,691
Non-Property Tax Items	-	-	436,278	-	12,743
Charges for Services	33,379	209,893	234,151	150,175	241,452
Use of Money & Property	5,238	459	126,024	33,744	48,796
Sale of Property and Compensation for Loss	5,997	-	-	342,945	62,877
Miscellaneous	102,252	3,559	818,369	886,738	508,536
Medicaid Reimbursement	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	3,774,473	29,979	15,793,140	9,736,374	12,451,034
Revenues from Federal Sources	-	-	501,050	39,042	80,029
Total Revenues	\$ 12,590,629	\$ 1,932,400	\$ 27,112,649	\$ 25,557,000	\$ 38,649,587
Other Sources:					
Interfund Transfers	-	-	88,283	396,229	-
Proceeds From Leases	-	-	308,217	-	-
Total Revenues and Other Sources	\$ 12,590,629	\$ 1,932,400	\$ 27,509,149	\$ 25,953,229	\$ 38,649,587
EXPENDITURES					
General Support	\$ 2,106,314	\$ 253,768	\$ 2,581,588	\$ 2,941,023	\$ 4,546,900
Instruction	5,196,719	1,362,823	12,613,022	11,875,197	16,821,343
Pupil Transportation	701,445	318,861	1,193,962	1,086,421	2,760,190
Community Services	-	-	-	-	42,289
Employee Benefits	3,494,284	153,576	3,966,596	5,648,707	10,675,164
Debt Service	571,810	18,660	5,087,265	3,624,156	2,813,428
Total Expenditures	\$ 12,070,572	\$ 2,107,688	\$ 25,442,433	\$ 25,175,504	\$ 37,659,314
Other Uses:					
Interfund Transfers	138,589	-	2,191,995	2,972,636	279,071
Premium on Bonds	-	-	-	-	-
Proceeds From Leases	(64,620)	-	-	(219,343)	(20,434)
Total Expenditures and Other Uses	12,144,541	2,107,688	27,634,428	27,928,797	37,917,951
Excess (Deficit) Revenues Over Expenditures	\$ 446,088	\$ (175,288)	\$ (125,279)	\$ (1,975,568)	\$ 731,636
FUND BALANCE					
Fund Balance - Beginning of Year	2,315,788	1,013,165	2,213,472	8,211,115	21,277,756
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ 2,761,876	\$ 837,877	\$ 2,088,193	\$ 6,235,547	\$ 22,009,392

<sup>(1)</sup> Unaudited

Source: Audited financial reports of the Component School Districts and Office of State Comptroller's financial report for North Greenbush Commons S.D.  
This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**

**FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

	Troy City S.D.	<b>TOTAL OF 22 COMPONENT SCHOOL DISTRICTS</b>
<b><u>REVENUES</u></b>		
Real Property Taxes	\$ 34,818,755	358,659,290
Real Property Tax Items	4,855,993	26,702,469
Non-Property Tax Items	1,555,609	3,734,126
Charges for Services	1,805,118	7,125,219
Use of Money & Property	21,514	1,246,119
Sale of Property and Compensation for Loss	83,095	1,470,949
Miscellaneous	1,552,543	13,483,627
Medicaid Reimbursement	-	536,472
Interfund Revenues	85,897	85,897
Revenues from State Sources	68,839,843	333,457,221
Revenues from Federal Sources	296,044	3,777,478
Total Revenues	<u>\$ 113,914,411</u>	<u>\$ 750,278,867</u>
Other Sources:		
Interfund Transfers	-	2,383,108
Proceeds From Leases	-	308,217
Total Revenues and Other Sources	<u>\$ 113,914,411</u>	<u>\$ 752,970,192</u>
<b><u>EXPENDITURES</u></b>		
General Support	\$ 13,058,548	81,170,805
Instruction	59,482,408	367,764,759
Pupil Transportation	6,305,989	45,915,301
Community Services	-	118,905
Employee Benefits	17,728,807	165,863,461
Debt Service	8,921,510	57,925,100
Total Expenditures	<u>\$ 105,497,262</u>	<u>\$ 718,758,331</u>
Other Uses:		
Interfund Transfers	139,809	20,104,878
Premium on Bonds	-	-
Proceeds From Leases	-	(694,277)
Total Expenditures and Other Uses	<u>\$ 105,637,071</u>	<u>\$ 738,168,932</u>
Excess (Deficit) Revenues Over Expenditures	<u>8,277,340</u>	<u>13,889,633</u>
<b><u>FUND BALANCE</u></b>		
Fund Balance - Beginning of Year	35,024,851	176,056,439
Prior Period Adjustments (net)	-	(1,400,992)
Fund Balance - End of Year	<u>\$ 43,302,191</u>	<u>221,145,022</u>

Source: Audited financial reports of the Component School Districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**  
**STATUS OF INDEBTEDNESS**  
(Fiscal Year Ending June 30, 2022)

Component School District	Bonds	Bond Anticipation Notes	Other Debt	Total Debt Outstanding	TANs & RANs Issued During Fiscal Year
Averill Park CSD	\$ 12,789,966	\$ 6,550,000	\$ -	\$ 19,339,966	\$ -
Berlin CSD	2,790,000	14,481,200	-	17,271,200	-
Brunswick (Brittonkill) CSD	5,940,000	7,500,000	-	13,440,000	-
Cairo-Durham CSD	21,755,000	-	-	21,755,000	-
Catskill CSD	36,300,000	-	-	36,300,000	-
Chatham CSD	6,220,000	-	-	6,220,000	-
Coxsackie-Athens CSD	17,445,000	-	-	17,445,000	-
East Greenbush CSD	12,550,000	26,654,697	-	39,204,697	-
Germantown CSD	-	9,400,000	-	9,400,000	-
Greenville CSD	14,030,000	-	-	14,030,000	-
Hoosic Valley CSD	4,260,000	-	-	4,260,000	-
Hudson City SD	34,645,000	-	-	34,645,000	-
Ichabod Crane CSD	27,745,000	1,345,201	5,461,522	34,551,723	-
Lansingburgh CSD	24,200,000	-	-	24,200,000	-
Wynantskill UFSD	2,445,000	-	-	2,445,000	-
New Lebanon CSD	4,885,000	-	973,009	5,858,009	-
North Greenbush Common	3,315,000	-	-	3,315,000	-
Rensselaer City School District	-	-	49,897,328	49,897,328	-
Schodack CSD	23,485,000	-	-	23,485,000	-
Taconic Hills CSD	15,660,000	-	-	15,660,000	-
Troy City School District	54,765,000	36,000,000	-	90,765,000	-
Totals	<u>\$ 325,224,966</u>	<u>\$ 101,931,098</u>	<u>\$ 56,331,859</u>	<u>\$ 483,487,923</u>	<u>\$ -</u>

Sources: State Comptroller Reports, Audits, Official Statements, and Continuing Disclosure Statements.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF  
THE SOLE SUPERVISORY DISTRICT  
RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK  
QUESTAR III BOCES  
2022-2023 ACTUAL MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)**

**APPENDIX - C  
RENSSELAER-COLUMBIA-GREENE COUNTIES BOCES**

	<i>2022-2023</i>												<i>12 MONTH</i>
<b>CASH FLOW</b>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>TOTAL</i>
<b>Beginning Balance:</b>	\$ 10,677,094	\$ 12,251,769	\$ 9,090,313	\$ 5,688,088	\$ 7,569,659	\$ 6,123,221	\$ 9,075,569	\$ 12,469,379	\$ 13,978,808	\$ 9,300,892	\$ 10,280,404	\$ 11,389,602	\$ 10,546,334
<b><u>Cash Receipts</u></b>													
Charges to Components & Other BOCES	8,679,736	794,583	210,119	7,906,687	6,644,599	10,431,662	7,870,934	9,249,589	10,054,181	8,143,331	9,430,551	8,419,407	87,835,379
State & Federal Aid	400,526	910,422	8,435	180,742	801,128	158,043	1,194,353	575,457	423,831	202,797	508,596	626,462	5,990,792
BOCES Aid (pass through)	-	-	9,517,997	-	-	-	-	3,492,250	-	-	-	6,715,649	19,725,896
Miscellaneous and Other	62,746	183,582	117,784	140,858	80,212	89,773	207,008	152,128	82,136	88,720	604,584	203,067	2,012,598
RAN Proceeds	-	-	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
<b>Total Cash Receipts</b>	\$ 9,143,008	\$ 1,888,587	\$ 14,854,335	\$ 8,228,287	\$ 7,525,939	\$ 10,679,478	\$ 9,272,295	\$ 13,469,424	\$ 10,560,148	\$ 8,434,848	\$ 10,543,731	\$ 15,964,585	\$ 120,564,665
<b>Total available Cash</b>	\$ 19,820,102	\$ 14,140,356	\$ 23,944,648	\$ 13,916,375	\$ 15,095,598	\$ 16,802,699	\$ 18,347,864	\$ 25,938,803	\$ 24,538,956	\$ 17,735,740	\$ 20,824,135	\$ 27,354,187	\$ 131,110,999
<b><u>Disbursements</u></b>													
Warrants	(6,230,604)	(3,462,253)	(6,658,738)	(3,728,924)	(4,171,609)	(5,149,984)	(3,312,061)	(3,570,057)	(4,306,146)	(4,807,224)	(4,540,745)	(5,736,117)	(55,674,462)
BOCES Aid (pass through)	-	-	(9,517,997)	-	-	-	-	(5,623,949)	-	-	-	(6,715,649)	(21,857,595)
Transfer of Capital	-	-	-	-	(1,000,000)	-	-	-	(3,199,022)	-	(837,695)	-	(4,036,717)
Distribution of Surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	(1,337,729)	(1,587,790)	(2,079,825)	(2,617,792)	(3,800,768)	(2,577,146)	(2,566,425)	(2,765,989)	(2,636,229)	(2,648,112)	(4,056,093)	(4,356,087)	(33,029,985)
RAN Repayment Acct.	-	-	-	-	-	-	-	-	(5,096,667)	-	-	-	(5,096,667)
<b>Total Disbursements</b>	\$ (7,568,333)	\$ (5,050,043)	\$ (18,256,560)	\$ (6,346,716)	\$ (8,972,377)	\$ (7,727,130)	\$ (5,878,486)	\$ (11,959,995)	\$ (15,238,064)	\$ (7,455,336)	\$ (9,434,533)	\$ (16,807,853)	\$ (119,695,426)
<b>Ending Balance:</b>	\$ 12,251,769	\$ 9,090,313	\$ 5,688,088	\$ 7,569,659	\$ 6,123,221	\$ 9,075,569	\$ 12,469,379	\$ 13,978,808	\$ 9,300,892	\$ 10,280,404	\$ 11,389,602	\$ 10,546,334	\$ 11,415,573

Note: Cash Flow includes RAN proceeds

BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF  
THE SOLE SUPERVISORY DISTRICT  
RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK  
QUESTAR III BOCES  
2023-2024 ESTIMATED MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)  
With RAN Proceeds

APPENDIX - C1  
RENSSELAER-COLUMBIA-GREENE COUNTIES BOCES

	2023-2024												12 MONTH
<b>CASH FLOW</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>TOTAL</b>
<b>Beginning Balance:</b>	\$ 10,546,334	\$ 11,157,334	\$ 7,345,334	\$ 879,334	\$ 1,700,334	\$ 1,423,634	\$ 4,454,634	\$ 7,555,634	\$ 9,119,634	\$ 1,677,634	\$ 2,413,634	\$ 3,420,634	\$ 9,926,634
<b>Cash Receipts</b>													
Charges to Components & Other BOCES	8,000,000	795,000	210,000	7,000,000	6,900,000	10,400,000	7,871,000	9,250,000	10,054,000	8,140,000	9,440,000	8,420,000	86,480,000
State & Federal Aid	400,000	910,000	9,000	181,000	800,000	408,000	1,195,000	575,000	424,000	203,000	509,000	786,000	6,400,000
BOCES Aid (pass through)	-	-	9,500,000	-	-	-	-	3,500,000	-	-	-	6,800,000	19,800,000
Miscellaneous & Other	111,000	183,000	115,000	140,000	73,300	73,000	185,000	89,000	30,000	43,000	558,000	-	1,600,300
RAN Proceeds	-	-	7,500,000	-	-	-	-	-	-	-	-	-	7,500,000
Total Cash Receipts	\$ 8,511,000	\$ 1,888,000	\$ 17,334,000	\$ 7,321,000	\$ 7,773,300	\$ 10,881,000	\$ 9,251,000	\$ 13,414,000	\$ 10,508,000	\$ 8,386,000	\$ 10,507,000	\$ 16,006,000	\$ 121,780,300
<b>Total available Cash</b>	\$ 19,057,334	\$ 13,045,334	\$ 24,679,334	\$ 8,200,334	\$ 9,473,634	\$ 12,304,634	\$ 13,705,634	\$ 20,969,634	\$ 19,627,634	\$ 10,063,634	\$ 12,920,634	\$ 19,426,634	\$ 131,706,934
<b>Disbursements</b>													
Warrants	(6,500,000)	(4,000,000)	(11,000,000)	(3,800,000)	(4,200,000)	(5,200,000)	(3,500,000)	(3,500,000)	(4,400,000)	(5,000,000)	(4,500,000)	(4,500,000)	(60,100,000)
BOCES Aid (pass through)	-	-	(9,500,000)	-	-	-	-	(5,700,000)	-	-	-	-	(15,200,000)
Distribution of Surplus	-	-	-	-	-	-	-	-	(3,200,000)	-	(900,000)	(900,000)	(5,000,000)
Transfer to Capital	-	-	(1,000,000)	-	-	-	-	-	-	-	-	-	(1,000,000)
Payroll	(1,400,000)	(1,700,000)	(2,300,000)	(2,700,000)	(3,850,000)	(2,650,000)	(2,650,000)	(2,650,000)	(2,650,000)	(2,650,000)	(4,100,000)	(4,100,000)	(33,400,000)
RAN Repayment Acct.	-	-	-	-	-	-	-	-	(7,700,000)	-	-	-	(7,700,000)
<b>Total Disbursements</b>	\$ (7,900,000)	\$ (5,700,000)	\$ (23,800,000)	\$ (6,500,000)	\$ (8,050,000)	\$ (7,850,000)	\$ (6,150,000)	\$ (11,850,000)	\$ (17,950,000)	\$ (7,650,000)	\$ (9,500,000)	\$ (9,500,000)	\$ (122,400,000)
<b>Ending Balance:</b>	\$ 11,157,334	\$ 7,345,334	\$ 879,334	\$ 1,700,334	\$ 1,423,634	\$ 4,454,634	\$ 7,555,634	\$ 9,119,634	\$ 1,677,634	\$ 2,413,634	\$ 3,420,634	\$ 9,926,634	\$ 9,306,934

BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF  
THE SOLE SUPERVISORY DISTRICT  
RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK  
QUESTAR III BOCES  
2023-2024 ESTIMATED MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)  
Without RAN Proceeds

APPENDIX - C2  
RENSSELAER-COLUMBIA-GREENE COUNTIES BOCES

	2023-2024												12 MONTH
<b>CASH FLOW</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>TOTAL</b>
<b>Beginning Balance:</b>	\$ 10,546,334	\$ 11,157,334	\$ 7,345,334	\$ (6,620,666)	\$ (5,799,666)	\$ (6,076,366)	\$ (3,045,366)	\$ 55,634	\$ 1,619,634	\$ 1,877,634	\$ 2,613,634	\$ 3,620,634	\$ 10,126,634
<b>Cash Receipts</b>													
Charges to Components & Other BOCES	8,000,000	795,000	210,000	7,000,000	6,900,000	10,400,000	7,871,000	9,250,000	10,054,000	8,140,000	9,440,000	8,420,000	86,480,000
State & Federal Aid	400,000	910,000	9,000	181,000	800,000	408,000	1,195,000	575,000	424,000	203,000	509,000	786,000	6,400,000
BOCES Aid (pass through)	-	-	9,500,000	-	-	-	-	3,500,000	-	-	-	6,800,000	19,800,000
Miscellaneous & Other	111,000	183,000	115,000	140,000	73,300	73,000	185,000	89,000	30,000	43,000	558,000	-	1,600,300
RAN Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts	\$ 8,511,000	\$ 1,888,000	\$ 9,834,000	\$ 7,321,000	\$ 7,773,300	\$ 10,881,000	\$ 9,251,000	\$ 13,414,000	\$ 10,508,000	\$ 8,386,000	\$ 10,507,000	\$ 16,006,000	\$ 114,280,300
<b>Total available Cash</b>	\$ 19,057,334	\$ 13,045,334	\$ 17,179,334	\$ 700,334	\$ 1,973,634	\$ 4,804,634	\$ 6,205,634	\$ 13,469,634	\$ 12,127,634	\$ 10,263,634	\$ 13,120,634	\$ 19,626,634	\$ 124,406,934
<b>Disbursements</b>													
Warrants	(6,500,000)	(4,000,000)	(11,000,000)	(3,800,000)	(4,200,000)	(5,200,000)	(3,500,000)	(3,500,000)	(4,400,000)	(5,000,000)	(4,500,000)	(4,500,000)	(60,100,000)
BOCES Aid (pass through)	-	-	(9,500,000)	-	-	-	-	(5,700,000)	-	-	-	-	(15,200,000)
Distribution of Surplus	-	-	-	-	-	-	-	-	(3,200,000)	-	(900,000)	(900,000)	(5,000,000)
Transfer to Capital	-	-	(1,000,000)	-	-	-	-	-	-	-	-	-	(1,000,000)
Payroll	(1,400,000)	(1,700,000)	(2,300,000)	(2,700,000)	(3,850,000)	(2,650,000)	(2,650,000)	(2,650,000)	(2,650,000)	(2,650,000)	(4,100,000)	(4,100,000)	(33,400,000)
RAN Repayment Acct.	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	\$ (7,900,000)	\$ (5,700,000)	\$ (23,800,000)	\$ (6,500,000)	\$ (8,050,000)	\$ (7,850,000)	\$ (6,150,000)	\$ (11,850,000)	\$ (10,250,000)	\$ (7,650,000)	\$ (9,500,000)	\$ (9,500,000)	\$ (114,700,000)
<b>Ending Balance:</b>	\$ 11,157,334	\$ 7,345,334	\$ (6,620,666)	\$ (5,799,666)	\$ (6,076,366)	\$ (3,045,366)	\$ 55,634	\$ 1,619,634	\$ 1,877,634	\$ 2,613,634	\$ 3,620,634	\$ 10,126,634	\$ 9,706,934

**MATERIAL EVENT NOTICES**

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the BOCES has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Note is outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Securities, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security
- (g) modifications to rights of security holders, if material
- (h) security calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the BOCES
- (m) the consummation of a merger, consolidation, or acquisition involving the BOCES or the sale of all or substantially all of the assets of the BOCES, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the BOCES, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the BOCES, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the BOCES, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the BOCES does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the BOCES in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the BOCES, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the BOCES.



With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The BOCES may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the BOCES determines that any such other event is material with respect to the Notes; but the BOCES does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The BOCES reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the BOCES no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The BOCES acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the BOCES’s obligations under its material event notices undertaking and any failure by the BOCES to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The BOCES reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the BOCES; provided that the BOCES agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

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**BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
FOR THE SOLE SUPERVISORY DISTRICT OF  
RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2022**

Such Financial Report and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

***QUESTAR III***  
***BOARD OF COOPERATIVE EDUCATIONAL SERVICES***  
***RENSSELAER-COLUMBIA-GREENE COUNTIES***

***FINANCIAL REPORT***

***JUNE 30, 2022***

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**

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**QUESTAR, III**  
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**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)*  
*JUNE 30, 2022*

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The following is a discussion and analysis of the Rensselaer-Columbia-Greene Counties Board of Cooperative Educational Services (hereinafter referred to as "Questar III") financial performance for the year ended June 30, 2022. This section is a summary of Questar III's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with Questar III's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- Net position deficit decreased on an entity wide basis by approximately \$3.4 million over the prior year. The decrease is primarily attributable to the net impact of the postemployment and pension benefit adjustments, and increase in capital assets and the prior period adjustment related to the implementation of GASB Statement No.87.
- Governmental revenues under the modified accrual basis of accounting increased by 14.4% due to a net increase in general instruction, instructional support and other district services, including cross contracts with other BOCES and proceeds of lease debt. The following is a five-year revenue comparison (dollars in millions):

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Administration (001-002)	\$ 12.6	\$ 9.0	\$ 8.7	\$ 7.9	\$ 7.7
Career Education (100-199)	10.1	10.2	9.8	9.3	9.0
Instruction for Handicapped (200-299)	27.7	26.7	26.2	25.5	23.3
Itinerant Service (300-399)	1.7	1.6	1.7	2.0	1.8
General Instruction (400-499)	7.1	6.1	6.1	6.0	6.1
Instructional Support (500-599)	11.1	9.0	8.3	8.0	7.5
Other Services (600-699)	18.1	15.0	13.5	13.0	12.3
Special Aid Fund (800-999)	5.1	4.1	4.1	4.4	4.6
Total Revenue	<u>\$ 93.5</u>	<u>\$ 81.7</u>	<u>\$ 78.4</u>	<u>\$ 76.1</u>	<u>\$ 72.3</u>
% Increase (Decrease)	<u>14.4%</u>	<u>4.2%</u>	<u>3.0%</u>	<u>5.3%</u>	<u>4.5%</u>

The majority of Questar III services are purchased by our 22 component school districts which accounted for approximately 77.3% of our total revenues (78.6% in the 2020-2021 year).

Expenditures increased by 13.7% over the prior year. Salaries decreased as a percentage of total expenditures to 33.4% for the current year from 35.8% in the prior year. The following is a five-year expenditure comparison (dollars in millions) for salaries and benefits:

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(CONTINUED)  
JUNE 30, 2022

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**FINANCIAL HIGHLIGHTS (CONTINUED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Salaries & Wages	\$ 29.9	\$ 28.1	\$ 27.1	\$ 27.0	\$ 25.6
Salaries & Wages as % of Total Expenditures	33.4%	35.8%	36.5%	37.7%	38.0%
Fringe Benefits (Including Health)	\$ 15.2	\$ 16.3	\$ 15.1	\$ 14.2	\$ 15.2
Fringe Benefits as % of Total Expenditures	17.0%	20.7%	20.3%	19.8%	22.6%
Health Insurance	\$ 9.3	\$ 10.7	\$ 9.7	\$ 8.5	\$ 9.7
Health Insurance as % of Total Expenditures	10.4%	13.6%	13.0%	11.9%	14.4%
Total Expenditures	\$ 89.4	\$ 78.6	\$ 74.3	\$ 71.7	\$ 67.3

Questar III offers approximately 300 educational and district support services, while operating on a fiscally sound basis. Demand for Questar III educational programs is strong and we expect the trend to continue. In addition personnel costs (wages and benefits), that are our primary cost drivers, are stable when compared to our total expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of Questar III:

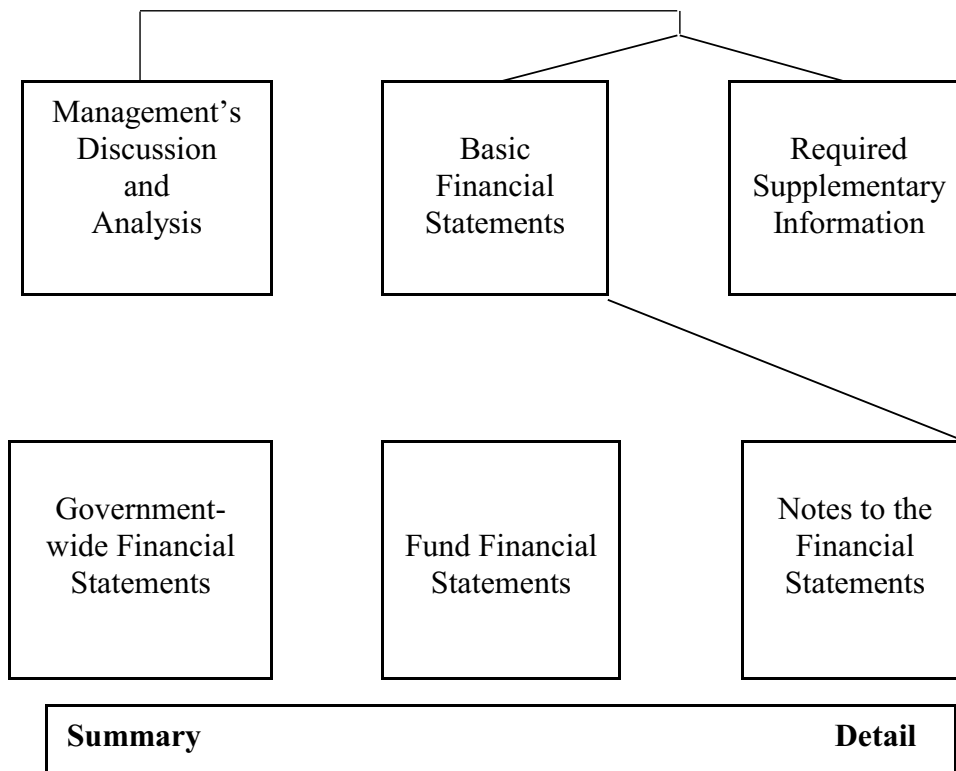
- The first two statements are ***government-wide financial statements*** that provide both *short-term* and *long-term* information about Questar III's *overall* financial status.
- The remaining statements are ***fund financial statements*** that focus on *individual parts* of Questar III, reporting the operations in *more detail* than the entity-wide statements.
- The ***governmental fund statements*** tell how basic services such as instruction and support functions were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required and other supplementary information that further explains and supports the financial statements with a comparison of Questar III's budget for the year and details as to amounts due from school districts and other BOCES. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
*JUNE 30, 2022*

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**Table A-1:** Organization of Questar III's Annual Financial Report





**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2022

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Table A-2 Summarizes the major features of Questar III's financial statements, including the portion of Questar III's activities that they cover and the types of information that they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Table A-2: Major Features of the Government-wide and Fund Financial Statements**

	Government-wide <u>Statements</u>	Fund Financial Statements
		<u>Governmental</u>
1. Scope	Entire governmental entity (except fiduciary funds)	The day-to-day operating activities of Questar III, such as education and district support services
2. Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities and Changes in Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
4. Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
5. Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

## GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about Questar III as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Deficit) includes all of Questar III's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities and Changes in Net Position (Deficit) regardless of when cash is received or paid.

The two district-wide statements report Questar III's *net position* and how they are changed. Net position, the difference between the assets and liabilities, is one way to measure the financial health or position of Questar III.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of Questar III, additional non-financial factors such as changes in Questar III's component and non-component district's health and the condition of buildings and other facilities should be considered.

In the government-wide financial statements, Questar III's activities are shown as *Governmental Activities*: most of Questar III's basic services are included here, such as career and technical education, special education, support services, administration and substantially all these activities are financed through user charges.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about Questar III's funds. Funds are accounting devices that Questar III uses to account for specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

Questar III has two kinds of funds:

- ***Governmental funds***: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of Questar III. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses and balances of current financial resources and often has a budgetary orientation. Included are the general, special revenue and capital project funds. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2022

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**FINANCIAL ANALYSIS OF QUESTAR III AS A WHOLE**

Questar III's net position increased approximately \$3.4 million to a deficit of approximately \$100.6 million as detailed in Tables A-3 and A-4.

**Table A-3: Condensed Statement of Net Position (Deficit)**  
**(in millions)**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Current Assets	\$ 21.2	\$ 23.8
Capital Assets, Net of Depreciation	26.6	16.7
Right to Use Asset	8.2	-
Proportionate Share of Net Pension Assets	21.3	-
Other Long-Term Assets	4.7	2.8
Deferred Outflows of Resources	<u>27.1</u>	<u>29.0</u>
Total Assets and Deferred Outflows	<u><u>\$ 109.1</u></u>	<u><u>\$ 72.3</u></u>
Current Liabilities	\$ 11.4	\$ 12.8
Noncurrent Liabilities	116.0	144.9
Deferred Inflows of Resources	<u>82.3</u>	<u>18.6</u>
Total Liabilities and Deferred Inflows	<u><u>\$ 209.7</u></u>	<u><u>\$ 176.3</u></u>
Net Position (Deficit)		
Investment in Capital Assets, Net of Related Debt	\$ 21.0	\$ 16.7
Unassigned Deficit	<u>(121.6)</u>	<u>(120.7)</u>
Total Net Position (Deficit)	<u><u>\$ (100.6)</u></u>	<u><u>\$ (104.0)</u></u>

**CHANGES IN NET POSITION (DEFICIT)**

Questar III's total year 2022 program revenues approximate \$87.1 million. (See Table A-4) Charges to components, non-components and others accounted for 96.4% (96.9% in 2021) of Questar III's revenue. Operating grants accounted for 3.6% (3.1% in 2021).

