PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **REVENUE ANTICIPATION NOTES**

In the opinion of Whiteman Osterman & Hanna LLP, Bond Counsel to the BOCES, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance by the BOCES with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel is also of the opinion that interest on the Notes is excludable from adjusted gross income for purposes of personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on the Notes. See "TAX MATTERS" herein.

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

$4,000,000

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

$4,000,000 Revenue Anticipation Notes, 2020

(referred to herein as the "Notes")

Dated: September 3, 2020 **Due: December 18, 2020**

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 Whiteman, Osterman & Hanna 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 3, 2020.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on August 19th, 2020 by no later than 11:15 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.

August 12, 2020

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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* * * * * * * *

ADMINISTRATION

DR. GLADYS I. CRUZ
BOCES District Superintendent

HARRY HADJIOANNOU
Deputy Superintendent, Chief Innovation Officer

ANTHONY TAIBI
Chief Academic Officer

TERRY BORDELL
Chief School Improvement Officer

MICHAEL BUONO
Director of Human Resources

RAFAEL OLAZAGASTI
School Attorney

DENISE GEYER
Certification Specialist

ROBIN L. EMANATIAN
Board Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

WHITEMAN OSTERMAN AND HANNA 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

TABLE OF CONTENTS

PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

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

$4,000,000 Revenue Anticipation Notes, 2020

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 $4,000,000 principal amount of Revenue Anticipation Notes, 2020 (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 3, 2020 and mature, on December 18, 2020. 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 9, 2020 to finance cash flow requirements in anticipation of revenues due from the Component School Districts during the BOCES' fiscal year, which commenced July 1, 2020 and ends June 30, 2021. 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 December 18, 2020 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 and 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 22 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 our 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 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 Component School Districts are eligible for State aid for payments made to the BOCES at levels commensurate with other operating expenditures. However, such aid is received in the ensuing fiscal year by the BOCES less deductions for the Retirement Systems. (See "Status and Financing of Employee Pension Benefits")

The BOCES remits the applicable State aid to each Component School District on the following schedule: 25% on or about Feb. 1, 30% in June and the balance in September (of the next fiscal year).

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

The following chart presents the amount of State aid accrued by the 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 the 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 Ending June 30,	Accrued Sept. Payment State Aid	Total Annual Payments State Aid
2013	$5,497,351	$12,098,212
2014	5,967,598	12,756,593
2015	6,468,525	13,787,394
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 (Budgeted)	8,740,360	19,423,022

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 22 school districts and provides services for over 31,000 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, 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 and Substitute Calling, Central Business Office, 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	Berkshire UFSD	Berlin CSD	Brunswick (Brittonkill) CSD
Cairo-Durham CSD	Catskill CSD	Chatham CSD	Coxsackie-Athens CSD
East Greenbush CSD	Germantown CSD	Greenville CSD	Hoosic Valley CSD
Hudson City SD	Ichabod Crane CSD	Lansingburgh CSD	Wynantskill UFSD
New Lebanon CSD	North Greenbush Common	Rensselaer City School District	Schodack CSD
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 2019-2020 contracts are as follows:

School District	Contract Amount	% of Liability
Averill Park CSD	$ 4,248,428	5.90%
Berkshire UFSD	146,378	0.20%
Berlin CSD	2,067,151	2.90%
Brunswick (BrittonKill)	2,300,450	3.20%
Cairo-Durham CSD	3,320.803	4.60%
Catskill CSD	3,401,201	4.70%
Chatham CSD	1,993,664	2.80%
Coxsackie-Athens CSD	2,894,336	4.00%
East Greenbush CSD	5,220,153	7.20%
Germantown CSD	1,018,512	1.40%
Greenville CSD	2,363,271	3.30%
Hoosic Valley CSD	2,196,255	3.00%
Hudson City SD	3,613,885	5.00%
Ichabod Crane CSD	4,034,712	5.60%
Lansingburgh CSD	4,114,464	5.70%
New Lebanon CSD	833,266	1.20%
North Greenbush Common School District	31,582	0.04%
Rensselaer City School District	3,427,028	4.70%
Schodack CSD	2,487,355	3.40%
Taconic Hills CSD	2,386,554	3.30%
Troy City School District	8,913,002	12.30%
Wynantskill UFSD	702,479	1.00%
Total Component School Districts	$ 61,714,929	85.42%
Total Non-Component School Districts	$ 10,536,968	14.58%
Total All School Districts	$ 72,251,897	100.00%
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. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. (See "State Aid History" herein).

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a $13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to districts.

Recent Events Affecting State Aid to New York School Districts

School district fiscal year (2016-2017): The 2016-2017 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State 2017-2018 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-2019.

School district fiscal year (2019-2020): The State's 2019-2020 Enacted Budget includes a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent 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 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 is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be 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 is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides 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 reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes 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 and recent releases by the State regarding the projected revenue shortfalls in such budget.

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. The final phase-in of foundation aid as originally projected has not occurred as of this date.

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.

Employees

The BOCES provides services through approximately 478 full and 86 part-time employees. Certain employees are represented by various bargaining units as follows:

Association	Periods Covered	Number of Employees Covered	Affiliation
Teachers' Association(1)	July 1, 2017 – June 30, 2020	163	NYSUT
Teaching Assistants Unit(1)	July 1, 2017 – June 30, 2020	154	NYSUT
Support Services Federation(1)	July 1, 2017 – June 30, 2020	51	NYSUT
Administrators' Association	July 1, 2018 – June 30, 2022	9	SAANYS

(1) Due to COVID-19, negotiations are anticipated to recommence in fall of 2020.

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 other 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"). ERS collectively with TRS, the "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.

On December 12, 2009, the 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.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, 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% and contributions at such rates continue so long as such employee continues to accumulate pension credits, 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 the 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 contribution throughout employment.

The BOCES payments to ERS and TRS since the 2015-16 fiscal year, the unaudited results for the 2019-20 and the proposed budgeted figure for the 2020-21 fiscal year are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 1,133,339	$ 2,873,792
2015-2016	1,258,095	2,210,429
2016-2017	1,071,623	1,981,191
2017-2018	1,002,151	1,615,438
2018-2019	1,039,061	1,837,042
2019-2020 (Unaudited)	1,073,031	2,023,949
2020-2021 (Proposed)	1,270,017	1,714,242

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 (2015-16 to 2020-21) is shown below:

Fiscal Year	ERS	TRS
2015-16	18.2%	13.26%
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53

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. For the fiscal year ended June 30, 2018, 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.

The BOCES contracted with Questar III's GASB 75 Service to calculate its actuarial valuation under GASB 75 that is certified by Milliman, an actuarial firm, for the fiscal years ending June 30, 2018 and 2019.

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

Balance at June 30:	2017	2018
	$114,925,601	$120,963,459
Changes for the year:		
Service cost	5,585,024	5,752,575
Interest	3,567,950	3,751,668
Differences between expected and actual experience	66,347	0
Changes in assumptions or other inputs	0	(9,582,015)
Benefit payments	(3,181,463)	(3,345,603)
Net Changes	$6,037,858	$(3,423,375)
Balance at June 30:	2018	2019
	$120,963,459	$117,540,084

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 taxes 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.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the proposed legislation, there are no restrictions on the amount a government can deposit into the trust. It is not possible to predict whether such legislation will be enacted into law in the foreseeable future.

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 will seek 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, based on the most recent estimates, is scheduled to be 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, 2019 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, except for the Rensselaer City School District.

District	2019 Designation
Rensselaer City School District	Susceptible, 38.3

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.

The State Comptroller's office released an audit report of the BOCES on April 1, 2016. The purpose of the audit was to review the BOCES' purchasing procedures for the period July 1, 2014 through September 30, 2015.

Key Findings:

- The BOCES procured goods and services in accordance with its policy and statutory requirements.

Key Recommendations:

- There were no recommendations as a result of this audit.

The BOCES provided a complete response to the State Comptroller's office on March 18, 2016 A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

As of the date of this Official Statement, there are no State Comptrollers audits of the BOCES that are currently in progress or pending release.

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, 2020 is as follows:

Fiscal Year	Amount
Installment purchase debt, beginning balance	$ 939,965
New Leases	1,051,356
Repayments	(868,498)
Installment Purchase Debt, Ending Balance	$ 1,122,823

Current maturities of installment purchase debt are as follows:

2021	$	497,638
2022		347,300
2023		164,498
2024		91,670
2025		21,717
Total	$	1,122,823

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

Capital Project

The BOCES is currently in the second phase of a three-phase capital project to renovate the Rensselaer Education Center. The project is being financed with budget appropriations. The BOCES does not anticipate borrowing to fund the above-mentioned project.

Cash Flow Borrowings

In addition to the current issuance of the Notes, the BOCES anticipates issuing an additional $5,000,000 Revenue Anticipation Notes in December of 2020 depending on the cash flow needs of the BOCES.

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

Tax Limit

With respect to the component school districts of the BOCES (the "Component School Districts"), the Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the Laws of 2011, as amended, imposes a statutory limit on the amount of real property taxes that Component School Districts may levy. (See "The Tax Levy Limitation Law" herein.) The BOCES has no taxing authority.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted.   The BOCES has no taxing authority, therefore the TLLL does not directly affect the BOCES. However, the Tax Levy Limitation Law applies to school districts, including the Component School Districts. In particular the Tax Levy Limit Law imposes a tax levy limitation on a School District for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by a School District under the Local Finance Law. Accordingly, the power of a School District to levy real property taxes on all taxable real property within the School District without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote of the qualified electors of a School District adopting the annual budget. Computation of the tax levy limit by a school district must be submitted to the Office of the State Comptroller for review. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, (ii) retirement systems growth in the average actuarial contribution rate in excess of 2% and (iii) voter approved capital expenditures, defined as 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. Certain values related to growth of value of the real property tax base in the School District, as computed by the commissioner of taxation and finance, may result in an increase adjustment in the real property tax levy notwithstanding the 2% limit in the TLLL. A School District is also permitted to carry forward a certain portion of its unused levy limitation from a prior 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. Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by a School District under the Local Finance Law.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. For taxpayers other than those living in one of the "Big 4" cities (Buffalo, Rochester, Syracuse and Yonkers) only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of Chapter 97.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 20 does provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

See "THE BOCES – Budgetary Procedures" herein for additional information.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), (the "TCJA") making major changes to the Federal Internal Revenue Code, most of which were effective in the 2018 tax year. The new Federal tax law makes extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes. The State's income tax system interacts with the Federal system in numerous ways. The changes to the Federal tax code are expected to have significant flow-through effects on state tax burdens and revenues. The State's 2019-20 Enacted Budget included State tax reform intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, the creation of an optional payroll tax program, and the establishment of a new State charitable giving vehicle. The State continues to evaluate other tax law changes in response to the TCJA. On July 18, 2018, the State, joined by Connecticut, Maryland and New Jersey, filed a lawsuit intended to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit argues that the new SALT limit was enacted to target New York and similarly situated states, that it interferes with the states' rights to make their own fiscal decisions, and that it will disproportionately harm taxpayers in these states.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution.

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.

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MARKET AND RISK FACTORS

The financial and economic 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 and 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 another jurisdiction, or of any of their respective 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 BOCES' 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 and revenues in order to pay State aid to municipalities and school districts in the State, including BOCES aid, in any year, the BOCES may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the BOCES Component School Districts. In several recent years, the BOCES Component School Districts have received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also " Events Affecting State Aid to New York School Districts ").

Should the Component School Districts of the BOCES fail to receive State Aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies and not by a cut in State aid, the BOCES is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected revenue.

The long-term impact of the Tax Levy Limitation Law on the budgets of the Component School Districts could affect their utilization of the services of the BOCES over time.

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.

COVID-19

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 of real property taxes by Component School Districts or resulting in a delay or reduction by the State in the payment of State aid to its component school districts. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. 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 extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak 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. (See also "Events Affecting State Aid to New York School Districts" herein).

TAX MATTERS

In the opinion of Whiteman Osterman & Hanna LLP, Bond Counsel to the BOCES, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance by the BOCES with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel is also of the opinion that interest on the Notes is excludable from adjusted gross income for purposes of personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on the Notes.

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

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the BOCES contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the BOCES’s representations and certifications or the continuing compliance with the BOCES’s covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the “IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the BOCES may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The BOCES has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel’s engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the BOCES or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion. The form of the opinion of Bond Counsel shall be in substantially the form set forth in “APPENDIX-F” attached hereto.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt Notes and tax-advantaged Notes, among other things. Additionally, investors in the Notes should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of holders to sell their Notes in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Notes (“Discount Notes”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Note. The issue price of a Discount Note is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Note (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Note. A purchaser of a Discount Note in the initial public offering at the issue price (described above) for that Discount Note who holds that Discount Note to maturity will realize no gain or loss upon the retirement of that Discount Note.

Certain of the Notes (“Premium Notes”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes Note premium. For federal income tax purposes, Note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that Note premium is deductible by the owner of a Premium Note. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner’s tax basis in the Premium Note is reduced by the amount of Note premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering who holds that Premium Note to maturity (or, in the case of a callable Premium Note to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Discount Notes and Premium Notes should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or Note premium, the determination for federal income tax purposes of the amount of OID or Note premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes, other federal tax consequences in respect of OID and Note premium, and the treatment of OID and Note premium for purposes of state and local taxes on, or based on, income.

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DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Legal Matters

Legal matters incident to the authorization and validity of the Notes will be subject to the approving opinion of Whiteman Osterman & Hanna LLP, Albany, New York, Bond Counsel to the BOCES. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX-F".

Closing Certificates

Upon delivery of and payment for the Notes, the purchaser of the Notes will also receive, without cost, in form satisfactory to Bond Counsel, the following dated as of the date of delivery of and payment for the Notes: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Notes, (b) a certificate or certificates executed by the officer of the BOCES who executed the Notes on behalf of the BOCES, stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Notes, (2) no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement relating to the Notes, on the date thereof and on the date of delivery of and payment for the Notes, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (c) a Tax Compliance Certificate executed by the President of the Board of the BOCES (d) the legal opinion as to the validity of the Notes Whiteman Osterman & Hanna LLP, Albany, New York, Bond Counsel, and (e) a Continuing Disclosure Certificate relating to the Notes executed by the President of the Board of the BOCES for purposes of the Rule.

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 has not previously entered into an agreement to provide Continuing Disclosure or an undertaking to provide Material Event Notices.

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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.

Whiteman Osterman & Hanna 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. 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: Jennifer L. Mulligan, CPA, Business Office Manager & Controller 10 Empire State Blvd. Castleton, New York 12033, Phone: (518) 479-6807, Email: 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 and www.fiscaladvisorsauction.com.

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

Dated: August 12, 2020

JOHN HILL
President of the Board and Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 7,978,855	$ 3,514,508	$ 7,749,033	$ 8,374,348	$ 10,819,362
Due from School Districts and Other BOCES	1,928,449	7,061,112	3,638,137	2,526,307	2,741,696
Due from Health Insurance Trust	-	-	-	1,388,952	1,149,984
State and Federal Aid Receivables	-	-	-	1,262	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	488,663	205,072	187,111	64,718	-
Other Receivables	390,986	379,476	69,721	52,054	37,662
Prepaid Expenditures	24,965	25,925	40,175	139,490	52,358
TOTAL ASSETS	$ 10,811,918	$ 11,186,093	$ 11,684,177	$ 12,547,131	$ 14,801,062
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 1,082,765	$ 1,138,356	$ 2,111,304	$ 800,985	$ 1,679,217
Accrued Expenses	3,613,683	1,859,239	567,484	679,166	1,117,278
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	30,298
Due to Retirement System	3,393,315	2,681,887	2,424,325	2,060,139	2,289,756
Postemployment Benefit Liability	-	2,994,316	2,987,624	3,181,463	3,345,603
Deferred Revenue	-	-	-	1,388,952	1,149,984
TOTAL LIABILITIES	$ 8,089,763	$ 8,673,798	$ 8,090,737	$ 8,110,705	$ 9,612,136
FUND EQUITY					
Nonspendable	$ 24,965	$ 25,925	$ 40,175	$ 139,490	$ 52,358
Assigned	2,697,190	2,486,370	3,553,265	4,296,936	5,136,568
Unassigned	-	-	-	-	-
TOTAL FUND EQUITY	$ 2,722,155	$ 2,512,295	$ 3,593,440	$ 4,436,426	$ 5,188,926
TOTAL LIABILITIES and FUND EQUITY	$ 10,811,918	$ 11,186,093	$ 11,684,177	$ 12,547,131	$ 14,801,062