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2022

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**CHANGES IN NET POSITION (DEFICIT) (CONTINUED)**

Questar III's total year 2022 program expenses approximate \$78.3 million. (See Table A-4) Of these expenses 89.1% related to instruction, instructional support and other district services (91.2% in 2021) and 10.9% related to administrative and business activities (8.8% in 2021).

**Table A-4: Changes in Net Position (Deficit) from Operating Results**  
(in millions)

	<u>2022</u>		<u>2021</u>	
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 84.0	96.4%	\$ 78.5	96.9%
Operating Grants	<u>3.1</u>	<u>3.6%</u>	<u>2.5</u>	<u>3.1%</u>
Total Revenues	<u>87.1</u>	<u>100.0%</u>	<u>81.0</u>	<u>100.0%</u>
<b>Expenses</b>				
Administration	8.5	10.9%	7.2	8.8%
Career Education	9.5	12.1%	11.0	13.4%
Instruction of Handicapped	26.5	33.8%	29.9	36.4%
Itinerant Services	1.5	1.9%	1.8	2.2%
General Instruction	7.5	9.6%	6.6	8.0%
Instructional Support	7.1	9.1%	11.0	13.4%
Other Services	<u>17.7</u>	<u>22.6%</u>	<u>14.6</u>	<u>17.8%</u>
Total Expenses	<u>78.3</u>	<u>100.0%</u>	<u>82.1</u>	<u>100.0%</u>
<b>Revenues in Excess of Expenses before Return of Surplus</b>				
	8.8		(1.1)	
Return of Surplus	(5.8)		(3.8)	
Other	<u>.4</u>		<u>.4</u>	
Change in Net Position	<u>\$ 3.4</u>		<u>\$ (4.5)</u>	

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
*JUNE 30, 2022*

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## FINANCIAL ANALYSIS OF QUESTAR III'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the government-wide financial statements. Questar III's governmental funds are presented on the **modified accrual basis of accounting**, which has a current financial resources measurement focus. Based on this presentation, governmental funds do not include long-term debt liabilities and capital assets. Governmental funds will include the current payments for capital assets, and the current payments for capital leases.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Questar III revised its budget several times in order to comply with the changes of component's and other's needs for additional services pursuant to its mandate. These budget amendments fall into two categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances and encumbrances carried-over from the prior year.
- Changes made to account for projected increases or decreases in purchased services from component, noncomponent and other BOCES.

Questar III had a number of significant budget amendments during the year ended June 30, 2022 primarily to provide additional services as requested by components and others.

	<b><u>Original Budget</u></b>	<b><u>Amended Budget</u></b>	<b><u>* Actual</u></b>	<b><u>Encumbrances</u></b>	<b><u>Unencumbered Balance</u></b>
Administration (001-002)	\$ 8,916,214	\$ 12,396,035	\$ 11,596,914	\$ 365,051	\$ 434,070
Career Education (100-199)	10,120,484	11,600,444	9,834,168	1,492,638	273,638
Instruction for Handicapped (200-299)	26,079,665	28,562,312	25,831,942	2,524,149	206,221
Itinerant Service (300-399)	1,781,884	1,787,548	1,564,809	28,036	194,703
General Instruction (400-499)	6,370,654	7,521,432	6,655,033	153,590	712,809
Instructional Support (500-599)	8,732,226	13,263,503	11,758,229	726,715	778,559
Other Services (600-699)	14,510,218	19,198,289	16,530,079	1,188,589	1,479,621
	<b><u>\$ 76,511,345</u></b>	<b><u>\$ 94,329,563</u></b>	<b><u>\$ 83,771,174</u></b>	<b><u>\$ 6,478,768</u></b>	<b><u>\$ 4,079,621</u></b>

\* Differs from audited actual by \$1,216,768 due to adjustment between regulatory accounting and GAAP.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
*JUNE 30, 2022*

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The following table reflects the total cumulative cost before depreciation of various building renovations and additions, technology and equipment expenditures through the end of years 2022 and 2021:

**Table A-5: Capital Assets**

<u>Category</u>	<u>2022</u>	<u>2021</u>
Land	\$ 518,912	\$ 518,912
Buildings	23,568,267	18,872,328
Equipment	3,741,614	4,441,065
Vehicles	1,102,839	919,083
Construction in Progress	-	1,484,425
Assets Held for Components	15,144,451	10,682,556
Total	<u>\$ 44,071,083</u>	<u>\$ 36,918,369</u>

**Long-Term Debt**

At year-end 2022 Questar III had \$2,353,167 in installment purchase debt outstanding of which \$1,378,014 is long-term. Installment purchase debt consists of various leases incurred for the purchase of equipment which is then leased by Questar III under similar terms to component districts. The contracts generally mature up to five years.

**FACTORS BEARING ON QUESTAR III'S FUTURE**

At the time these financial statements were prepared and audited, Questar III was aware of the following existing circumstances that could significantly affect its financial health in the future:

The COVID-19 pandemic has affected education, travel, commerce, financial and labor markets globally and economic growth worldwide. The dynamic nature of the pandemic has resulted in a national, state, and local staff shortage crisis complicated by the rise of inflation. The staffing shortage and inflationary cost increases has impacted and is expected to continue to impact Questar III programs and services. Negotiated collective bargaining agreements for salary increases as well as the rising cost of employee benefits such as health insurance continues to make budgeting challenging. During the 2021-2022 fiscal year, all four collective bargaining agreements were negotiated resulting in contracts that are set to expire on June 30, 2026.

**FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

Previous national and statewide fiscal crises have resulted in districts looking for ways to maximize the value attained by their limited resources. School districts also continue to be faced with the 2% tax cap state legislation, despite rising inflation, which has had an adverse impact on component districts' property tax revenue streams. Questar III is a vehicle being utilized to achieve school districts' objective to maximize their resources. History has shown that regardless of school districts' fiscal challenges, Questar III's service commitments have remained strong.

The Questar III component school districts continue to experience annual declines in enrollment. For the fiscal years 2011-2012 to 2020-2021, the Resident Weighted Average Daily Attendance (RWADA) has declined by 15.11% or 5,297 students from 35,050 to 29,753. This decline could have an impact on enrollment in BOCES programs; however, most of the programs continue to see growth in district participation.

Questar III has implemented a plan for goal-setting, innovation and growth called The Leading Edge. Through this framework the following organizational goals were developed: (1) Build the capacity of our employees through ongoing targeted professional learning and other resources to enable Questar III BOCES to lead our region with innovative, high quality, and cost-effective programs and services that are accountable to the region; (2) Develop a diverse pipeline of future leaders to serve the organization, the region and beyond. (3) Develop new programs and services to assist school districts to creatively address fiscal and programmatic challenges and evolve teaching and learning so all students are prepared for their future. The Leading Edge will guide Questar III into the future to continue the expansion of our revenue base, while being mindful of cost structures to continue to provide good value for our services. Questar III strives to be the program of choice through its commitment to excellence, commitment to leadership and service and commitment to innovation.

**Career and Technical Education (CTE):** The 2022-2023 academic year will be the second year that Career and Technical Education students can participate in the Youth Apprenticeship Program (YAP). The Youth Apprenticeship Program is a Questar III effort to engage the business community to commit to being a signatory and allowing students to participate in paid on-the-job training. Because of the unique nature of this program, initial responses from business partners and interest from parents/students has been extremely positive. This could have a positive impact on the demand for our program from parents and students alike, as we place students directly into paid careers prior to their graduation.

Due to the hands-on problem-based learning focus, our CTE programs are heavily reliant on the use of materials. This year we have seen a rise in the cost of materials for our CTE Programs which may have a budgeting impact in the coming year. Transportation continues to be a large cost driver for the New Visions programs as well as various Career Tech and Career Studies work-based learning experiences.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
*JUNE 30, 2022*

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**FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

Staffing shortages have presented a challenge in CTE with ten new teachers being added in the last two years. As the average age of the CTE teaching staff continues to approach retirement age, teacher recruitment is likely to continue to present challenges. With the current shortages, succession planning could be problematic for teachers who will retire in the next three to five years. This could adversely impact certain CTE programs being offered.

All CTE programs are also NYS approved which allows students to earn a CTE Endorsement for graduation and school accountability. During 2022-2023, Nursing Assistant, Emergency Medical Technician, and Heavy Equipment programs will be the focus for NYS program re-approval evaluation.

Overall, student enrollment has increased across the CTE programs in both centers. Existing programs are continually evaluated for industry relevancy, academic rigor, and student interest.

The Career Studies programs provide students with job skills and entry-level training in a technical area or trade at an alternative learning pace. It also provides students with opportunities to gain hands-on, work-based learning experience to apply towards a CDOS (Career Development and Occupational Studies) endorsement on their diploma. These programs now offer integrated math, science, and English Language Arts credits stretched over the two years to better respond to the academic needs of these students and school districts.

The following chart summarizes CTE student enrollment and revenues over the last five years (\$ in millions):

<b><u>Career &amp; Technical Education</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Number of students	778	735	728	726	680
% change from prior year	5.9%	1.0%	0.3%	6.8%	(1.7%)
Revenue in millions	\$ 10.1	\$ 10.2	\$ 9.8	\$ 9.3	\$ 9.0
% change from prior year	(1.0%)	4.1%	5.4%	3.3%	2.3%

***Business, Industry and the Economic All Depend on High-quality CTE***

CTE addresses the needs of business and industry and helps to close the skills gap by preparing students with high-level skills for in-demand jobs. ACTE (Association for Career and Technical Education), provides the following statistics (ACTE, 2020):

- Occupations in the skilled trades, sales and marketing, driving and logistics, construction, customer support and health care are some of top jobs employers are having trouble filling in the United States. CTE plays a critical role in training workers in these areas.
- The nation's five fastest-growing occupations require education below a bachelor's degree as do half of all STEM jobs.



**FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

- 89 percent of manufacturers report talent shortages, with 60 percent reporting that the skills shortage will have a high or very high impact on productivity.
- Health care occupations are projected to grow 14% by 2028, adding almost 2 million new jobs.
- Many of the almost 17.2 million workers employed in infrastructure jobs are nearing retirement.

While there are economic factors that promote CTE closing the skills gap, and there are federal funding sources to support CTE programming, NYS is in a unique situation with the majority of CTE programming being offered through the BOCES. Our CTE programs rely upon the consistent participation of our component districts. We need to ensure that all programs remain relevant, aligned with related careers, and provide value to our students and districts.

Great progress has been made over recent years for students and families to see Career & Technical Education as a viable pathway for students. Having the opportunity in high school to learn a trade and potentially graduate with an industry certification at no cost, will be very attractive to families. There is an undercurrent of a mind shift amongst families who once believed that their child needed to attend college are now more open to the ideal of their child pursuing a trade. These types of trade offerings are typically only found in BOCES programs, due to the vast cost associated with starting and maintaining such programs. As such, BOCES CTE programs will survive an economic downturn and will continue to offer programs to students that are not easily afforded in their home school districts.

**Instruction of Students with Disabilities:** The Special Education department opened the 2022-2023 school year with 305 students enrolled, nearly reaching capacity based on our current program availability and staffing. The school year began with the capacity to fill openings at the Rensselaer City 8:1:1 Spectrum program. Students are accepted based on program openings and ability to support the student.

The cost of delivering specialized programs and services varies and has increased over time. As a result, ongoing input from the Committee on Special Education Chairs is utilized to explore more effective and cost-effective ways to meet students' increasing needs. All programs continue to have access to mental health services and the support of a consulting child psychiatrist and a board-certified behavior analyst. We will continue to evaluate programs to offer instructional and behavioral programming to support the needs of our students.

Approximately 22.7% of students with disabilities are from non-component school districts (20.5% in 2020-2021).

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
JUNE 30, 2022

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**FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

The following chart summarizes the Students with Disabilities student enrollment and revenues over the last five years (\$ in millions):

<b><u>Students with Disabilities</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Number of students	291	299	306	307	296
% change from prior year	(2.7%)	(2.3%)	(0.3%)	3.7%	3.1%
Revenue in millions	\$ 27.7	\$ 26.7	\$ 26.2	\$ 25.5	\$ 23.3
% change from prior year	3.7%	1.9%	2.7%	9.4%	7.9%

**Itinerant Service:** Generally, the itinerant services have remained stable. The NYS Education Department is closely monitoring the scope of BOCES itinerant services. We believe that in the long run the scope of BOCES itinerant services will be reduced.

**General Instruction:** For the 2021-2022 academic year, Questar III opened STEM High in partnership with and located on the Hudson Valley Community College campus partially funded with two grants, Pathways in Technology, P-TECH (six-year) and Smart Scholars - Early College High School, SS-ECHS (four-year) pathway programs. Along with industry partners, Tech Valley High School is a valued partner in this new initiative. These programs allow institutions of higher education to partner with public school districts to create an opportunity for students to earn college credits while also completing their high school diploma. The programs will assist students on the path to a college degree while saving their families thousands of dollars in tuition costs. The 2021-2022 academic year was the first year with the 9<sup>th</sup> grade cohort. The program will continue to grow with new cohorts added in each new school year.

**School District Support Services: *School Library System and Related Services*** supports school librarians and districts to help build and sustain amazing library programs that benefit all students. School districts can purchase shared services that expand access to resources beyond the walls of the library. Services include professional development, a mentor program for new librarians, and full library automation support. The School Library System also provides resources to all students in the region, including eBooks, audiobooks, and online databases. The Multimedia Service continues to add products, providing access to high quality resources like Swank K-12 Movie Streaming, Swank Movie Licensing, and Discovery Education.

***Odyssey of the Mind*** is a worldwide educational program that helps students develop creative problem-solving skills through teamwork. Questar III BOCES is the New York State Region 4 coordinator of this program, the second largest in the state. Questar III BOCES teams have a strong record of advancing to state and world final competitions each year.

**FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

***School Improvement Services*** were strong in 2021-2022. Units of embedded professional development, the largest factor bearing on this budget, ended in June 2022 with 51.8 units, an increase of 7.5 units from the previous year. Units and days of embedded professional development were continuously added throughout the year, which positively affected the budget positively affected the budget ending in June 2022. As evidence to that positive projection, as of the close of September 2022, 58.8 units of embedded professional development have been purchased, which places us six units ahead of where 2021-2022 ended. It is likely that districts will continue to add more days/units as we move through 2022 and 2023, which would be clear growth that will have a positive impact on the School Improvement budget. With ESSA accountability returning in 2022-2023, as well as a full schedule of 3-8 assessments and Regents Examinations, districts will very likely need more support as the year moves forward.