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Equity

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
REVENUES					
Charges for Services	$ 407,577	$ 373,695	$ 20,266	$ 71,356	$ 70,390
Charges to Components	52,753,388	54,848,050	54,230,028	55,806,091	59,487,441
Charges to Non-Components	7,654,970	8,918,776	8,688,049	9,859,991	10,547,029
Interest and Earnings	23,471	19,577	15,222	13,378	26,755
Sales	162,697	139,023	149,690	164,677	159,119
Miscellaneous	217,987	383,040	714,923	879,902	467,604
Interfund Revenues	833,899	957,433	924,936	862,361	965,110
Revenues from State Sources	77,476	-	-	-	-
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	$ 62,131,465	$ 65,639,594	$ 64,743,114	$ 67,657,756	$ 71,723,448
Other Sources:					
Interfund Transfers					
Encumbrances, Previous year	450,648	(210,820)	1,066,895	743,671	839,632
Total Revenues and Other Sources	$ 62,582,113	$ 65,428,774	$ 65,810,009	$ 68,401,427	$ 72,563,080
EXPENDITURES					
Administration	$ 6,469,331	$ 6,932,974	$ 6,782,197	$ 7,027,177	$ 7,274,117
Career Education	7,791,255	8,777,681	7,889,385	8,383,624	9,275,201
Instruction for Handicapped	18,874,755	20,855,563	20,479,089	21,088,165	22,134,563
Itinerant Services	1,917,902	1,999,189	1,983,795	1,627,678	1,731,780
General Instruction	5,450,649	5,865,250	5,985,578	6,000,764	5,842,593
Instructional Support	6,677,685	7,450,331	7,461,353	6,908,536	7,861,896
Other Services	9,940,499	10,138,309	9,769,350	10,853,404	12,442,716
Total Expenditures	$ 57,122,076	$ 62,019,297	$ 60,350,747	$ 61,889,348	$ 66,562,866
Other Sources:					
Refund of Surplus	4,503,987	3,121,797	3,892,367	5,268,408	4,636,757
Transfer to Capital Projects	505,402	498,500	500,000	500,000	523,825
Decrease in Reserve for Prepaids	19,777	-	-	-	87,132
Increase in Reserve for Prepaids	-	(960)	(14,250)	(99,315)	-
	5,029,166	3,619,337	4,378,117	5,669,093	5,247,714
Total Expenditures and Other Uses	$ 62,151,242	$ 65,638,634	$ 64,728,864	$ 67,558,441	$ 71,810,580
Excess (Deficit) Revenues Over Expenditures	430,871	(209,860)	1,081,145	842,986	752,500
FUND EQUITY					
Fund Equity - Beginning of Year	2,291,284	2,722,155	2,512,295	3,593,440	4,436,426
Prior Period Adjustments (net)	-	-	-	-	-
Fund Equity - End of Year	$ 2,722,155	$ 2,512,295	$ 3,593,440	$ 4,436,426	$ 5,188,926

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:	2019		
	Original Budget	Amended Budget	Actual
REVENUES			
Administration	$ 8,029,298	$ 8,507,480	$ 7,852,860
Career Education	9,081,341	10,761,755	9,287,211
Instruction for Handicapped	22,933,765	25,469,585	25,518,152
Itinerant	1,995,379	2,039,195	2,012,967
General Instruction	5,677,630	6,017,798	6,021,253
Instructional Support	7,872,997	8,643,757	7,964,551
Other	11,954,723	14,339,725	13,066,454
Total Revenues	$ 67,545,133	$ 75,779,295	$ 71,723,448
Other Sources			
Interfund Transfers			
Encumbrances, Previous year	-	-	839,632
Total Revenues and Other Sources	$ 67,545,133	$ 75,779,295	$ 72,563,080
EXPENDITURES			
Administration	$ 8,029,298	$ 8,507,480	$ 7,797,942
Career Education	9,081,341	10,761,755	9,275,201
Instruction for Handicapped	22,933,765	25,469,585	22,134,563
Itinerant	1,995,379	2,039,195	1,731,780
General Instruction	5,677,630	6,017,798	5,842,593
Instructional Support	7,872,997	8,643,757	7,861,896
Other	11,954,723	14,339,725	12,442,716
Total Expenditures	$ 67,545,133	$ 75,779,295	$ 67,086,691
Other Sources:			
Refund of Surplus	$ -	$ -	4,636,757
Decrease in Reserve for Prepaids	-	-	87,132
Total Expenditures and Other Sources	$ -	$ -	$ 71,810,580
Excess (Deficit) Revenues Over Expenditures	-	-	752,500
FUND EQUITY			
Fund Equity - Beginning of Year	-	-	4,436,426
Prior Period Adjustments (net)	-	-	-
Fund Equity - End of Year	$ -	$ -	$ 5,188,926

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:	2017 Adopted Budget	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget	2021 Adopted Budget
REVENUES					
Administration and Capital	$ 7,563,106	$ 7,785,740	$ 8,029,298	$ 8,672,612	$ 8,916,214
Career Education	8,867,196	8,836,400	9,081,341	9,678,687	10,048,692
Instruction for Special Education	20,389,505	21,124,413	22,933,765	24,742,921	25,881,410
Itinerant Services	1,993,029	1,834,431	1,995,379	1,927,748	1,535,004
General Instruction	5,265,168	5,662,310	5,677,630	5,828,218	6,096,810
Instructional Support	7,193,610	7,411,402	7,872,997	7,919,580	7,956,227
Other Services	10,412,480	11,066,190	11,954,723	13,291,144	14,289,486
Total Revenues	$ 61,684,094	$ 63,720,886	$ 67,545,133	$ 72,060,917	$ 74,723,843
EXPENDITURES					
Administration and Capital	$ 7,563,106	$ 7,785,740	$ 8,029,298	$ 8,672,612	$ 8,916,214
Career Education	8,867,196	8,836,400	9,081,341	9,678,687	10,048,692
Instruction for Special Education	20,389,505	21,124,413	22,933,765	24,742,921	25,881,410
Itinerant Services	1,993,029	1,834,431	1,995,379	1,927,748	1,535,004
General Instruction	5,265,168	5,662,310	5,677,630	5,828,218	6,096,810
Instructional Support	7,193,610	7,411,402	7,872,997	7,919,580	7,956,227
Other Services	10,412,480	11,066,190	11,954,723	13,291,144	14,289,486
Total Expenditures	$ 61,684,094	$ 63,720,886	$ 67,545,133	$ 72,060,917	$ 74,723,843
Other Financing Sources (Uses):					
Operating Transfers (in)	-	-	-	-	-
Operating Transfers (out)	-	-	-	-	-
Total Other Sources (Uses)	$ -	$ -	$ -	$ -	$ -
Excess (Deficit) Revenues Over Expenditures and Other Uses	-	-	-	-	-
FUND EQUITY					
Fund Equity - Beginning of Year	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Equity - End of Year	$ -	$ -	$ -	$ -	$ -

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

COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2019

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

REVENUES	Averill Park C.S.D	Berkshire U.F.S.D.	Berlin C.S.D.	Brunswick (Brittonkill) C.S.D.	Cairo-Durham C.S.D.
Real Property Taxes	$ 30,894,669	$ -	$ 9,354,659	$ 11,225,276	$ 12,605,908
Real Property Tax Items	-	-	-	1,424,827	1,493,946
Non-Property Tax Items	-	-	-	-	-
Charges for Services	1,004,997	1,811,646	164,968	801,540	367,345
Use of Money & Property	406,677	-	29,155	125,514	98,593
Sale of Property and Compensation for Loss	20,362	-	5,851	3,327	107,578
Miscellaneous	1,430,858	2,441,525	399,176	662,784	827,886
Medicaid Reimbursement	-	-	-	5,641	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	25,072,594	1,017,059	10,264,959	10,413,012	14,352,579
Revenues from Federal Sources	200,864	314,565	69,406	-	98,246
Total Revenues	$ 59,031,021	$ 5,584,795	$ 20,288,174	$ 24,661,921	$ 29,952,081
Other Sources:					
Interfund Transfers	100,000	-	27,191	-	42,283
Total Revenues and Other Sources	$ 59,131,021	$ 5,584,795	$ 20,315,365	$ 24,661,921	$ 29,994,364
EXPENDITURES					
General Support	$ 5,575,526	$ 1,004,990	$ 2,151,558	$ 3,216,260	$ 3,570,063
Instruction	29,833,542	4,282,457	9,663,669	12,385,011	16,014,418
Pupil Transportation	3,089,301	-	1,351,818	1,365,250	1,674,850
Community Services	-	-	-	83,034	-
Employee Benefits	15,634,530	1,912,365	4,856,776	6,159,356	6,098,246
Debt Service	4,319,378	15,750	611,593	-	1,625,636
Total Expenditures	$ 58,452,277	$ 7,215,562	$ 18,635,414	$ 23,208,911	$ 28,983,213
Other Uses:					
Interfund Transfers	56,294	68,270	-	1,738,326	2,785,355
Premium on Bonds	-	-	(22,610)	-	-
Total Expenditures and Other Uses	$ 58,508,571	$ 7,283,832	$ 18,612,804	$ 24,947,237	$ 31,768,568
Excess (Deficit) Revenues Over Expenditures	622,450	(1,699,037)	1,702,561	(285,316)	(1,774,204)
FUND BALANCE					
Fund Balance - Beginning of Year	7,542,007	2,321,500	4,822,336	4,693,375	9,617,865
Prior Period Adjustments (net)					-
Fund Balance - End of Year	$ 8,164,457	$ 622,463	$ 6,524,897	$ 4,408,059	$ 7,843,661

Source: Audited financial reports of the Component School Districts and Office of State Comptroller's financial report for Berkshire UFSD.
This Appendix is not itself audited.

COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2019

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

REVENUES	Catskill C.S.D	Chatham C.S.D.	Coxsackie-Athens C.S.D.	East Greenbush C.S.D.	Germantown C.S.D.
Real Property Taxes	$ 16,759,231	$ 19,474,624	$ 18,363,938	$ 55,180,921	$ 8,300,916
Real Property Tax Items	5,033,213	1,379,435	-	4,240,412	638,757
Non-Property Tax Items	-	27,020	-	-	-
Charges for Services	32,098	221,807	43,605	1,104,145	868
Use of Money & Property	190,740	31,423	165,162	328,519	78,939
Sale of Property and Compensation for Loss	181,910	3,541	1,469	19,113	4,314
Miscellaneous	692,953	553,259	496,569	861,185	218,974
Medicaid Reimbursement	-	67,512	-	695,241	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	18,361,510	6,795,423	10,250,335	27,681,979	4,958,270
Revenues from Federal Sources	-	-	72,914	-	41,247
Total Revenues	$ 41,251,655	$ 28,554,044	$ 29,393,992	$ 90,111,515	$ 14,242,285
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 41,251,655	$ 28,554,044	$ 29,393,992	$ 90,111,515	$ 14,242,285
EXPENDITURES					
General Support	$ 3,600,750	$ 3,111,040	$ 3,221,261	$ 8,488,229	$ 1,732,186
Instruction	19,858,958	12,322,454	16,138,174	42,711,829	6,974,278
Pupil Transportation	2,551,568	1,644,892	1,857,968	5,479,096	858,809
Community Services	-	-	-	-	-
Employee Benefits	8,582,896	7,806,401	6,793,870	24,195,227	4,032,282
Debt Service	4,049,995	1,748,583	995,607	1,614,717	465,823
Total Expenditures	$ 38,644,167	$ 26,633,370	$ 29,006,880	$ 82,489,098	$ 14,063,378
Other Uses:					
Interfund Transfers	4,076,181	767,044	48,597	5,260,504	105,948
Total Expenditures and Other Uses	42,720,348	27,400,414	29,055,477	87,749,602	14,169,326
Excess (Deficit) Revenues Over Expenditures	$ (1,468,693)	$ 1,153,630	$ 338,515	$ 2,361,913	$ 72,959
FUND BALANCE					
Fund Balance - Beginning of Year	13,103,194	10,657,616	5,724,472	21,651,551	5,586,374
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 11,634,501	$ 11,811,246	$ 6,062,987	$ 24,013,464	$ 5,659,333

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

COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2019

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

REVENUES	Greenville C.S.D	Hoosic Valley C.S.D.	Hudson City S.D.	Ichabod Crane C.S.D.	Lansingburgh C.S.D.
Real Property Taxes	$ 15,217,426	$ 8,545,169	$ 21,476,127	$ 21,094,958	$ 13,649,598
Real Property Tax Items	1,687,431	-	1,859,647	2,337,136	2,124,094
Non-Property Tax Items	-	-	655,830	-	-
Charges for Services	627,664	28,813	106,960	174,368	291,295
Use of Money & Property	131,533	60,424	434,660	137,664	9,377
Sale of Property and Compensation for Loss	5,146	4,886	7,156	1,365	85,035
Miscellaneous	771,707	309,682	1,529,161	965,208	870,622
Medicaid Reimbursement	-	-	-	-	427,685
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	12,308,658	11,404,162	23,126,775	15,200,612	30,891,786
Revenues from Federal Sources	31,284	171,772	300,170	294,555	-
Total Revenues	$ 30,780,849	$ 20,524,908	$ 49,496,486	$ 40,205,866	$ 48,349,492
Other Sources:					
Interfund Transfers	-	-	23,895	-	-
Total Revenues and Other Sources	$ 30,780,849	$ 20,524,908	$ 49,520,381	$ 40,205,866	$ 48,349,492
EXPENDITURES					
General Support	$ 3,545,578	$ 1,983,106	$ 5,122,751	$ 3,965,224	$ 4,420,224
Instruction	15,126,964	9,562,334	23,420,096	20,524,057	27,730,410
Pupil Transportation	1,636,601	1,380,329	2,592,301	1,823,174	4,446,942
Community Services	-	-	46,205	-	-
Employee Benefits	6,641,309	4,995,858	12,072,086	11,191,391	9,227,418
Debt Service	1,857,050	2,042,816	5,081,006	1,786,535	3,838,775
Total Expenditures	$ 28,807,502	$ 19,964,443	$ 48,334,445	$ 39,290,381	$ 49,663,769
Other Uses:					
Interfund Transfers	186,071	114,029	80,642	-	407,046
Total Expenditures and Other Uses	28,993,573	20,078,472	48,415,087	39,290,381	50,070,815
Excess (Deficit) Revenues Over Expenditures	$ 1,787,276	$ 446,436	$ 1,105,294	$ 915,485	$ (1,721,323)
FUND BALANCE					
Fund Balance - Beginning of Year	3,618,037	10,116,797	6,609,197	3,814,121	7,205,882
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 5,405,313	$ 10,563,233	$ 7,714,491	$ 4,729,606	$ 5,484,559

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

COMPONENT SCHOOL DISTRICTS

FINANCIAL INFORMATION - FISCAL YEAR ENDING 2019

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

	Wynantskill UFSD	New Lebanon C.S.D.	North Greenbush Common S.D.	Rensselaer City S.D.	Schodack C.S.D.
REVENUES					
Real Property Taxes	$ 4,461,955	$ 7,896,629	$ 1,622,265	$ 7,296,084	$ 13,407,104
Real Property Tax Items	855,550	551,173	-	849,033	-
Non-Property Tax Items	-	-	-	395,832	-
Charges for Services	783,443	49,820	-	254,463	375,612
Use of Money & Property	1,880	48,022	5,981	138,481	354,861
Sale of Property and Compensation for Loss	-	3,813	-	-	-
Miscellaneous	189,618	456,453	235,947	620,805	573,660
Medicaid Reimbursement	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	3,094,941	3,451,185	14,830	13,665,647	8,401,851
Revenues from Federal Sources	46,580	-	69,279	170,467	127,135
Total Revenues	$ 9,433,967	$ 12,457,095	$ 1,948,302	$ 23,390,812	$ 23,240,223
Other Sources:					
Interfund Transfers	-	-	-	1,700,188	-
Total Revenues and Other Sources	$ 9,433,967	$ 12,457,095	$ 1,948,302	$ 25,091,000	$ 23,240,223
EXPENDITURES					
General Support	$ 981,083	$ 1,506,001	$ 190,135	$ 2,356,659	$ 2,675,769
Instruction	5,012,377	5,360,976	1,549,986	12,829,358	11,206,484
Pupil Transportation	654,662	725,484	326,529	765,422	1,180,822
Community Services	-	-	-	-	-
Employee Benefits	1,715,667	3,175,908	108,431	4,368,700	5,267,656
Debt Service	333,586	746,825	-	4,811,300	218,291
Total Expenditures	$ 8,697,375	$ 11,515,194	$ 2,175,081	$ 25,131,439	$ 20,549,022
Other Uses:					
Interfund Transfers	217,000	259,319	-	56,411	3,617,277
Total Expenditures and Other Uses	8,914,375	11,774,513	2,175,081	25,187,850	24,166,299
Excess (Deficit) Revenues Over Expenditures	$ 519,592	$ 682,582	$ (226,779)	$ (96,850)	$ (926,076)
FUND BALANCE					
Fund Balance - Beginning of Year	2,124,459	1,617,021	1,499,485	1,753,552	6,520,058
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 2,644,051	$ 2,299,603	$ 1,272,706	$ 1,656,702	$ 5,593,982

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 2019

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

REVENUES	Taconic Hills C.S.D	Troy City S.D.	TOTAL OF 22 COMPONENT SCHOOL DISTRICTS
Real Property Taxes	$ 22,844,009	$ 31,728,728	351,400,194
Real Property Tax Items	1,164,717	5,056,101	30,695,472
Non-Property Tax Items	-	1,285,220	2,363,902
Charges for Services	301,450	722,727	9,269,634
Use of Money & Property	456,792	211,950	3,446,347
Sale of Property and Compensation for Loss	106,834	94,478	656,178
Miscellaneous	1,423,314	1,143,103	17,674,449
Medicaid Reimbursement	203,214	-	1,399,293
Interfund Revenues	-	54,271	54,271
Revenues from State Sources	12,444,348	63,948,771	327,121,286
Revenues from Federal Sources	1,015	416,133	2,425,632
Total Revenues	$ 38,945,693	$ 104,661,482	$ 746,506,658
Other Sources:			
Interfund Transfers	-	89,820	1,983,377
Total Revenues and Other Sources	$ 38,945,693	$ 104,751,302	$ 748,490,035
EXPENDITURES			
General Support	$ 3,882,058	$ 10,330,796	76,631,247
Instruction	16,824,236	57,937,445	377,269,513
Pupil Transportation	2,826,009	5,228,095	43,459,922
Community Services	188,808	6,621	324,668
Employee Benefits	9,073,438	19,484,833	173,394,644
Debt Service	2,462,875	8,935,530	47,561,671
Total Expenditures	$ 35,257,424	$ 101,923,320	$ 718,641,665
Other Uses:			
Interfund Transfers	770,578	2,218,848	22,811,130
Total Expenditures and Other Uses	$ 36,028,002	$ 104,142,168	$ 741,452,795
Excess (Deficit) Revenues Over Expenditures	2,917,691	609,134	8,470,786
FUND BALANCE			
Fund Balance - Beginning of Year	11,949,481	22,698,549	136,249,846
Prior Period Adjustments (net)	-	-	-
Fund Balance - End of Year	$ 14,867,172	$ 23,307,683	172,284,169