In addition to embedded professional development, Leadership Coaching is another program area that is experiencing growth, especially based on the high rate of turnover in administration across the region. The expectation is that this service will also continue to grow.

An area that we need to consider changing is Regional Scoring. The NYSED has made it clear that the shift to computer-based testing (CBT) is indeed happening and has a timeline to this change. School Improvement conducts Regional Scoring as it has been a form of Professional Learning in the past. That aspect will be mitigated as CBT scoring is much more of an automated process than a professional development process.

***Grant Writing*** services continue to be provided in coordination with two outside consultants to support component school districts. As of the close of 2022, five districts participate in the service. The service is financially stable as costs are incurred based on the level districts subscribe to the services.

***Model Schools*** has seen a large increase in software purchases due to the wide variety of software available for remote and hybrid instruction (over \$1,000,000 for the 2021-2022 fiscal year). Along with the increase in software purchases, Model Schools supports the software and assists participating districts with their purchases. We added a nineteenth district to our Model Schools service in the 2021-2022 fiscal year. Questar III's Model Schools service will continue to be an innovative service that strives to meet the needs of our districts and to be seen as being on the forefront of instructional technology.

***Data Coordination and Analysis*** services provide districts assistance in the collection and reporting of quality and accurate data in addition to building the districts' staff capacity to use data to drive programmatic and instructional decisions. Looking forward to 2022-2023, the service expects to guide districts through upcoming accountability changes from the State as well as making service improvements through the expansion of resources for analyzing data.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
JUNE 30, 2022

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**FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

**Other Services:** All *Financial Services* continued to grow in the 2021-2022 fiscal year.

- The ***GASB 75 Valuation Service*** gained seven new clients during the year and now services 197 districts and BOCES.
- The ***Asset Management & Valuation Service*** gained sixteen new clients and now services 134 districts and BOCES.
- The ***Internal Audit Service*** continued to provide the service to thirty-two districts and BOCES while supporting *Administrative, Management and Planning* service had two districts participating.
- The ***Central Business Office*** provided services to six districts and one additional school for short-term support. Beginning with the 2022-2023 fiscal year, the Central Business Office service was eliminated due to challenges with staffing.
- The ***Special Education Aid Reporting Service*** continues to increase the number of districts participating in the service. The service added nineteen clients for a total of 110 districts statewide. Through the use of technology, the service was able to reach a greater number of districts in an effective and efficient manner and captured \$100,921,174 in excess cost aid for our clients. The Special Education Aid Reporting Service expects continued strong commitments from school districts as they look for support and the expertise of capturing Excess Cost Aid.
- The ***State Aid and Financial Planning Service*** currently serves 660 school districts, which is a slight decrease from the 2021-2022 fiscal year. State Aid Planning is also servicing 33 BOCES, as it continues to develop the BOCES component of the State Aid Planning Service. The service continues to provide valuable technical support to school districts across the state. The staff continues to provide workshops, trainings, and district visits to address a wide range of school district's financial and state aid needs. The State Aid and Financial Planning Service expects continued strong commitments from school districts as they look to the service for relevant and timely information in an ever-changing financial climate.

Financial Services continues to be a valuable resource to districts and BOCES around the state and are sought after in times of economic shutdown as a cost-effective option to meet the needs of school districts.

The ***Health and Safety Service*** continues to lead the region in school safety initiatives. Through grant funding, an anonymous reporting system provides social emotional learning supports and a panic alert system to assist in complying with Alyssa's Law (STOP School Violence grant). The department continues to survey areas for new cost-effective services that can support school safety, facility management and address safety compliance needs. A new component school district client was added for the coming year as well as a new non-component school district. The Health and Safety Service remains committed to supporting our schools and local health departments through COVID-19 Epidemiology and Laboratory Capacity (ELC) funding in continuing to provide districts access to the BOCES Limited Service Laboratory certification. The ***Fire System Maintenance Service*** continues to maintain service opportunities for both our component and non-component customers to ensure life safety compliance in school facilities.

## **FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)**

The ***Technology Service*** offers traditional itinerant support along with a wide array of management, security and technical project-based services and solutions. With over nineteen IT professionals, experience in all Technology disciplines is available. Management and project-based services are tailored to each District so that specific needs are addressed. Services include project management and engineering, IT planning and management, security assessments and solutions, helpdesk monitoring and support, installation and development support, and troubleshooting. Questar III also offers a full range of security services and solutions. A fully redundant and secure data center, off-site backup and colocations services, hosted security self-assessment, EDR (Endpoint Detection and Response) and MDR (Managed Detection and Response), MFA (Multi-Factor Authentication), online cyber security awareness and data privacy, training, incident response services, and other specialized cyber-attack prevention solutions. Strategic partnerships have enabled Questar III to offer a variety of specialized cybersecurity solutions along with expert engineering resources. Full end to end IT management and support is also available to support all a district's technology needs. Questar III is rapidly growing and expanding its capabilities to address the evolving technology needs of school districts in a cost-effective manner. Staffing is the most significant barrier potentially limiting Technology Services growth and increasing service costs.

**Special Aid Fund:** Revenues in the Special Aid Fund increased overall by 24%. The 2021-2022 fiscal year was the first year of the new three-year STOP School Violence grant awarded through the U.S. Department of Justice. In addition, the Early College High School (ECHS) and P-TECH programs for STEM High at Hudson Valley Community College welcomed its first cohort of students in 2021-2022, following a planning year in 2020-2021. In 2021-2022, the local three counties contracted with Questar III to provide COVID-19 testing of the BOCES and district employees, supported by ELC federal funds. For 2022-2023, the ELC funding support will shift from COVID-19 testing to data collection and reporting for the BOCES and districts. During the summer of 2022, the Extended School Year program student enrollment returned to pre-pandemic levels. The 2021-2022 fiscal year was the last year of a four-year contract for the Puerto Rican/Hispanic Youth Leadership Institute (PR/HYLI). Questar III submitted a proposal and was awarded a new five-year contract for PR/HYLI beginning in 2022-2023.

Questar III plans to re-apply for grants when they expire, as funds become available, and continues to seek new funding opportunities.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)*  
*JUNE 30, 2022*

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**CONTACTING QUESTAR III'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of Questar III and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Questar III  
Board of Cooperative Educational Services  
Rensselaer-Columbia-Greene Counties  
Attention: Treasurer  
10 Empire State Boulevard  
Castleton, New York 12033  
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MEMBERS OF:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Questar III  
Board of Cooperative Educational Services  
Rensselaer-Columbia-Greene Counties  
Castleton, New York

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and of Questar III - Board of Cooperative Educational Services of Rensselaer-Columbia Greene Counties ("Questar III"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Questar III as of June 30, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Questar III and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Questar III's ability to continue as a going concern for the twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Questar III's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Questar's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 15, Questar III adopted the Governmental Accounting Standards Board's Statement No. 87, *Leases*, as of and for the year ended June 30, 2022. 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, budgetary comparison information, the schedules of funding progress - other postemployment benefit plans, proportionate share of net pension asset/liability and district contributions - pension plans on pages 1-17 and 51-54 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 basic 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.

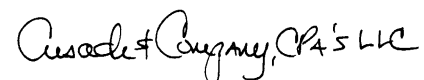
#### *Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Questar III's basic financial statements. The accompanying supplementary information on pages 55-58 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of Questar III'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 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 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 Questar III's internal control over financial reporting and compliance.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
December 6, 2022

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*STATEMENT OF NET POSITION (DEFICIT)*  
*JUNE 30, 2022*

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**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:**

Current Assets:

Cash	\$ 13,641,069
Due from School Districts and Other BOCES	5,074,790
Lease Receivable	975,153
State and Federal Aid Receivable	838,696
Other Receivables, Net	607,681
Prepaid Expenses	<u>49,716</u>
Total Current Assets	<u>21,187,105</u>

Noncurrent Assets:

Due from Health Insurance Trusts	3,258,840
Lease Receivable	1,378,014
Capital Assets, Net	26,642,347
Right of Use Asset	8,229,812
Proportionate Share of Net Pension Asset	<u>21,261,293</u>
Total Noncurrent Assets	<u>60,770,306</u>

Deferred Outflows of Resources:

Pension	15,814,556
OPEB	<u>11,326,503</u>
Total Deferred Outflows of Resources	<u>27,141,059</u>

Total Assets and Deferred Outflows of Resources \$ 109,098,470

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:**

Current Liabilities:

Accounts Payable	\$ 2,878,547
Accrued Expenses	393,203
Postemployment Benefit Liability	3,627,537
Unearned Revenues	226,363
Installment Purchase Agreement	975,153
Lease Payable	930,422
Due to Retirement Systems	<u>2,365,303</u>
Total Current Liabilities	<u>11,396,528</u>

Noncurrent Liabilities:

Installment Purchase Agreements	1,378,014
Lease Payable	8,047,921
Postemployment Benefit Liability	<u>106,542,530</u>
Total Noncurrent Liabilities	<u>115,968,465</u>

Deferred Inflows of Resources:

Leases	2,346,515
Assets Held for Components	5,598,029
Pension	29,830,152
OPEB	<u>44,505,764</u>
Total Deferred Inflows of Resources	<u>82,280,460</u>

Total Liabilities and Deferred Inflows of Resources 209,645,453

**NET POSITION (DEFICIT):**

Invested in Capital Assets	21,044,318
Unrestricted Deficit	<u>(121,591,301)</u>
Total Net Position (Deficit)	<u>(100,546,983)</u>

Total Liabilities, Deferred Inflows of Resources and  
Net Position (Deficit) \$ 109,098,470

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (DEFICIT)*  
*FOR THE YEAR ENDED JUNE 30, 2022*

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		<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/Programs:				
Administration	\$ 8,492,158	\$ 11,054,149	\$ -	\$ 2,561,991
Career Education	9,499,906	10,113,856	399,337	1,013,287
Instruction of Handicapped	26,508,559	29,076,301	-	2,567,742
Itinerant Services	1,516,165	2,429,584	-	913,419
General Instruction	7,526,082	7,652,962	770,471	897,351
Instructional Support	7,120,131	6,301,243	1,325,537	506,649
Other Services	<u>17,626,126</u>	<u>17,380,980</u>	<u>605,531</u>	<u>360,385</u>
Total Functions/Programs	<u>\$ 78,289,127</u>	<u>\$ 84,009,075</u>	<u>\$ 3,100,876</u>	8,820,824
Return of Surplus				<u>5,826,487</u>
Change in Net Position				2,994,337
Less: Beginning of Year				
Encumbrances				(5,111,093)
Prepaid Expenses				(43,850)
Add: End of the Year				
Encumbrance				6,478,768
Prepaid Expenses				<u>44,428</u>
Change in Net Position, Encumbrances and Prepaid Expenses				4,362,590
Net Position (Deficit), Beginning of Year				(104,034,979)
Prior Period Adjustment Relating to Change in Accounting Principle				<u>(874,594)</u>
Net Position (Deficit) End of Year				<u>\$ (100,546,983)</u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
 COMBINED BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>Other Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash	\$ 10,479,613	\$ 2,515,026	\$ 177,815	\$ 468,615	\$ 13,641,069
Due from School Districts and Other BOCES	4,914,340	160,450	-	-	5,074,790
Lease Receivable	2,353,167	-	-	-	2,353,167
Due from Health Insurance Trust	1,566,099	-	-	-	1,566,099
State and Federal Aid Receivable	-	838,696	-	-	838,696
Other Receivables, Net	68,934	538,747	-	-	607,681
Due from Other Funds	135,483	-	-	-	135,483
Prepaid Expenses	44,428	5,288	-	-	49,716
Total Assets	<u>\$ 19,562,064</u>	<u>\$ 4,058,207</u>	<u>\$ 177,815</u>	<u>\$ 468,615</u>	<u>\$ 24,266,701</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 2,672,925	\$ 114,125	\$ -	\$ 91,497	\$ 2,878,547
Accrued Expenses	387,452	5,751	-	-	393,203
Postemployment Benefit Liability	3,627,537	-	-	-	3,627,537
Due to Other Funds	-	135,483	-	-	135,483
Due to Retirement Systems	2,365,303	-	-	-	2,365,303
Unearned Revenue	73,037	153,326	-	-	226,363
Total Liabilities	<u>9,126,254</u>	<u>408,685</u>	<u>-</u>	<u>91,497</u>	<u>9,626,436</u>
Deferred Inflows of Resources					
Health Insurance Trust	1,566,099	-	-	-	1,566,099
Leases	7,944,544	-	-	-	7,944,544
	<u>9,510,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,510,643</u>
<b>FUND BALANCE:</b>					
Nonspendable	44,428	5,288	-	-	49,716
Assigned	6,478,768	3,644,234	177,815	377,118	10,677,935
Unassigned Deficit	(5,598,029)	-	-	-	(5,598,029)
Total Fund Balance	<u>925,167</u>	<u>3,649,522</u>	<u>177,815</u>	<u>377,118</u>	<u>5,129,622</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 19,562,064</u>	<u>\$ 4,058,207</u>	<u>\$ 177,815</u>	<u>\$ 468,615</u>	<u>\$ 24,266,701</u>
<b>RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES:</b>					
Total Fund Balances for Governmental Funds					\$ 5,129,622
Due from Health Insurance Trust					3,258,840
Capital Assets, Net					26,642,347
Right of Use Asset					8,229,812
Leases Payable					(11,331,510)
Postemployment Benefit Obligation - Net of Outflows and Inflows					(139,721,791)
Pension - Net of outflows and Inflows					7,245,697
Net Position (Deficit) of Governmental Activities					<u>\$(100,546,983)</u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special Aid</u>	<u>Other Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Charges to Components	\$ 65,641,452	\$ -	\$ -	\$ -	\$ 65,641,452
Charges to Non-Components	11,926,678	-	-	-	11,926,678
Charges for Services	43,973	2,014,727	-	-	2,058,700
Interest and Earnings	28,077	-	54	-	28,131
Miscellaneous	979,363	-	62,713	-	1,042,076
Sales	159,411	-	-	-	159,411
Interfund Revenues	1,835,988	-	-	-	1,835,988
State and Local Sources	-	2,750,746	-	-	2,750,746
Federal Sources	-	350,130	-	-	350,130
Total Revenues	<u>80,614,942</u>	<u>5,115,603</u>	<u>62,767</u>	<u>-</u>	<u>85,793,312</u>
<b>EXPENDITURES:</b>					
Administration	10,596,914	-	-	1,314,438	11,911,352
Career Education	9,834,168	452,724	-	-	10,286,892
Instruction for Handicapped	25,831,942	1,385,725	-	-	27,217,667
Itinerant Services	1,564,809	-	-	-	1,564,809
General Instruction	6,655,033	770,493	108,394	-	7,533,920
Instructional Support	11,758,229	1,325,537	-	-	13,083,766
Other Services	16,530,079	1,246,584	-	-	17,776,663
Total Expenditures	<u>82,771,174</u>	<u>5,181,063</u>	<u>108,394</u>	<u>1,314,438</u>	<u>89,375,069</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,156,232)</u>	<u>(65,460)</u>	<u>(45,627)</u>	<u>(1,314,438)</u>	<u>(3,581,757)</u>
<b>OTHER SOURCES (USES):</b>					
Return of Surplus	(5,826,487)	-	-	-	(5,826,487)
Proceeds on Installment Purchase Agreements	1,353,648	-	-	-	1,353,648
Lease Proceeds Property	3,259,676	-	-	-	3,259,676
Lease Revenue	3,152,627	-	-	-	3,152,627
Transfer to Capital Projects	(1,000,000)	-	-	-	(1,000,000)
Transfer from General Fund	-	-	-	1,000,000	1,000,000
Total Other Sources (Uses)	<u>934,464</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,939,464</u>
Change in Fund Balance	(1,216,768)	(65,460)	(45,627)	(314,438)	(1,642,293)
Encumbrances, Beginning of Year	(5,111,093)	-	-	-	(5,111,093)
Encumbrances, End of Year	6,478,768	-	-	-	6,478,768
Reserve for Prepaids, Beginning of Year	(43,850)	-	-	-	(43,850)
Reserve for Prepaids, End of Year	44,428	-	-	-	44,428
Fund Balance, Beginning of Year	5,154,943	3,714,982	223,442	691,556	9,784,923
Prior Period Adjustment Relating to Change in Accounting Principle	(4,381,261)	-	-	-	(4,381,261)
Fund Balance, End of Year	<u>\$ 925,167</u>	<u>\$ 3,649,522</u>	<u>\$ 177,815</u>	<u>\$ 377,118</u>	<u>\$ 5,129,622</u>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS</b>					
<b>COMBINED STATEMENT OF REVENUES, EXPENDITURES AND</b>					
<b>CHANGES IN FUND BALANCES TO THE STATEMENT OF</b>					
<b>ACTIVITIES:</b>					
Total Net Changes in Fund Balances - Governmental Funds					\$ (1,642,293)
Health Insurance Trust Increase					485,995
Capital Assets Acquired					8,248,998
Depreciation					(4,554,988)
Loss on Disposal of Asset					(68,721)
Right to Use Assets Acquired					3,259,676
Amortization of Right to Use Assets					(1,018,881)
Proceeds on Issuance of Instalment Purchase Agreement					
Debt					(1,353,648)
Repayment on Installment Purchase Agreement Debt					955,903
Proceeds on Issuance of Lease Debt					(3,259,676)
Repayment of Lease Debt					1,153,081
Postemployment Benefit Obligation Adjustments					(3,179,711)
Pension Adjustments					3,963,601
Change in Net Position					<u>\$ 2,994,337</u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Cooperative Educational Services, Rensselaer-Columbia-Greene Counties (“Questar III”) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Questar III’s significant accounting policies are described below.