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

COMPONENT SCHOOL DISTRICTS
TAX INFORMATION
(Fiscal Year Ending June 30, 2020)

Component School District		Total Taxable Assessed Valuation Used for Tax Levy		Full Valuation		2019-2020 Property Tax Levy	Property Tax Levy as a Percent of Full Valuation
Averill Park CSD	$	1,052,389,167	$	1,681,996,811	$	31,656,680	1.88%
Berkshire UFSD '[1]		-		-		-	N/A
Berlin CSD		425,071,664		562,606,639		9,577,426	1.70%
Brunswick (Brittonkill) CSD		273,392,456		730,546,678		13,180,556	1.80%
Cairo-Durham CSD		639,334,329		908,382,838		14,130,428	1.56%
Catskill CSD		705,092,453		1,136,993,196		18,881,674	1.66%
Chatham CSD		1,359,071,579		1,499,882,861		22,192,631	1.48%
Coxsackie-Athens CSD		824,760,782		1,044,299,826		17,949,247	1.72%
East Greenbush CSD		2,484,968,136		3,044,441,864		57,511,067	1.89%
Germantown CSD		623,704,462		695,743,858		9,315,828	1.34%
Greenville CSD		448,539,320		795,824,578		17,038,366	2.14%
Hoosic Valley CSD		198,626,560		530,349,648		8,493,917	1.60%
Hudson City SD		1,656,040,796		1,745,491,520		23,672,443	1.36%
Ichabod Crane CSD		1,281,004,736		1,396,613,377		240,012,018	17.19%
Lansingburgh CSD		536,008,646		837,970,688		15,715,036	1.88%
Wynantskill UFSD		63,502,811		287,071,289		5,447,841	1.90%
New Lebanon CSD		613,733,269		665,917,655		8,422,589	1.26%
North Greenbush Common		44,171,781		199,691,597		1,004,920	0.50%
Rensselaer City School District		123,742,422		519,926,143		7,685,344	1.48%
Schodack CSD		560,752,668		602,545,530		13,685,079	2.27%
Taconic Hills CSD		2,197,314,902		2,239,930,064		24,811,160	0.00%
Troy City School District		1,430,223,697		1,795,150,947		37,200,797	2.07%
	$	17,541,446,636	$	22,921,377,607	$	597,585,047	

[1] Berkshire Union Free School District is a New York State Special Act School District which do not have taxing authority.

Source: New York State Comptroller's Reports and Official Statements and Continuing Disclosure Statements of Component Districts.

COMPONENT SCHOOL DISTRICTS
STATUS OF INDEBTEDNESS
(Fiscal Year Ending June 30, 2019)

Component School District	Bonds	Bond Anticipation Notes	Other Debt	Total Debt Outstanding	TANs & RANs Issued During Fiscal Year
Averill Park CSD	$ 20,107,467	$ -	$ -	$ 20,107,467	$ -
Berkshire UFSD	-	-	302,426	302,426	1,700,000
Berlin CSD	3,750,000	506,928	-	4,256,928	-
Brunswick (Brittonkill) CSD	4,780,000	6,000,000	-	10,780,000	-
Cairo-Durham CSD	7,540,000	-	-	7,540,000	-
Catskill CSD	21,575,000	-	-	21,575,000	-
Chatham CSD	8,400,958	-	-	8,400,958	-
Coxsackie-Athens CSD	23,960,958	-	2,452,615	26,413,573	-
East Greenbush CSD	9,410,000	15,844,500	-	25,254,500	-
Germantown CSD	165,000	8,889,944	-	9,054,944	-
Greenville CSD	18,190,000	-	-	18,190,000	-
Hoosic Valley CSD	8,945,000	-	-	8,945,000	-
Hudson City SD	42,010,000	-	154,535	42,164,535	-
Ichabod Crane CSD	8,270,000	1,277,775	109,396	9,657,171	-
Lansingburgh CSD	20,400,000	15,878,384	-	36,278,384	-
Wynantskill UFSD	30,300,000	-	-	30,300,000	-
New Lebanon CSD	230,000	-	-	230,000	-
North Greenbush Common	5,930,000	-	-	5,930,000	-
Rensselaer City School District	56,155,000	-	499,675	56,654,675	-
Schodack CSD	11,990,000	19,161,063	-	31,151,063	-
Taconic Hills CSD	17,035,000	-	-	17,035,000	-
Troy City School District	55,079,550	17,815,076	-	72,894,626	-
Totals	$ 374,223,933	$ 85,373,670	$ 3,518,647	$ 463,116,250	$ 1,700,000

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

APPENDIX - C
RENSSELAER-COLUMBIA-GREENE COUNTIES BOCES

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF
THE SOLE SUPERVISORY DISTRICT
RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK
DOING BUSINESS AS QUESTAR III BOCES
2019-2020 ACTUAL MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

	2019-2020												*12 MONTH*
CASH FLOW	***July***	***August***	***September***	***October***	***November***	***December***	***January***	***February***	***March***	***April***	***May***	***June***	***TOTAL***
Beginning Balance:	$ 13,672,775	$ 12,670,994	$ 5,633,071	$ 11,553,586	$ 3,405,381	$ 3,112,376	$ 4,698,784	$ 5,521,331	$ 5,783,426	$ 4,985,808	$ 7,744,375	$ 8,878,020	13,672,775
<u>Cash Receipts</u>													
Charges to Components & Non-Components	5,627,137	822,558	659,697	4,923,585	5,720,811	7,336,583	6,808,641	6,368,482	7,736,800	8,248,193	6,107,531	9,380,836	69,740,854
State & Federal Aid	200,607	114,189	9,190,368	-	-	271,039	51,062	4,931,332	183,670	167,949	465,457	5,854,333	21,430,006
Other Programs	67,703	42,625	174,178	1,010,833	97,866	32,396	20,484	77,921	187,411	62,408	19,212	453,681	2,246,717
RAN Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts	$ 5,895,447	$ 979,372	$ 10,024,243	$ 5,934,418	$ 5,818,677	$ 7,640,018	$ 6,880,187	$ 11,377,735	$ 8,107,881	$ 8,478,550	$ 6,592,199	$ 15,688,850	$ 93,417,577
Total Available Cash	$ 19,568,222	$ 13,650,366	$ 15,657,314	$ 17,488,004	$ 9,224,058	$ 10,752,394	$ 11,578,971	$ 16,899,066	$ 13,891,307	$ 13,464,358	$ 14,336,574	$ 24,566,870	$ 107,090,352
<u>Disbursements</u>													
Warrants	(5,644,258)	(6,542,503)	(2,434,189)	(2,370,447)	(3,958,517)	(3,850,570)	(3,950,069)	(4,063,365)	(6,793,126)	(2,429,826)	(3,295,909)	(4,660,569)	(49,993,348)
State Aid	-	-	-	(8,470,095)	-	-	-	(4,839,298)	-	-	-	(5,806,506)	(19,115,899)
Payroll	(1,252,970)	(1,474,792)	(1,669,539)	(3,242,081)	(2,153,165)	(2,203,040)	(2,107,571)	(2,212,977)	(2,112,373)	(3,290,157)	(2,162,645)	(3,972,948)	(27,854,258)
RAN Repayment Acct.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	$ (6,897,228)	$ (8,017,295)	$ (4,103,728)	$ (14,082,623)	$ (6,111,682)	$ (6,053,610)	$ (6,057,640)	$ (11,115,640)	$ (8,905,499)	$ (5,719,983)	$ (5,458,554)	$ (14,440,023)	$ (96,963,505)
Ending Balance:	$ 12,670,994	$ 5,633,071	$ 11,553,586	$ 3,405,381	$ 3,112,376	$ 4,698,784	$ 5,521,331	$ 5,783,426	$ 4,985,808	$ 7,744,375	$ 8,878,020	$ 10,126,847	$ 10,126,847

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF
THE SOLE SUPERVISORY DISTRICT
RENSSELAER, COLUMBIA AND GREENE COUNTIES, NEW YORK
DOING BUSINESS AS QUESTAR III BOCES
2020-2021 ESTIMATED MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

	2020-2021												***12 MONTH TOTAL***
CASH FLOW	***July (Actual)***	***August***	***September***	***October***	***November***	***December***	***January***	***February***	***March***	***April***	***May***	***June***	
Beginning Balance:	$ 10,126,847	$ 12,283,497	$ 5,753,792	$ 3,935,404	$ 183,941	$ 1,198,901	$ 3,699,874	$ 1,229,296	$ 1,002,590	$ 1,716,189	$ 2,989,483	$ 2,762,777	$ 10,126,847
<u>Cash Receipts</u>													
Charges to Components & Non-Componc	9,113,637	358,386	500,000	850,000	5,920,811	7,536,583	7,008,641	6,700,000	6,500,000	6,500,000	5,000,000	5,000,000	60,988,058
State & Federal Aid	123,173	-	8,505,233	-	-	-	-	4,975,000	-	-	-	6,000,000	19,603,406
Other Programs	32,274	41,078	154,801	390,743	93,050	31,618	19,682	90,500	62,500	65,500	65,500	65,500	1,112,746
RAN Proceeds	-	-	4,000,000	-	-	5,000,000	-	-	-	-	-	-	9,000,000
Total Cash Receipts	$ 9,269,084	$ 399,464	$ 13,160,034	$ 1,240,743	$ 6,013,861	$ 12,568,201	$ 7,028,323	$ 11,765,500	$ 6,562,500	$ 6,565,500	$ 5,065,500	$ 11,065,500	$ 90,704,210
Total Available Cash	$ 19,395,931	$ 12,682,961	$ 18,913,826	$ 5,176,147	$ 6,197,802	$ 13,767,102	$ 10,728,197	$ 12,994,796	$ 7,565,090	$ 8,281,689	$ 8,054,983	$ 13,828,277	$ 100,831,057
<u>Disbursements</u>													
Warrants	(6,167,118)	(5,337,969)	(3,692,206)	(2,692,206)	(2,698,901)	(3,747,228)	(7,198,901)	(4,792,206)	(2,698,901)	(2,992,206)	(2,992,206)	(3,198,901)	(48,208,949)
State Aid	-	-	(8,505,233)	-	-	-	-	(4,900,000)	-	-	-	(6,000,000)	(19,405,233)
Payroll	(945,316)	(1,591,200)	(2,780,983)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(3,150,000)	(2,300,000)	(2,300,000)	(4,000,000)	(28,567,499)
RAN Repayment Acct.		-	-	-	-	(4,020,000)	-	-	-	-	-	-	(4,020,000)
Total Disbursements	$ (7,112,434)	$ (6,929,169)	$ (14,978,422)	$ (4,992,206)	$ (4,998,901)	$ (10,067,228)	$ (9,498,901)	$ (11,992,206)	$ (5,848,901)	$ (5,292,206)	$ (5,292,206)	$ (13,198,901)	$ (100,201,681)
Ending Balance:	$ 12,283,497	$ 5,753,792	$ 3,935,404	$ 183,941	$ 1,198,901	$ 3,699,874	$ 1,229,296	$ 1,002,590	$ 1,716,189	$ 2,989,483	$ 2,762,777	$ 629,376	$ 629,376

Note: The figures above include the $4,000,000 Revenue Anticipation Notes anticipated to be issued on September 3, 2020. Depending on the cash flow needs of the BOCES, the BOCES is considering issuing an additional $5,000,000 revenue anticipation notes in December of 2020.

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 aforedescribed 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.

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, 2019

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.

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, 2019. 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 increased on an entity wide basis by approximately $3.9 million over the prior year. The increase is primarily attributable to the net impact of the postemployment benefit adjustment.

- Governmental revenues under the modified accrual basis of accounting increased by 5.3% due to a net increase in providing instruction of the handicapped, instructional services and district financial services. The following is a five-year revenue comparison (dollars in millions):

	2019	2018	2017	2016	2015
Administration (001-002)	$ 7.9	$ 7.7	$ 7.6	$ 7.5	$ 7.3
Career Education (100-199)	9.3	9.0	8.8	8.9	8.5
Instruction for Handicapped (200-299)	25.5	23.3	21.6	22.7	20.9
Itinerant Service (300-399)	2.0	1.8	2.0	2.1	2.2
General Instruction (400-499)	6.0	6.1	6.2	5.9	5.5
Instructional Support (500-599)	8.0	7.5	7.4	7.4	7.1
Other Services (600-699)	13.0	12.3	11.1	11.1	10.6
Special Aid Fund (800-999)	4.4	4.6	4.5	4.3	5.6
Total Revenue	$ 76.1	$ 72.3	$ 69.2	$ 69.9	$ 67.7
% Increase (Decrease)	5.3%	4.5%	(1.00%)	3.25%	10.08%

The majority of Questar III services are purchased by our 23 component school districts which accounted for approximately 78.1% of our total revenues (77.2% in the 2017-2018 year).

Expenditures increased by 6.6% over the prior year. Salaries decreased as a percentage of total expenditures to 37.7% for the current year from 38.0% in the prior year. The following is a five-year expenditure comparison (dollars in millions) for salaries and benefits:

FINANCIAL HIGHLIGHTS (CONTINUED)

	2019	2018	2017	2016	2015
Salaries & Wages	$ 27.0	$ 25.6	$ 25.5	$ 25.1	$ 24.7
Salaries & Wages as % of Total Expenditures	37.7%	38.0%	39.3%	37.0%	39.0%
Fringe Benefits (Including Health)	$ 14.2	$ 15.2	$ 15.1	$ 15.7	$ 13.7
Fringe Benefits as % of Total Expenditures	19.8%	22.6%	23.3%	23.0%	21.6%
Health Insurance	$ 8.5	$ 9.7	$ 9.4	$ 9.2	$ 7.1
Health Insurance as % of Total Expenditures	11.9%	14.4%	14.5%	14.7%	11.2%
Total Expenditures	$ 71.7	$ 67.3	$ 64.9	$ 67.7	$ 63.4

Questar III offers approximately 280 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.

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 ***fiduciary fund statements*** provide information about the financial relationships in which Questar III acts solely as a *trustee* or *agent* for the benefit of others.

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.

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

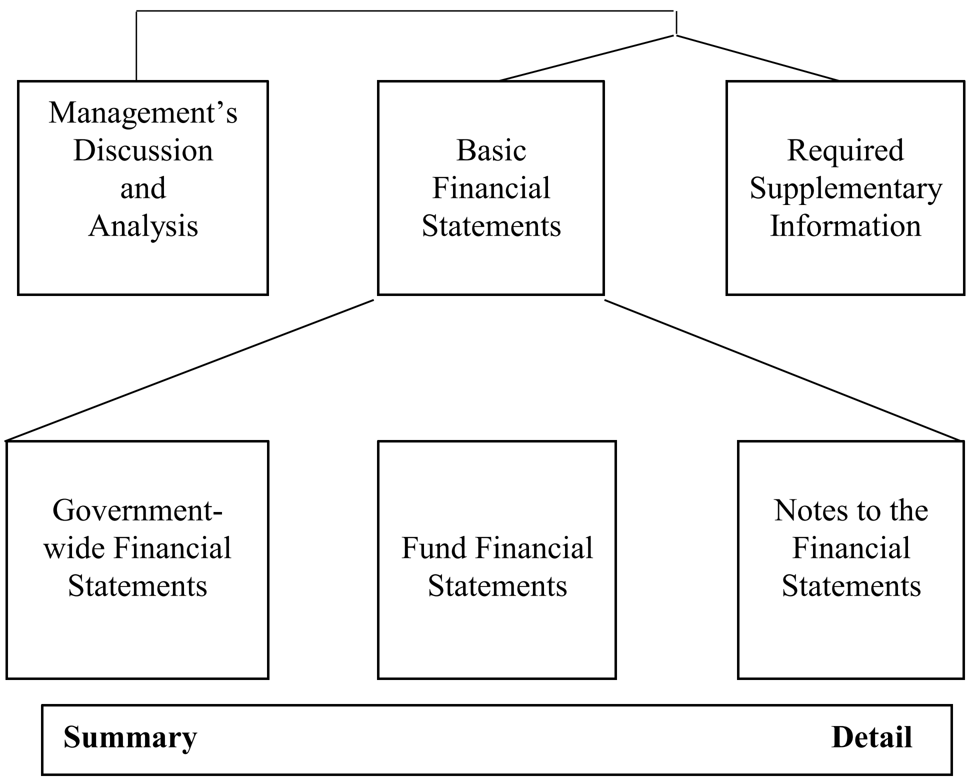

Table A-2 Summarizes the major features of Questar III's financial statements, including the portion of Questar III's activities that they cover and the types of information that they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and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

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

<table>
<tr><th rowspan="2"></th><th rowspan="2">Government-wide
Statements</th><th colspan="2">Fund Financial Statements</th></tr>
<tr><th>Governmental</th><th>Fiduciary</th></tr>
<tr><td>1. Scope</td><td>Entire governmental entity (except fiduciary funds)</td><td>The day-to-day operating activities of Questar III, such as education and district support services</td><td>Instances in which Questar III administers resources on behalf of others, such as scholarships</td></tr>
<tr><td>2. Required financial statements</td><td>• Statement of Net Position
• Statement of Activities and Changes in Net Position</td><td>• Balance Sheet
• Statement of Revenues, Expenditures and Changes in Fund Balances</td><td>• Statement of Fiduciary Net Position
• Statement of Changes in Fiduciary Net Position</td></tr>
<tr><td>3. Accounting basis and measurement focus</td><td>Accrual accounting and economic resources focus</td><td>Modified accrual and current financial resources measurement focus</td><td>Accrual accounting and economic resources focus</td></tr>
<tr><td>4. Type of asset and liability information</td><td>All assets and liabilities, both financial and capital, short-term and long-term</td><td>Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included</td><td>All assets and liabilities, both financial and capital, short-term and long-term</td></tr>
<tr><td>5. Type of inflow and outflow information</td><td>All revenues and expenses during year; regardless of when cash is received or paid</td><td>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</td><td>All additions and deductions during the year, regardless of when cash is received or paid</td></tr>
</table>

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.