**Reporting Entity**

Questar III is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Cooperative Educational Services. The scope of activities included within the accompanying financial statements are those transactions which comprise Questar III operations, and are governed by, or significantly influenced by, this Board.

Boards of Cooperative Educational Services (BOCES) were established by New York State legislation in 1948 to enable school districts to offer more breadth in their educational programs by providing vocational and special education. BOCES is a voluntary, cooperative association for school districts in a geographic area that share planning, services and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. Questar III provides instructional and support programs and services to the following 22 school districts in New York’s Rensselaer, Columbia and Greene counties:

Averill Park	Hoosic Valley
Berlin	Hoosick Falls
Brittonkill/Brunswick	Hudson City
Cairo-Durham	Ichabod Crane/Kinderhook
Catskill	Lansingburgh
Chatham	New Lebanon
Copake-Taconic Hills	North Greenbush Common
Coxsackie-Athens	Rensselaer City
East Greenbush	Schodack
Germantown	Troy City
Greenville	Wynantskill Union Free

Questar III’s programs and services include career technical education, instruction of students with disabilities, academic and alternative programs, summer school, staff development, itinerant and school district support services.

The financial reporting entity consists of the following, as originally defined by GASB Statement 14, “*The Financial Reporting Entity*” and updated by GASB 61.

1. The primary government which is Questar III;
2. Organizations for which the primary government is financially accountable.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (continued)**

3. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement 61, including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following activities are included in the reporting entity:

**The Extraclassroom Activity Funds**

The extraclassroom activity funds of Questar III represent funds of the students of Questar III. The Board exercises general oversight over these funds. The extraclassroom activity funds are independent of Questar III with respect to its financial transactions, and the designation of student management and the cash balances are reported in the other special revenue funds of Questar III. Separate audited financial statements (cash basis) of the extraclassroom activity funds are presented on pages 61 to 65.

**The Questar III Education Foundation**

The Questar III Education Foundation was formed primarily to solicit contributions and bequests to support scholarships for students of Questar III or its component school districts. The Foundation's activities are independent of Questar III with respect to its financial transactions and has a separate Board of Directors (a majority of which are Questar III employees), and the cash balances are reported in the other special revenue funds of Questar III.

**Intermunicipal Sharing Agreement**

Questar III has entered into an intermunicipal sharing agreement with Capital Region BOCES to operate the Tech Valley Regional Technology Institute, also known as Tech Valley High School ("TVHS"). As the TVHS board is appointed equally by Questar III and Capital Region BOCES and it is anticipated that any excess costs will be shared equally, in accordance with GASB Statement 61 TVHS' operating results are not included in these financial statements.

**Basis of Presentation**

Questar III's financial statements are presented on a government-wide and governmental fund basis in accordance with GASB Statement 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As a result, these financial statements include a management discussion and analysis of Questar III's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of Questar III's activities.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government on a full accrual, economic resources basis. This government-wide focus is more on the sustainability of Questar III as an entity and the change in Questar III's net position resulting from the current year's activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net position (deficit) and a statement of activities and changes in net position (deficit).

The statement of net position (deficit) recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. Questar III's net position (deficit) is reported in three parts: invested in capital assets, net of related debt and accumulated depreciation; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net position (deficit).

The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenues for each function of Questar III's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenues include charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Questar III's primary program revenues are fees charged for services.

Basic Financial Statements - Governmental Fund Financial Statements

The fund financial statements provide information about Questar III's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of governmental fund financial statements is on major funds, rather than reporting funds by type, with each major fund presented in a separate column. The Governmental Fund Financial Statements include a combined Balance Sheet - Governmental Funds and Reconciliation of Total Governmental Fund Balances to Net Position (Deficit) of Governmental Activities and a Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds and Reconciliation of the Governmental Funds Combined Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

The following funds are used by Questar III:

- a. General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- b. Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use, other than expendable trusts or major capital projects. These legal restrictions may be imposed by either the governments that provide the funds or outside parties.
- c. Other Special Revenue Funds - used for the extraclassroom activity funds, a scholarship fund and the Questar III Educational Foundation.



**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Basic Financial Statements - Governmental Fund Financial Statements (Continued)

- d. Capital Projects - is used to account for financial resources to be used for the acquisition or construction of facilities, renovations and improvements.

**Basis of Accounting/Measurement Focus**

**1. Government-wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of when the related cash flows take place. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements on the combined balance sheet and on the combined statement of revenues, expenditures and changes in funds balances for governmental funds.

Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost. Contributed assets are reported at estimated fair market values at the time received.

Capital assets with a minimum depreciable base of \$5,000 are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 20 to 50 years, machinery and equipment - 5 to 10 years and vehicles - 8 years.

Right to Use Asset

Right to use assets are initially measured at the present value of the future lease payments. The right to use assets are amortized on a straight line basis over the life of the related lease.

Long-Term Debt

Long-term debt includes Questar III's installment purchase debt, used to acquire technology assets that are then leased to various districts.

Compensated Absences

Vacation leave is recorded as an expenditure when earned and the estimated liability is reported. Employees accrue vacation leave based on years of service.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting/Measurement Focus (Continued)**

**1. Government-wide Financial Statements (Continued)**

**Postemployment Benefits**

In addition to providing pension benefits, Questar III provides health insurance coverage for retired employees and their survivors. Substantially all of Questar III's employees may become eligible for these benefits if they reach normal retirement age and provide a minimum of 10 to 15 years of service (depending on when hired) while working for Questar III. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is primarily borne by Questar III.

Questar III has adopted a policy of providing a current liability for the estimated amount of postemployment benefits to be paid in the next fiscal year as that estimate is expected to be liquidated with expendable available resources.

**2. Governmental Fund Financial Statements**

The basis of accounting determines when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and interfund balances are included in the fund types on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund equity.

Modified Accrual Basis - Generally accepted accounting principles and the New York State Uniform System of Accounts require that Questar III use the modified accrual basis of accounting for recording transactions in its governmental fund types. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for recognition of non-exchange transactions, while a one-year availability period is used for recognition of exchange transactions for governmental fund revenues. Material revenues that are susceptible to accrual include charges for services, intergovernmental revenues and operating transfers. If expenditures are the prime factor for determining eligibility, revenues from charges for services and Federal and State grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid items are recognized at the time of disbursement when Questar III is liable for payment.
- b. Principal and interest on long-term debt are recognized as an expenditure when due.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting/Measurement Focus (Continued)**

**2. Governmental Fund Financial Statements (Continued)**

- c. Unfunded compensated absences for vacation leave and other compensated absences with similar characteristics and additional salary-related payments are recognized as a liability as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics that were earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and leave that new employees will eventually qualify for.

**Unearned Revenues and Deferred Outflows and Inflows of Resources**

Unearned revenue arises when resources are received before Questar III has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when Questar III has legal claim to the resources, the liability is removed and revenue is recognized.

In addition to assets, the Statement of Net Position (Deficit) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense/expenditure until then.

In addition to liabilities, the Statement of Net Position (Deficit) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time.

**Fund Balance**

Questar III has implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB 54 defines five categories of fund balances as follows:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Questar III’s non-spendable fund balance consists of \$44,428 in prepaid expense recorded in the general fund and \$5,288 in the special aid fund at June 30, 2022.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Questar III’s Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by Questar III’s Board.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting/Measurement Focus (Continued)**

**2. Governmental Fund Financial Statements (Continued)**

**Fund Balance (Continued)**

- **Assigned** fund balance includes amounts that are constrained by Questar III's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by Questar III or designated by Questar III for the ensuing year's budget. Assigned fund balance includes \$6,478,768 recorded in the general fund at June 30, 2022 for encumbrances. The special aid, other special revenue fund, and capital projects funds have assigned fund balances for their programs amounting to \$3,649,522, \$177,815 and \$377,118, respectively at June 30, 2022. The special aid assigned fund balance includes \$2,318,337 designated by the Board of Cooperative Educational Services for potential repayment of grant funds (Note 9).
- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund. The general fund has a deficit unassigned fund balance of \$5,598,029 as a result of its prepaid equipment lease agreements which have been recognized as deferred inflows of resources with lease revenue that is recognized over the life of the lease agreements.

Questar III's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, potential contingent liabilities and useful lives of long-term assets.

**Budgetary Procedures and Budgetary Accounting**

**1. Budget Policies**

The budget policies are as follows:

- a. Section 1950 §4(b) of the Education Law requires adoption of a final budget by no later than May 15 for the ensuing year.
- b. Questar III administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of Questar III board for the general fund.
- c. Appropriations for educational services are adopted at the program level and lapse at the end of each fiscal year.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Procedures and Budgetary Accounting (Continued)**

**1. Budget Policies (Continued)**

- d. A tentative administrative budget is provided to the component districts for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards.

**2. Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Questar III's Board can approve budget revisions based upon a request for additional services and available surplus revenues to pay for these items.

**Future Changes in Accounting Standards**

GASB has issued Statement No. 91, *Conduit Debt Obligation*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improved the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

Questar III will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**Subsequent Events**

Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through December 6, 2022, the date the financial statements were available to be issued. See Note 15.

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**2. CASH AND INVESTMENTS**

**1. Cash and Investments**

**a. Cash**

Questar III's aggregate bank balances are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by Questar III's agent in Questar III's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in Questar III's name, or (3) uncollateralized. Total bank balances at June 30, 2022 were \$15,357,844. The bank balances are fully insured by the FDIC or FSLIC, or collateralized by securities held by a third party in Questar III's name.

**b. Investment and Deposit Policy**

Questar III follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Officials.

**c. Interest Rate Risk**

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. Questar III's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**d. Credit Risk**

Questar III's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. Questar III's investment and deposit policy authorizes Questar III to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

**e. Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with Questar III's investment and deposit policy, all deposits of Questar III including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. Questar III restricts the securities to the following eligible items:

- Obligations of the United States Treasury, United States agencies or a United States government sponsored corporation.
- Obligations of New York State and its localities.
- Obligations issued by other States of the United States.
- Obligations of other government entities in other states having the power to levy taxes.
- Zero coupon obligations of the United States marketed as "treasury strips".

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**3. DUE FROM HEALTH INSURANCE TRUSTS**

*Health Insurance Trust*

Questar III is a member in RCG Group Health Insurance Trust (the “Trust”). The Trust is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 511(c)(9) of the Internal Revenue Code. The Trust includes New York public school districts located in Rensselaer, Columbia and Greene Counties. The Trust was formed July 1, 1985, to allow member schools to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Trust procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Trust is not liable for any medical, dental or prescription drug claims. However, the Trust also maintains a self-insured prescription drug plan for which the individual Trust members are liable for any claims in excess of the balances maintained by the Trust. As of June 30, 2022, Questar III’s prescription drug plan account balance maintained by the Trust is \$1,727,538 of which \$570,313 is estimated as the outstanding estimated liability for the self-insured prescription plan. The excess balance of \$1,157,225 has been recorded as Due from Health Insurance Trusts on the statement of net position (deficit). Additionally, the Trust has declared a distribution of \$1,566,099 to Questar III payable in 2023 through 2026.