FUND FINANCIAL STATEMENTS (CONTINUED)

- ***Fiduciary funds***: Questar III is the trustee or fiduciary for assets that belong to others, such as scholarship funds and student activities funds. Questar III is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Questar III excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF QUESTAR III AS A WHOLE

Questar III's net position decreased approximately $3.9 million to a deficit of approximately $92.5 million as detailed in Tables A-3 and A-4.

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

	2019	2018
Current Assets	$ 19.6	$ 17.9
Capital Assets, Net of Depreciation	9.5	8.4
Other Long-Term Assets	2.1	3.0
Proportionate Share of Net Pension Assets	1.8	.8
Deferred Outflows - Pension and OPEB	11.3	13.3
Total Assets and Deferred Outflows	$ 44.3	$ 43.4
Current Liabilities	$ 9.1	$ 7.6
Noncurrent Liabilities	116.4	119.3
Deferred Inflows - Pension	11.3	5.1
Total Liabilities and Deferred Inflows	$ 136.8	$ 132.0
Net Position (Deficit)		
Investment in Capital Assets, Net of Related Debt	$ 9.5	$ 8.4
Unassigned Deficit	(102.0)	(97.0)
Total Net Position (Deficit)	$ (92.5)	$ (88.6)

CHANGES IN NET POSITION (DEFICIT)

Questar III's total year 2019 program revenues approximate $74.6 million. (See Table A-4) Charges to components, non-components and others accounted for 95.4% (94.4% in 2018) of Questar III's revenue. Operating grants accounted for 3.6% (4.2% in 2018).

CHANGES IN NET POSITION (DEFICIT) (CONTINUED)

Questar III's total year 2019 program expenses approximate $74.6 million. (See Table A-4) Of these expenses 90.5% related to instruction, instructional support and other district services (90.3% in 2018) and 9.5% related to administrative and business activities (9.7% in 2018).

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

	2019		**2018**	
Revenues				
Program Revenues				
Charges for Services	$ 71.2	95.4%	$ 67.0	94.4%
Operating Grants	2.7	3.6%	3.0	4.2%
Other Revenues	.7	1.0%	1.0	1.4%
Total Revenues	74.6	100.0%	71.0	100.0%
Expenses				
Administration	7.1	9.5%	6.8	9.7%
Career Education	10.0	13.4%	9.8	14.1%
Instruction of Handicapped	26.6	35.7%	24.5	35.0%
Itinerant Services	1.9	2.5%	1.8	2.6%
General Instruction	6.5	8.7%	6.6	9.5%
Instructional Support	9.0	12.1%	8.8	12.5%
Other Services	13.5	18.1%	11.7	16.6%
	74.6	100.0%	70.0	100.0%
Revenues in Excess of Expenses before Return of Surplus	-		1.0	
Return of Surplus	(4.6)		(5.3)	
Other	.7		.9	
Prior Period Restatement	-		(14.9)	
Change in Net Position	$ (3.9)		$ (18.3)	

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, 2019 primarily to provide additional services as requested by components and others.

	Original Budget	Amended Budget	Actual	Encumbrances	Unencumbered (Overexpended) Balance
Administration (001-002)	$ 8,029,298	$ 8,507,480	$ 7,797,942	$ 285,152	$ 424,386
Career Education (100-199)	9,081,341	10,761,755	9,275,201	1,019,257	467,297
Instruction for Handicapped (200-299)	22,933,765	25,469,585	22,134,563	2,210,895	1,124,127
Itinerant Service (300-399)	1,995,379	2,039,195	1,731,780	24,831	282,584
General Instruction (400-499)	5,677,630	6,017,798	5,842,593	19,428	155,777
Instructional Support (500-599)	7,872,997	8,643,757	7,861,896	453,683	328,178
Other Services (600-699)	11,954,723	14,339,725	12,442,716	1,123,322	773,687
	$ 67,545,133	$ 75,779,295	$ 67,086,691	$ 5,136,568	$ 3,556,036

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 2019 and 2018:

Table A-5: Capital Assets

Category	2019	2018
Land	$ 463,533	$ 463,533
Buildings	12,096,841	11,372,893
Equipment	3,673,668	2,682,859
Vehicles	954,022	867,427
Total	$ 17,188,064	$ 15,386,712

Long-Term Debt

At year-end 2019 Questar III had $939,965 in installment purchase debt outstanding of which $318,721 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:

For the last several years, the national and statewide fiscal crises has resulted in districts looking for ways to maximize the value attained by their limited resources. Questar III is a vehicle being utilized to achieve this objective. Despite New York State's improved financial picture, the 2% tax cap legislation continues to have an adverse impact on component districts' property tax revenue streams. Regardless of the school districts' challenges, Questar III's service revenue remains strong.

Even though Questar III negotiated contract salary increases exceed 2%, the benign inflation environment along with Questar III's Leading Edge principles (see page 10) have helped us keep budget increases well below 2% per year. Three of the four collective bargaining agreements will expire on June 30, 2020. Negotiations are anticipated to begin prior to the expiration of these contracts.

FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)

The Questar III component school districts continue to experience annual declines in enrollment. For the fiscal years 2007-2008 to 2017-2018, the Resident Weighted Average Daily Attendance (RWADA) has declined by 15.4% or 5,852 students from 38,100 to 32,248. This decline could have an impact on enrollment in BOCES programs; however, most of our programs are breaking records 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 us to lead our region with innovative, high quality, and cost-effective programs and services; (2) 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.

Rensselaer Education Center Modernization Project: Over the past several years, Questar III has explored its options for creating a new state-of-the-art facility housing career and technical education (CTE) and special education programs.

After exploring various options based on the best value/location and much deliberation and discussion, Questar III has moved forward with a renovation of the Rensselaer Educational Career Center in Troy. Renovations are being planned in three phases that began in June 2019 and are anticipated to continue over the next three to four years. Phase 1, completed in August 2019, was comprised of site work and brick repointing of the building. Phases II and III of the project will focus on the interior of the building. The renovations will impact program budgets as well as the capital budget, which has doubled.

As Questar III continues with the project it will engage its education, business and higher education partners in conversations about this exciting initiative, which could help ignite economic growth in our region. Ultimately, this work is part of Questar III's continuing efforts to help "change lives, realize dreams and do together what can't be done alone."

Career and Technical Education (CTE): The Information Technology program at the Columbia-Greene Educational Center is being phased out due to its continued low enrollment with the last senior finishing up this program during the 2019-2020 school year. However, the Information Technology program at the Rensselaer Educational Center continues to be a highly enrolled program. As computer applications, coding, cyber security, automation and other IT-related fields are fast-growing high-demand industries, we will continue to research ways to better meet Columbia-Greene students' interest in this area. The Heavy Equipment Operations and Maintenance program started in September 2018 at the Durham Building in the Cairo-Durham Central School District.

FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)

The program has been very popular with near-full classes. The program was duplicated at the Rensselaer Educational Center in September 2019. This second Heavy Equipment program, at the Rensselaer Educational Center, is proving to be as popular as the program at the Durham Building. September 2019 was also the start of a new senior-level CTE Academy for Educational Careers program at the Columbia-Greene Educational Center. This program was created in response to the need for more students to pursue careers in education or education-related fields and is partially funded by Perkins Grant for the 2019-20 year to be able to continue to work on developing and growing the program during its first 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. The cost of flight instructors and aviation-related expenses are also increasing, impacting the Aviation program budget. These are two areas that will continued to be analyzed to identify opportunities to mitigate rising costs.

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. All CTE programs are also NYS approved which allows students to earn a CTE Endorsement for graduation and school accountability. During 2019-20, the Culinary and Criminal Justice programs will be the focus for NYS program re-approval evaluation.

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 our districts.