The RCG Group Health Insurance Trust issues a publicly available audited financial report that may be obtained by contacting the treasurer of the Trust, c/o Questar III, 10 Empire State Boulevard, Castleton, New York 12033.

*Dental Trust*

Questar III is self-insured for dental insurance. Dental claims expense for the year ended June 30, 2022 was \$297,736. There is no annual maximum, no deductible and the plan covers employee’s dependents. As of June, Questar III’s dental insurance account balance maintained by the trust is \$585,139 of which \$49,623 approximates the outstanding estimated liability for self-insured dental insurance. The excess balance of \$535,516 has been recorded as Due from Health Insurance Trusts on the statement of net position (deficit).

*Workers’ Compensation Self-Insurance Plan*

Questar III participates in a self-insurance plan for worker’s compensation called The Rensselaer Columbia-Greene (RCG) Counties Workers’ Compensation Consortium (“Consortium”). The Plan is a claims-servicing public entity risk pool which began operations in July 1985. The Consortium was formed by participating school districts and Questar III. The purpose of the Consortium is to operate a plan to provide the employees of the participants with workers’ compensation benefits and the participants with centralized administration and insurance covering job-connected disabilities and including the cost of medical treatment. The Consortium was accepted as a self-insurer by the State of New York Workers’ Compensation Board effective July 1, 1985. The Consortium has a stop loss policy to protect participants from unusually high claims.

The Consortium is governed by a Plan Agreement administered by a Board of Directors, consisting of one Director for each member. As of June 30, 2022 there were 17 participating members from Rensselaer, Columbia and Greene Counties in New York State, including Questar III. The amount held by the Plan on behalf of Questar III at June 30, 2022 was \$2,749,472, which approximates the outstanding estimated liability for self-insured workers’ compensation claims at June 30, 2022. Assessments contributed to the Consortium for the year ended June 30, 2022 were \$401,283.

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**3. DUE FROM HEALTH INSURANCE TRUSTS (CONTINUED)**

The Workers' Compensation Consortium issues a publicly available audited financial report that may be obtained by contacting the treasurer of the Consortium, c/o Questar III, 10 Empire State Boulevard, Castleton-on-Hudson, New York 12033.

Due from the Health Insurance Trust consists of the following:

	<b>General Fund</b>	<b>Statement of Net Position</b>
Dividend receivable	\$ 1,566,099	\$ 1,566,099
Excess deposits for self-insured prescription drug plan	-	1,157,225
Excess deposits for self-insured prescription dental plan	-	535,516
	<u>\$ 1,566,099</u>	<u>\$ 3,258,840</u>
Deferred inflows of resources, as receivable is not available	<u>\$ 1,566,099</u>	<u>\$ -</u>

As discussed above, Questar III, through its health insurance trusts and workers' compensation consortium, establishes a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for Questar III during the past two years:

	<b>2022</b>			<b>2021</b>		
	<b><u>Prescription Drug</u></b>	<b><u>Dental</u></b>	<b><u>Workers' Compensation</u></b>	<b><u>Prescription Drug</u></b>	<b><u>Dental</u></b>	<b><u>Workers' Compensation</u></b>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 486,674	\$ 56,981	\$ 2,785,764	\$ 515,000	\$ 57,000	\$ 2,707,997
Incurred claims and claim adjustment expenses	3,166,140	290,378	364,991	3,744,001	341,866	394,176
Payments made for claims during the current year	<u>(3,082,501)</u>	<u>(297,736)</u>	<u>(401,283)</u>	<u>(3,772,327)</u>	<u>(341,885)</u>	<u>(316,409)</u>
Total unpaid claim adjustment expenses at end of year	<u>\$ 570,313</u>	<u>\$ 49,623</u>	<u>\$ 2,749,472</u>	<u>\$ 486,674</u>	<u>\$ 56,981</u>	<u>\$ 2,785,764</u>



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**4. LEASE RECEIVABLE**

Lease receivable consists of installment purchase agreements (Note 8) leases incurred for the purchase of equipment which is then leased by Questar III under similar terms to its component districts. Leases consist of sixteen leases for network printers totaling \$913,291 with terms ranging from 40 to 50 months and bearing interest at rates ranging from .31% to 1.79% and sixteen installment purchase leases for equipment totaling \$1,439,876 with terms ranging from 3 to 5 years and bearing interest at rates ranging from 2.33% to 6.76%. All leases are collateralized by the equipment leased. Questar III retains title to the equipment.

Lease receivable activity for the year was as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2021</u></b>	<b><u>New</u></b> <b><u>Leases</u></b>	<b><u>Payment</u></b> <b><u>from</u></b> <b><u>Components</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2022</u></b>
Lease Receivable	\$ 2,152,599	\$ 1,353,648	\$ (1,153,080)	\$ 2,353,167

Deferred inflow of resources related to lease receivable activity for the year was as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2021</u></b>	<b><u>New</u></b> <b><u>Leases</u></b>	<b><u>Amortization</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2022</u></b>
Deferred Inflows of Resources	\$ (2,155,681)	\$ (1,353,648)	\$ 1,162,814	\$ (2,346,515)

Interest earned on lease receivables was \$62,111 for the year ended June 30, 2022.

Current maturities of lease receivable are as follows:

2023	\$ 975,153
2024	769,369
2025	405,339
2026	197,812
2027	5,494
	<u>\$ 2,353,167</u>

**5. CAPITAL ASSETS**

Questar III maintains capital assets held by and utilized by Questar III and capital assets held by and utilized by its' components.

Questar III has two classes of assets held for components. The first is assets acquired by lease for component districts. The second is assets purchased directly by Questar III for component districts in order to be aidable. In both cases, although the assets are physically at components and utilized by components, the assets are legally owned by Questar III.

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**5. CAPITAL ASSETS (CONTINUED)**

A summary of capital assets for the year ended June 30, 2022 is as follows:

<b>Assets Held By Questar III</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 518,912	\$ -	\$ -	\$ -	\$ 518,912
Buildings	18,872,328	310,707	-	4,380,232	23,563,267
Equipment	4,441,065	337,825	(1,037,276)	-	3,741,614
Vehicles	919,083	242,763	(59,007)	-	1,102,839
Construction in Progress	1,484,425	2,895,807	-	(4,380,232)	-
	<u>26,235,813</u>	<u>3,787,102</u>	<u>(1,096,283)</u>	<u>-</u>	<u>28,926,632</u>
Less Accumulated Depreciation:					
Buildings	6,327,156	1,170,107	-	-	7,497,263
Equipment	2,608,312	239,018	(979,249)	-	1,868,081
Vehicles	628,107	108,784	(48,313)	-	688,578
	<u>9,563,575</u>	<u>1,517,909</u>	<u>(1,027,562)</u>	<u>-</u>	<u>10,053,922</u>
Questar III Capital Assets, Net	<u>16,672,238</u>	<u>2,269,193</u>	<u>(68,721)</u>	<u>-</u>	<u>18,872,710</u>
<b>Assets Held for Components</b>					
Leases	3,196,573	1,255,316	-	-	4,451,889
Equipment Acquisitions	7,485,983	3,206,580	-	-	10,692,563
	<u>10,682,556</u>	<u>4,461,896</u>	<u>-</u>	<u>-</u>	<u>15,144,452</u>
Less Accumulated Depreciation:					
	1,232,964	1,047,267	-	-	2,280,281
Leases	3,104,772	1,989,812	-	-	5,094,534
Equipment Acquisitions	<u>4,337,736</u>	<u>3,037,079</u>	<u>-</u>	<u>-</u>	<u>7,374,815</u>
Assets Held for Components - Net	<u>6,344,820</u>	<u>1,424,817</u>	<u>-</u>	<u>-</u>	<u>7,769,637</u>
Total Capital Assets, Net	<u>\$ 23,017,058</u>	<u>\$ 3,694,010</u>	<u>\$ (68,721)</u>	<u>\$ -</u>	<u>\$ 26,642,347</u>

Depreciation expense was \$1,517,909 and \$3,037,079 for assets held by Questar III and assets held for components, respectively, for the year ended June 30, 2022.

Component districts pay in full in the year the equipment is acquired and lease the assets over a five year period. A deferred inflow of resources is reported representing the net book value of those assets with lease revenue recognized over the five year lease period on a straight-line basis, as follows:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Asset Acquisitions - Cost	\$ 10,692,563	\$ 7,485,983
Asset Acquisitions - Accumulated Depreciation	(5,094,534)	(3,104,772)
Total Deferred Inflows of Resources - Assets Held for Components	<u>\$ 5,598,029</u>	<u>\$ 4,381,211</u>

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**6. RIGHT OF USE ASSET AND LEASE PAYABLE**

As a result of implementing GASB 87, leases for the administrative building and various classroom facilities have been capitalized as a right to use asset and related leases payable.

Activity for right of use assets were as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>New</u> <u>Leases</u>	<u>Amortization</u>	<u>Balance</u> <u>June 30, 2022</u>
Right to Use Asset	\$ 5,989,017	\$ 3,259,676	\$ 1,018,881	\$ 8,229,812

Activity for lease payable were as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>New</u> <u>Leases</u>	<u>Lease</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>
Lease Payable	\$ 6,674,570	\$ 3,259,676	\$ 955,903	\$ 8,978,343

Rent expense for leases was \$1,145,100 for the year ended June 30, 2022.

Future maturities of leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 930,422	\$ 176,174	\$ 1,106,596
2024	922,263	159,856	1,082,119
2025	826,542	143,950	970,492
2026	842,371	128,642	971,013
2027	861,494	112,705	974,199
2028-2032	3,697,662	324,168	4,021,830
2033-2037	897,589	29,927	927,516
	<u>\$ 8,978,343</u>	<u>\$ 1,075,422</u>	<u>\$ 10,053,765</u>

**7. REVENUE ANTICIPATION NOTE**

Questar III issues revenue anticipation notes in anticipation of revenues to be received from its component school districts for services and administrative expenses during the fiscal year, depositing the proceeds in its general fund. These notes are necessary because Questar III's payments for its obligations begin in July, where collections from billed services do not commence until October and are over a 10-month period. Revenue anticipation notes activity for the year ended June 30, 2022, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
Revenue Anticipation Notes	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -

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**8. INSTALLMENT PURCHASE AGREEMENTS**

Installment purchase agreement debt consists of various leases incurred for the purchase of equipment which is then leased by Questar III under similar terms to its component districts ( Note 4). All installment purchase agreements are collateralized by various equipment.

	<u>Balance</u> <u>June 30, 2021</u>	<u>New</u> <u>Leases</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2022</u>
Installment Purchase Agreements	\$ 2,152,599	\$ 1,353,648	\$ (1,153,080)	\$ 2,353,167

Current maturities of installment purchase agreements are as follows:

2023	\$ 975,153
2024	769,369
2025	405,339
2026	197,812
2027	5,494
	<u>\$ 2,353,167</u>

**9. PENSION PLANS**

***General Information***

Questar III participates in the New York State and Local Employees' Retirement System ("ERS"), and the New York State Teachers' Retirement System ("TRS"). These Systems are cost sharing multiple-employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

**Plan Description and Benefits Provided - TRS.** The TRS is administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by Article 11 of the New York State Education Law. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing the New York State Teachers' Retirement System, 10 Corporate Woods, Albany, NY 12211-2395, or by referring to the System's website at [www.nystrs.org](http://www.nystrs.org).

**Plan Description and Benefits Provided - ERS.** ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244, or by referring to [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

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**9. PENSION PLANS (CONTINUED)**

**TRS Contributions.** Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate applicable to member salaries and adopted annually by the Retirement Board. Tier 3 and 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

**ERS Contributions.** The System is noncontributory except for the employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership and employees who joined on or after January 1, 2010 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100% of the contributions required as follows:

	<b>ERS</b>		<b>TRS</b>	
	<u><b>Amount</b></u>	<u><b>Rate</b></u>	<u><b>Amount</b></u>	<u><b>Rate</b></u>
2022	\$ 1,238,744	14.63%	\$ 1,869,542	9.80%
2021	\$ 1,085,585	13.71%	\$ 1,753,440	9.53%
2020	\$ 1,073,031	13.74%	\$ 1,574,381	8.86%

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ending March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ending March 31, 2011 and forward. These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. Questar III has not bonded or amortized any portion of their retirement obligations.

**Pension Assets, Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions**

At June 30, 2022, Questar III reported an asset of \$18,785,475 (TRS) and an asset of \$2,475,818 (ERS) for its proportionate share of the net pension asset. The net pension asset (TRS) was measured as of June 30, 2021, and the net pension asset (ERS) was measured as of March 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of those dates. Questar III's proportion of the net pension asset was based on a projection of the Questar III's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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**9. PENSION PLANS (CONTINUED)**

At June 30, 2022, Questar III's proportion was .1084% TRS and .0303% ERS.

For the year ended June 30, 2022, Questar III recognized pension expense of \$(1,039,104) for TRS and \$104,037 for ERS.

At June 30, 2022, Questar III reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 2,589,378	\$ 187,497	\$ 2,776,875
Changes of assumptions	6,178,936	4,131,863	10,310,799
Changes in proportionate share	236,449	384,866	621,315
Contributions after the measurement date	1,869,542	236,025	2,105,567
	<u>\$ 10,874,305</u>	<u>\$ 4,940,251</u>	<u>\$ 15,814,556</u>

At June 30, 2022, Questar III reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (97,599)	\$ (243,194)	\$ (340,793)
Changes of assumptions	(1,094,199)	(69,721)	(1,163,920)
Net difference between projected and actual earnings on pension plan investments	(19,660,944)	(8,107,268)	(27,768,212)
Changes in proportion share	(258,519)	(298,708)	(557,227)
	<u>\$ (21,111,261)</u>	<u>\$ (8,718,891)</u>	<u>\$ (29,830,152)</u>

The net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2023	\$ (3,721,501)
June 30, 2024	(4,488,221)
June 30, 2025	(6,890,203)
June 30, 2026	475,149
June 30, 2027	609,180
	<u>\$ (14,015,596)</u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**9. PENSION PLANS (CONTINUED)**

**TRS Actuarial Assumptions**

The total pension asset at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. This is the most recent information available at June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.4%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually
Investment rate of return	6.95% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2020, applied on a generational basis. Active members mortality rates are based on plan member experience.

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standards and Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**ERS Actuarial Assumptions**

The total pension asset at the March 31, 2022 measurement date was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2021 valuation were a follows:

Inflation rate	2.7%
Salary increase	4.4%
Projected Cola	1.4%
Investment Rate of Return	5.9%

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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
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**9. PENSION PLANS (CONTINUED)**

**ERS Actuarial Assumptions (Continued)**

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

**Long Term Expected Rate of Return**

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for TRS and ERS are as follows:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	6.8%	3.30%
International equity	7.6%	5.85%
Global equities	7.1%	-%
Real estate	6.5%	5.00%
Private equities	10.0%	6.50%
Domestic fixed income securities	1.3%	-%
Global fixed income securities	.8%	-%
Private debt	5.9%	-%
Real estate debt	3.3%	-%
High-yield fixed income securities	3.8%	-%
Short-term	(.2%)	(1.0%)
Opportunistic portfolio	-%	4.10%
Real assets	-%	5.80%
Credit	-%	3.78%

**Discount Rate**

The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.9% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.



**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**9. PENSION PLANS (CONTINUED)**

**Sensitivity of the Proportionate Share of the Net Pension Assets/Liability to the Discount Rate Assumption**

The following presents the Questar III's proportionate share of the net pension asset/liability calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS), as well as what Questar III's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<b><u>TRS</u></b>			
Employers' proportionate share of the net pension asset (liability)	\$ 1,971,262	\$ 18,785,475	\$ 32,916,602
<b><u>ERS</u></b>			
Employers' proportionate share of the net pension asset (liability)	\$ (6,372,730)	\$ 2,475,818	\$ 9,877,202

**Pension Plan Fiduciary Net Position**

The components of the collective net pension asset of the participating employers as of June 30, 2021 and March 31, 2022, respectively, were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Employers' total pension liability	\$ (130,819,415)	\$ (223,874,888)
Fiduciary net position	148,148,457	232,049,473
Employers' net pension asset (liability)	<u>\$ 17,329,042</u>	<u>\$ 8,174,585</u>
Ratio of fiduciary net position to the employers' total pension asset/liability	<u>113.20%</u>	<u>103.65%</u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**10. OTHER POSTEMPLOYMENT BENEFITS**

**A. General Information about the OPEB Plan**

*Plan Description* - Questar III's defined benefit OPEB plan provides OPEB for all permanent full-time general employees of Questar III. The plan is a single-employer defined benefit OPEB plan administered by Questar III. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Questar III Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided* - Questar III provides healthcare benefits for retirees and their dependants. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at Questar III offices and are available upon request.

*Employees Covered by Benefit Terms* - At the actuarial valuation date of July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	368
Active employees	<u>449</u>
	<u><u>817</u></u>

**B. Total OPEB Liability**

Questar III's total OPEB liability of \$110,170,067 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021 with update procedures used to roll forward the total OPEB liability to June 30, 2022.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.6 percent, average, including inflation
Discount Rate	3.54 percent
Healthcare Cost Trend Rates	5.1 percent for 2022, decreasing to an ultimate rate of 4.1 percent over 54 years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the Pub-2010 mortality table with generational projection of future improvements per the MP-2021 Ultimate Seale.

**QUESTAR III**  
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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

B. Total OPEB Liability (Continued)

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance as of June 30, 2021	\$ 144,676,166
Changes for the Year	
Service cost	7,529,801
Interest	3,253,210
Effect of demographic gains or losses	(14,455,532)
Effect of assumptions changes or inputs	(27,627,684)
Benefit payments	(3,205,894)
Net Changes	<u>(34,506,099)</u>
Balance at June 30, 2022	<u>\$ 110,170,067</u>

The OPEB liability is presented in the statement of net position as follows:

Current liability	\$ 3,627,537
Long-term liability	<u>106,542,530</u>
Total OPEB liability	<u>\$ 110,170,067</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability of Questar III, as well as what Questar III's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b><u>1%</u></b>	<b><u>Current</u></b>	<b><u>1%</u></b>
	<b><u>Decrease</u></b>	<b><u>Discount</u></b>	<b><u>Increase</u></b>
		<b><u>Rate 3.54%</u></b>	
Total OPEB Liability	\$ <u>130,150,033</u>	\$ <u>110,170,067</u>	\$ <u>94,314,921</u>

**QUESTAR III**  
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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

C. Changes in the Total OPEB Liability (Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the total OPEB liability of Questar III, as well as what Questar III's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates 5.1%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>91,690,102</u>	\$ <u>110,170,067</u>	\$ <u>134,524,216</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2022 Questar III recognized OPEB expense of \$6,102,590. At June 30, 2022, Questar III reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual expenses	\$ 31,427	\$ (15,725,849)
Changes in assumptions	<u>11,295,076</u>	<u>(28,779,915)</u>
	<u>\$ 11,326,503</u>	<u>\$ (44,505,764)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (4,680,421)
2024	(4,680,421)
2025	(4,680,421)
2026	(3,903,500)
2027	(3,389,047)
Thereafter	<u>(11,845,451)</u>
	<u>\$ (33,179,261)</u>

**QUESTAR III**  
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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**11. JOINT VENTURES**

*Tech Valley Regional Technology Institute*

Chapter 757 of the laws of 2005 established the Tech Valley Regional Technology Institute, a high school course of instruction for grades nine through twelve dedicated to providing expanded learning opportunities to students residing in the Capital Region BOCES and Questar III BOCES in the areas of technology as well as the core academic areas required for the issuance of high school diplomas in accordance with the rules and regulations promulgated by the Board of Regents.

During the 2021-2022 school year, the School had an annualized full-time enrollment of approximately 141 students.

The venture operates under the terms of an agreement dated June 6, 2008. The agreement is for a period of five years and automatically renews for another five years unless either party provides notice of a desire not to renew.

1. The venture is governed by a 10 member operating board, 5 of which are appointed by Capital Region BOCES and 5 of which are appointed by Questar III BOCES.
2. Operating costs are allocated to Capital Region BOCES and Questar III based on the percentage of each party's component and non-component districts participation. (31.4% Capital Region BOCES and 68.6% Questar III for the year ended June 30, 2022).
3. Rent and capital costs are allocated equally to Capital Region BOCES and Questar III.
4. The governing body has established charges at rates intended to be self-sustaining to cover all operating costs. Any shortfall in revenues produced by such charges is to be provided in the same manner as operating costs.

The following is a summary of the audited governmental funds financial information included in financial statements issued for the joint venture as of and for the year ended June 30, 2022:

Total Assets	<u>\$ 1,791,496</u>
Total Liabilities	<u>\$ 331,975</u>
Joint Venture Equity	<u>\$ 1,459,521</u>
Total Revenue	<u>\$ 3,568,778</u>
Total Expenses	<u>\$ 3,465,641</u>

**QUESTAR III**  
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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**12. COMMITMENTS AND CONTINGENCIES**

*Other Contingencies*

Questar III has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. Questar III believes disallowances, if any, will be immaterial.

*Grant Repayment*

Prior to July 1, 2015, Questar III had charged grantors for postemployment healthcare costs in anticipation of partially funding the liability. As legislation was never passed that allowed for the funding of postemployment healthcare costs, Questar III is in the process of seeking guidance from the New York State Education Department concerning how to address these funds. \$2,318,337 has been assigned for the potential repayment of these funds in the special aid fund.

*Union Contracts*

Questar III employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<b><u>Bargaining Unit</u></b>	<b><u>Contract Expiration Date</u></b>
Teachers' Association	June 30, 2026
Assistant Unit	June 30, 2026
Support Services	June 30, 2026
Administrators' Association	June 30, 2026

*Litigation*

Questar III is a defendant in various legal actions which are pending litigation. Legal counsel has reviewed the contingent liability to Questar III for each of these lawsuits. Legal counsel is of the opinion that the outcome of this litigation will not materially affect the financial position of Questar III.

**13. SUBSEQUENT EVENTS**

The Board approved a Revenue Anticipation Note ("RAN") of up to \$10.0 million, of which \$5 million was executed in September 2022.

**14. UNCERTAINTY**

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on Questar III and its future financial position and results of operations is not presently determinable.

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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*JUNE 30, 2022*

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**15. PRIOR PERIOD ADJUSTMENT RELATING TO CHANGE IN ACCOUNTING PRINCIPLE**

Future fiscal year ended June 30, 2022, Questar III adopted GASB Statement No. 87, *Leases*. The implementation of Statement No. 87 results in the reporting of lease payables and right of use assets and leases receivable and deferred inflows of resources. Questar III's net position has been restated as follows:

	<b>Government-Wide Statement of Net Position</b>
Net position (deficit), beginning of year as previously stated	\$ (104,034,979)
GASB Statement No. 87 implementation:	
Right to Use Asset, Net	5,989,017
Lease Payable	(6,674,570)
Leases Receivable	2,152,599
Deferred Inflows of Resources	(2,155,681)
Assets Held for Components	6,344,820
Deferred Inflows of Resources	(4,381,211)
Due from Districts	(2,149,568)
Total Restatement	<u>(874,594)</u>
Net Position (Deficit), beginning of year restated	<u><u>\$ (104,909,573)</u></u>

	<b>General Fund</b>
Fund balance, beginning of year as previously stated	\$ 5,154,943
GASB Statement No. 87 implementation:	
Deferred Inflows of Resources	<u>(4,381,261)</u>
Fund balance, beginning of year restated	<u><u>\$ 773,682</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
 BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

**SUPPLEMENTAL SCHEDULE #1**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>* Actual</u>	<u>Over (Under) Amended Budget</u>	
<b>REVENUES</b>					
Administration (001-002)	\$ 8,916,214	\$ 12,396,035	\$ 12,520,251	\$ 124,216	
Career Education (100-199)	10,120,484	11,600,444	10,113,296	(1,487,148)	
Instruction for Handicapped (200-299)	26,079,665	28,562,312	27,690,807	(871,505)	
Itinerant (300-399)	1,781,884	1,787,548	1,708,748	(78,800)	
General Instruction (400-499)	6,370,654	7,521,432	7,101,617	(419,815)	
Instructional Support (500-599)	8,732,226	13,263,503	12,368,060	(895,443)	
Other (600-699)	<u>14,510,218</u>	<u>19,198,289</u>	<u>18,094,882</u>	<u>(1,103,407)</u>	
	<u>\$ 76,511,345</u>	<u>\$ 94,329,563</u>	<u>\$ 89,597,661</u>	<u>\$ (4,731,902)</u>	
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>
<b>EXPENDITURES</b>					
Administration (001-002)	\$ 8,916,214	\$ 12,396,035	\$ 11,596,914	\$ 365,051	\$ 434,070
Career Education (100-199)	10,120,484	11,600,444	9,834,168	1,492,638	273,638
Instruction for Handicapped (200-299)	26,079,665	28,562,312	25,831,942	2,524,149	206,221
Itinerant (300-399)	1,781,884	1,787,548	1,564,809	28,036	194,703
General Instruction (400-499)	6,370,654	7,521,432	6,655,033	153,590	712,809
Instructional Support (500- 599)	8,732,226	13,263,503	11,758,229	726,715	778,559
Other (600-699)	<u>14,510,218</u>	<u>19,198,289</u>	<u>16,530,079</u>	<u>1,188,589</u>	<u>1,479,621</u>
	<u>\$ 76,511,345</u>	<u>\$ 94,329,563</u>	<u>\$ 83,771,174</u>	<u>\$ 6,478,768</u>	<u>\$ 4,079,621</u>

\* Differs from audit actual by \$1,216,768 due to adjustment between regulatory accounting and GAAP.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLAN*  
*FOR THE YEAR ENDED JUNE 30, 2022*

**SCHEDULE #2**

Measurement date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB liability:					
Service cost	\$ 7,529,801	\$ 7,654,081	\$ 5,754,842	\$ 5,752,575	\$ 5,585,024
Interest	3,253,210	3,137,573	4,260,588	3,751,668	3,567,950
Effect of plan changes	-	-	(25,919)	-	-
Effect of demographic gains or losses	(14,455,532)	-	(4,652,648)	-	-
Effect of assumption changes or inputs	(27,627,684)	1,240,366	16,250,591	(9,582,015)	66,347
Benefit payments	<u>(3,205,894)</u>	<u>(3,328,622)</u>	<u>(3,154,770)</u>	<u>(3,345,603)</u>	<u>(3,181,463)</u>
Net change in total OPEB liability	(34,506,099)	8,703,398	18,432,684	(3,423,375)	6,037,858
Total OPEB liability, beginning of year	<u>144,676,166</u>	<u>135,972,768</u>	<u>117,540,084</u>	<u>120,963,459</u>	<u>114,925,601</u>
Total OPEB liability, end of year	<u>\$ 110,170,067</u>	<u>\$ 144,676,166</u>	<u>\$ 135,972,768</u>	<u>\$ 117,540,084</u>	<u>\$ 120,963,459</u>
Covered payroll	<u>\$ 24,621,081</u>	<u>\$ 22,619,549</u>	<u>\$ 22,619,549</u>	<u>\$ 21,008,832</u>	<u>\$ 21,008,832</u>
Total OPEB liability as a percentage of covered payroll	<u>447.46%</u>	<u>639.61%</u>	<u>601.13%</u>	<u>559.48%</u>	<u>575.77%</u>

Note: 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available. Covered payroll is the same for the two fiscal years presented as that was the data contained in the July 1, 2017 valuation.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
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*SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSET/LIABILITY*  
*FOR THE YEAR ENDED JUNE 30, 2022*

**SCHEDULE #3**

<b><u>TRS</u></b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>	<b><u>June 30, 2014</u></b>
Proportionate share of net pension asset (liability)	\$ 18,785,475	\$ (2,892,370)	\$ 2,690,292	\$ 1,829,932	\$ 810,830	\$ (1,157,032)	\$ 11,335,652	\$ 12,473,692
Covered payroll	\$ 18,541,903	\$ 18,363,567	\$ 18,820,679	\$ 17,593,225	\$ 18,131,483	\$ 17,646,050	\$ 17,226,673	\$ 17,296,119
Proportionate share of net pension asset/liability asset/liability as a percentage of covered payroll	101.3%	15.8%	14.3%	10.4%	4.5%	6.6%	65.8%	72.1%
Plan fiduciary net position as a percentage of total pension asset/liability	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
<b><u>ERS</u></b>	<b><u>March 31, 2022</u></b>	<b><u>March 31, 2021</u></b>	<b><u>March 31, 2020</u></b>	<b><u>March 31, 2019</u></b>	<b><u>March 31, 2018</u></b>	<b><u>March 31, 2017</u></b>	<b><u>March 31, 2016</u></b>	<b><u>March 31, 2015</u></b>
Proportionate share of net pension asset (liability)	\$ 2,475,818	\$ (25,807)	\$ (7,535,460)	\$ (1,928,577)	\$ (873,534)	\$ (2,587,277)	\$ (4,320,516)	\$ (870,003)
Covered payroll	\$ 10,284,927	\$ 10,148,713	\$ 9,540,407	\$ 9,650,806	\$ 9,180,967	\$ 8,751,349	\$ 9,020,039	\$ 8,218,496
Proportionate share of net pension liability as a percentage of covered payroll	24.1%	.2%	78.9%	20.0%	9.5%	29.6%	47.9%	10.6%
Plan fiduciary net position as a percentage of total pension liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.6%	97.9%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENNSELAER-COLUMBIA-GREENE COUNTIES**  
*SCHEDULE OF CONTRIBUTIONS - PENSION PLANS*  
*FOR THE YEAR ENDED JUNE 30, 2022*

SCHEDULE #4

<u>TRS</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 1,753,440	\$ 1,574,381	\$ 1,837,042	\$ 1,615,438	\$ 1,981,191	\$ 2,210,429	\$ 2,873,792	\$ 2,687,904
Contributions in relation to the contractually required contribution	<u>1,753,440</u>	<u>1,574,381</u>	<u>1,837,042</u>	<u>1,615,438</u>	<u>1,981,191</u>	<u>2,210,429</u>	<u>2,873,792</u>	<u>2,687,904</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 18,541,903	\$ 18,363,567	\$ 18,820,679	\$ 17,593,225	\$ 18,131,483	\$ 17,646,050	\$ 17,226,673	\$ 17,296,119
Contributions as a percentage of covered employee payroll	9.5%	8.6%	9.8%	9.2%	10.9%	12.5%	16.7%	15.5%
<u>ERS</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 1,238,744	\$ 1,085,585	\$ 1,073,031	\$ 1,039,061	\$ 1,002,151	\$ 1,071,623	\$ 1,258,095	\$ 1,133,339
Contributions in relation to the contractually required contribution	<u>1,238,744</u>	<u>1,085,585</u>	<u>1,073,031</u>	<u>1,039,061</u>	<u>1,002,151</u>	<u>1,071,623</u>	<u>1,258,095</u>	<u>1,133,339</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 10,284,927	\$ 10,148,713	\$ 9,540,407	\$ 9,650,806	\$ 9,180,967	\$ 8,751,349	\$ 9,020,039	\$ 8,218,496
Contributions as a percentage of covered employee payroll	12.0%	10.7%	11.3%	10.8%	10.9%	12.2%	13.9%	13.8%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

## **OTHER SUPPLEMENTARY INFORMATION**

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*ANALYSIS OF ACCOUNT A431-SCHOOL DISTRICTS AND OTHER BOCES*  
*FOR THE YEAR ENDED JUNE 30, 2022*

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**SUPPLEMENTAL SCHEDULE #5**

July 1, 2021 - Debit Balance	\$ 4,078,974
Debits:	
Billings to School Districts and Other BOCES	81,937,525
Prior Year Refund of Balances Due School Districts	3,687,191
Encumbrances - Beginning of Year	<u>5,111,093</u>
Total Debits	<u>90,735,809</u>
Total	<u>94,814,783</u>
Credits:	
Collections from School Districts and Other BOCES	78,929,099
Adjustment - Credits to School BOCES - Revenues in Excess of	
Expenditures	4,458,812
Adjustment - OPEB Credits Issued	33,764
Encumbrances - End of Year	<u>6,478,768</u>
Total Credits	<u>89,900,443</u>
June 30, 2022 - Debit Balance	<u><u>\$ 4,914,340</u></u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*SCHEDULE OF PROJECT EXPENDITURES*  
*CAPITAL PROJECTS FUND*  
*FOR THE YEAR ENDED JUNE 30, 2022*

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**SUPPLEMENTAL SCHEDULE #6**

	<b><u>Original Appropriation</u></b>	<b><u>Revised Appropriation</u></b>	<b><u>Expenditures to Date</u></b>		<b><u>Balance</u></b>
			<b><u>Prior Years'</u></b>	<b><u>Current Year</u></b>	
Rensselaer Educational Center Modernization Project - Phase III	\$ 12,811	\$ 1,876,763	\$ 562,324	\$ 1,314,439	\$ -
The Durham School Renovation	<u>377,118</u>	<u>377,118</u>	<u>-</u>	<u>-</u>	<u>377,118</u>
	<u>\$ 389,929</u>	<u>\$ 2,253,881</u>	<u>\$ 562,324</u>	<u>\$ 1,314,439</u>	<u>\$ 377,118</u>

**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
*SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT*  
*FOR THE YEAR ENDED JUNE 30, 2022*

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**SUPPLEMENTAL SCHEDULE #7**

Capital Assets, Net	\$ 26,642,347
Deferred Inflow of Resources - Assets Held for Components	<u>(5,598,029)</u>
Net Investment of Capital Assets	<u><u>\$ 21,044,318</u></u>



**QUESTAR III**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**  
 COMBINED BALANCE SHEET AND COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 OTHER SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

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**SUPPLEMENTAL SCHEDULE #8**

**Combined Balance Sheet**

	<b>Extraclassroom Activity Funds</b>	<b>Scholarship Fund</b>	<b>Questar III Education Foundation</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash	\$ 31,189	\$ 30,529	\$ 116,097	\$ 177,815
<b>FUND BALANCE:</b>				
Assigned	\$ 31,189	\$ 30,529	\$ 116,097	\$ 177,815

**Combined Statement of Revenue, Expenditures and Changes in Fund Balances**

	<b>Extraclassroom Activity Funds</b>	<b>Scholarship Fund</b>	<b>Questar III Education Foundation</b>	<b>Total</b>
<b>REVENUES:</b>				
Contributions	\$ 9,513	\$ 5,148	\$ 48,052	\$ 62,713
Interest	-	-	54	54
Total Revenues	9,513	5,148	48,106	62,767
<b>EXPENDITURES:</b>				
Program Expense	21,411	19,450	67,533	108,394
Excess (Deficiency) of Revenue Over Expenditures	(11,898)	(14,302)	(19,427)	(45,627)
Fund Balance, Beginning of Year	43,087	44,831	135,524	223,442
Fund Balance, End of Year	\$ 31,189	\$ 30,529	\$ 116,097	\$ 177,815

**CUSACK & COMPANY**  
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CERTIFIED PUBLIC ACCOUNTANTS

**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***

Members of the Board  
Questar III - Board of Cooperative Educational Services  
Rensselaer-Columbia-Greene Counties  
Castleton, 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 of Questar III - Board of Cooperative Education Services, Rensselaer-Columbia-Greene Counties (Questar III) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Questar III's basic financial statements, and have issued our report thereon dated December 6, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Questar III's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Questar III's internal control. Accordingly, we do not express an opinion on the effectiveness of the Questar III'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Questar III'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 determination of financial statement amounts. 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 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.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
December 6, 2022

**EXTRACLASSROOM ACTIVITY FUNDS**

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
Questar III  
Board of Cooperative Educational Services  
Rensselaer-Columbia-Greene Counties  
Castleton, New York

**Opinion**

We have audited the accompanying financial statements of the Questar III - Board of Cooperative Educational Services of Rensselaer-Columbia-Greene Counties Extraclassroom Activity Funds ("Questar III Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2022, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related note to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Questar III's Extraclassroom Activity Funds as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Questar III's Extra Classroom Activity Funds and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rensselaer's Extraclassroom Activity Funds ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Questar III's Extraclassroom Activity Funds internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Questar III's Extraclassroom Activity Funds ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Cusack & Company, CPA's LLC

Latham, New York  
December 6, 2022

***QUESTAR III - BOARD OF COOPERATIVE EDUCATIONAL SERVICES***  
***RENSSELAER-COLUMBIA-GREENE COUNTIES***  
*EXTRACLASSROOM ACTIVITY FUNDS*  
*STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS*  
*JUNE 30, 2022*

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Assets

Cash	<u>\$ 31,189</u>
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Fund Balance	<u>\$ 31,189</u>
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**QUESTAR III - BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**

*EXTRACLASSROOM ACTIVITY FUNDS*  
*STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS*  
*FOR THE YEAR ENDED JUNE 30, 2022*

	<b><u>Balances</u></b> <b><u>June 30, 2021</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b><u>Balances</u></b> <b><u>June 30, 2022</u></b>
Skills - Columbia-Greene	\$ 7,595	\$ 5,287	\$ 9,771	\$ 3,111
Skills - Rensselaer	8,791	1,686	6,011	4,466
Autistic Columbia HS	2,232	2	-	2,234
Autistic Paul Puccio School	4,592	3	-	4,595
Sackett Student Council	958	416	1,127	247
Sackett Social Studies	22	-	22	-
Pro Start - Columbia-Greene	4,968	1,375	1,331	5,012
Pro Start - Rensselaer	6,824	344	1,644	5,524
Food Service	3,192	398	-	3,590
Rensselaer Academy Student Council	3,108	1	1,505	1,604
Robin Sobol Transitions Academy	464	1	-	465
George Washington Student Council	<u>341</u>	<u>-</u>	<u>-</u>	<u>341</u>
	<b><u>\$ 43,087</u></b>	<b><u>\$ 9,513</u></b>	<b><u>\$ 21,411</u></b>	<b><u>\$ 31,189</u></b>



**QUESTAR III - BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RENSSELAER-COLUMBIA-GREENE COUNTIES**

*EXTRACLASSROOM ACTIVITY FUNDS*

*NOTE TO FINANCIAL STATEMENTS*

*JUNE 30, 2022*

---

**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The extraclassroom activity funds are used to account for those organizations within Questar III - Board of Cooperative Educational Services, Rensselaer-Columbia-Greene Counties (Questar III) whose activities are conducted by students and whose financial support is raised other than by taxation, fees or through charges of Questar III.

**A. Reporting Entity**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of Questar III. Consequently, such transactions are included in Questar III's financial statements.

The extraclassroom activity funds of Questar III represents funds of the students of Questar III. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of Questar III with respect to its financial transactions and the designation of student management.

**B. Basis of Accounting**

The books and records of Questar III's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

September 27, 2023

Board of Cooperative Educational Services for the Sole Supervisory District of  
Rensselaer, Columbia and Greene Counties, New York doing business as Questar III  
10 Empire State Blvd.  
Castleton-on-Hudson, New York 12033

**Re: \$7,500,000.00 Board of Cooperative Educational Services for the Sole Supervisory District of Rensselaer, Columbia and Greene Counties, New York doing business as Questar III  
Rensselaer County, New York  
Revenue Anticipation Notes, 2023**

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of the \$7,500,000.00 Revenue Anticipation Notes, 2023 (the “Notes”) issued by the Board of Cooperative Educational Services for the Sole Supervisory District of Rensselaer, Columbia and Greene Counties, New York doing business as Questar III, Rensselaer County, New York (“BOCES”).

The Notes are dated September 27<sup>th</sup>, 2023 and are issued in fully registered form, bear interest from the date of issuance at the rate of \_\_\_\_\_ percent ( \_\_\_\_ %) per annum and are in the denominations of \$ \_\_\_\_\_ or integral multiples thereof, except for one necessary odd denomination. Interest on the Notes is payable at maturity and the Notes mature on \_\_\_\_\_.

The Notes are authorized to be issued pursuant to the Constitution and laws of the State, including without limitation, the Education Law and the Local Finance Law, and a revenue anticipation note resolution adopted by BOCES on July 8, 2021.

The Notes have been designated by BOCES as a “qualified tax-exempt obligation” within the meaning and for the purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended and the regulations issued thereunder (the “Code”).

We have examined:

- (1) the Constitution and applicable statutes of the State of New York;
- (2) the Code; and
- (3) an arbitrage and use of proceeds certificate (the “Arbitrage Certificate”) executed on behalf of BOCES and dated the date hereof which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Notes that BOCES will, among other things, (i) take all actions on its part necessary to cause interest on the Notes not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Notes and investment earnings thereon, making required payments to the Federal Government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Notes to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Notes and investment earnings thereon on certain specified purposes.

We also have examined a certified copy of proceedings of the finance board of BOCES (within the meaning of the Law) and other proofs authorizing and relating to the issuance of the Notes, including the form of the Notes. In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and we have not separately or independently verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

Based upon the foregoing, and subject to the limitations and assumptions contained herein, in our opinion:

(a) The Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding unsecured obligations of BOCES, payable as to both principal and interest from any revenues or monies of BOCES legally available therefor; provided that the Notes do not constitute a debt or obligation of any participating component school district of BOCES and no such district shall be liable therefore, nor are the Notes payable out of funds other than those of BOCES. Additionally, the enforceability (but not the validity) of the Notes: (i) may be limited by any applicable bankruptcy, insolvency or other law, including, without limitation, executive orders, now existing or hereafter enacted by said State or the Federal Government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) BOCES has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Notes; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law, including, without limitation, executive orders, now existing or hereafter enacted by said State or the Federal Government affecting the enforcement of creditors' rights and may be subject to the exercise of judicial discretion in appropriate cases.

(c) Interest on the Note is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the individual federal alternative minimum; provided, however, for tax years beginning after December 31, 2022, interest on the Note that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum income tax imposed by the Code. Further, the interest on the Notes is not a specific preference item for purposes of the federal alternative minimum taxes imposed by the Code. The opinions set forth in the preceding sentences of this paragraph are based on the assumption that BOCES will comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. BOCES has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

(d) Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing, as of the date of this opinion, laws (including Executive Orders), regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, the opinions expressed herein are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Our engagement with respect to the Notes has concluded with issuance of the Notes, and we disclaim any obligation to update, revise or supplement the opinions expressed herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have assumed, without undertaking to separately or independently verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws, including, without limitation, executive orders, relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against a Board of Cooperative Educational Services such as BOCES in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of legally available sources of revenue will be sufficient to enable BOCES to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement prepared by BOCES in relation to the Notes for factual information which, in the judgment of BOCES, could materially affect the ability of BOCES to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether BOCES, in connection with the sale of the Notes, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in light of the circumstances under which they were made, not misleading.

Very truly yours,  
BARCLAY DAMON LLP