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

Career & Technical Education	2019	2018	2017	2016	2015
Number of students	726	680	692	723	725
% change from prior year	6.8%	(1.7%)	(4.3%)	(0.2%)	7.6%
Revenue in millions	$ 9.3	$ 9.0	$ 8.8	$ 8.9	$ 8.5
% change from prior year	3.3%	2.3%	(1.1%)	4.7%	6.3%

FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)

Instruction of Students with Disabilities: The Special Education department opened the 2019-20 school year with 305 students enrolled. While programs are at capacity in several areas, the school year began with capacity to open additional classrooms at George Washington School and Catskill Academy. The George Washington School opened a K-2 class the week prior to the start of the school year to accommodate late summer referrals from school districts. Our Therapeutic Youth Program (TYP) that serves middle school level students at Maple Hill Middle School, and high school level students at Sackett Educational Center opened the school year at capacity. The Robin Sobol Transition Academy started at capacity with eight students.

As a department, we have continued to evaluate our programs to implement best instructional and behavioral practices. The Special Education Task Force worked during the 2018-19 school year to evaluate district needs for programming. The results from the data gathered indicated a need for additional elementary programs for students with social-emotional challenges, as well as programs that are designed for students who are not identified through the Committee on Special Education. The task force concluded there is an opportunity for Questar III to provide an alternative learning program at the middle and high school levels. The Superintendents Academy Sub-Committee is reviewing next steps to establish such a program. In addition, the department established capacity at Catskill Academy and George Washington School to expand elementary programming for students with social-emotional challenges.

Approximately 22.3% of our students with disabilities are from non-component school districts (23.7% in 2017-2018).

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

Students with Disabilities	2019	2018	2017	2016	2015
Number of students	307	296	287	295	275
% change from prior year	3.7%	3.1%	(2.7%)	7.3%	1.9%
Revenue in millions	$ 25.5	$ 23.3	$ 21.6	$ 22.7	$ 20.9
% change from prior year	9.4%	7.9%	(4.8%)	8.6%	6.1%

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.

FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)

General Instruction: Questar III continues to operate a relatively small Alternative Learning Program (ALP) at both the Columbia-Greene Educational Center (CGEC) and at Greenville High School. All students enrolled in ALP at the CGEC also participate in a ½ day CTE program. The CGEC program continues to have just the minimum number of students needed to run the program. We continue to examine the district need and other types of programming to best meet student need.

The School Library System's Automation Service continue to grow with the Follett library automation system. Since moving to Follett Library Manager in 2017-18, twelve additional school sites, a 67% increase, have purchased the service with other districts expressing interest for the coming year. As a result, a significant reduction in the 2019-20 billing rate was able to occur, positively impacting the service as more schools are now able to meet the needs of their students, faculty, and staff. The service is capable of more than just checking books in and out, it assists librarians to work directly with students rather than just being behind a desk. Adding the Follett automation system has enabled school libraries to reach past the physical space of the library and move into the classroom and beyond.

School District Support Services: The demand for district support services is stable. It is expected that the demand for these services will remain stable as districts seek to find economies in the services offered.

School Improvement Services: School Improvement Services are stable. As implementation of the Next Generation Learning Standards continues for ELA (English Language Arts), Math and Science, the School Improvement (SI) Team will continue to innovate and work with participating districts to make the transition successful. Additionally, the SI Team will support districts with New York's Every Student Succeeds Act (ESSA) plan and its expanded measures for school accountability and student success.

With the RSE-TASC state contract that ended on June 30, 2019, a new service, Special Education Instructional and Technical Support, has been added for 2019-20. There is an increasing need, evidenced by component district requests, for instructional support rooted in mental health, social emotional learning, and culturally responsive-sustaining practices. There has also been an increase in requested assistance with grant writing, from both districts and within Questar III.

School Improvement Services will be evaluating how best to grow Model Schools, beyond instructional technology/software purchases.

The School Improvement Services will continue to enhance communications with component districts and provide support as new regulations from the State Education Department are released.

FACTORS BEARING ON QUESTAR III'S FUTURE (CONTINUED)

Other Services: All Financial Services continue to grow in the 2018-2019 fiscal year. The GASB 75 service gained three new clients during the year and now services 181 districts and BOCES. The Fixed Asset Inventory service gained six new clients and now services 70 districts and BOCES. The Internal Audit gained two new clients and the Administrative, Management and Planning Service and the Central Business Office are stable.

The State Aid and Financial Planning Service currently serves 655 school districts and 37 BOCES. The service continues to provide much needed technical support to school districts across the state. Staff made more than 50 district visits during the year and provided training to various groups of school district administrators. In addition, the Special Education Aid Reporting Service continues to increase the number of participating districts and are now serving 66 districts statewide. Both services provide much needed support for school administrators as they navigate through the complexity of school aid and the school business management system.

Questar III's Health and Safety Service continues to offer services statewide, ranging from on-site support to an array of safety services and trainings that can be purchased individually. The department continues to add new cost-effective services that support school safety, facility, management and address compliance needs. In 2019-2020, the Health and Safety Service assisted our legal department with the creation of an online training module for the newly mandated sexual harassment prevention training in order to assist our school districts in meeting the requirements. The service also added an online training module for School Safety to assist districts in meeting mandated deadlines that were identified in recent school safety audits. The Health and Safety Service also took over the bus driver and attendant training program that districts currently utilize.

The Fire System Maintenance Service continues to increase service opportunities in the coming year by expanding services into the Oneida, Herkimer, Madison counties as well as the Capital Region. Additionally, districts continue to utilize the integrated security maintenance service which includes installation and maintenance of video surveillance and access control systems within school buildings. Finally, the department continues to strengthen school and law enforcement partnerships by leading countrywide school safety committees in each of the counties we serve.

Special Aid Fund: During the 2018-19 fiscal year, Questar III experienced a 4.3% decrease in revenues in the Special Aid Fund. This is primarily due to the expiration of two grants at the end of 2017-18, the Title II WIOA - Corrections (Workforce Investment Opportunity Act) and CDOS (Career Development and Occupational Studies). However, continuing in 2018-19 are the PRHYLI (The Angelo Del Toro Puerto Rican/Hispanic Youth Leadership Institute) with the award of a four-year state contract and the Title II WIOA - Columbia-Greene with the award of a three-year grant.

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

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
(518) 477-8771

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Questar III-Board of Cooperative Educational Services of Rensselaer-Columbia-Greene Counties ("Questar III"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Questar III's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Questar III, as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 contributions - pension plans on pages 1-15 and 49-52 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 opinions on the financial statements that collectively comprise Questar III's basic financial statements. The supplemental information on pages 53-55 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information on pages 53-55 is the responsibility of management and was derived from and relates 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 supplementary information is 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 November 27, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This 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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 27, 2019

QUESTAR III
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RENSSELAER-COLUMBIA-GREENE COUNTIES
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Current Assets:	
Cash	$ 14,838,301
Due from School Districts and Other BOCES	3,681,661
State and Federal Aid Receivable	833,646
Other Receivables, Net	163,445
Prepaid Expenses	53,533
Total Current Assets	19,570,586
Noncurrent Assets:	
Due from Health Insurance Trusts	2,097,096
Proportionate Share of Net Pension Asset	1,829,932
Capital Assets, Net	9,496,395
Total Noncurrent Assets	13,423,423
Deferred Outflows of Resources	
Pension	11,276,763
OPEB	52,379
Total Deferred Outflows of Resources	11,329,142
Total Assets and Deferred Outflows of Resources	$ 44,323,151
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
Current Liabilities:	
Accounts Payable	$ 1,690,459
Accrued Expenses	1,127,770
Due to Other Funds	4,118
Postemployment Benefit Liability	3,345,603
Unearned Revenues	32,416
Capital Leases Payable	621,244
Due to Retirement Systems	2,289,756
Total Current Liabilities	9,111,366
Noncurrent Liabilities:	
Capital Leases Payable	318,721
Postemployment Benefit Liability	114,194,481
Proportionate Share of Net Pension Liability	1,928,577
Total Noncurrent Liabilities	116,441,779
Deferred Inflows of Resources	
Pension	2,981,390
OPEB	8,287,148
Total Deferred Inflows of Resources	11,268,538
Total Liabilities and Deferred Inflows of Resources	136,821,683
NET POSITION (DEFICIT):	
Invested in Capital Assets, Net of Related Debt	9,496,395
Unassigned Deficit	(101,994,927)
Total Net Position (Deficit)	(92,498,532)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	$ 44,323,151

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Net Revenues (Expenses) and Changes in Net Position**
Functions/Programs:				
Administration	$ 7,141,471	$ 7,447,284	$ 5,869	$ 311,682
Career Education	9,960,407	9,294,372	506,756	(159,279)
Instruction of Handicapped	26,590,973	26,876,552	374,720	660,299
Itinerant Services	1,946,874	2,012,967	-	66,093
General Instruction	6,535,673	6,021,253	464,851	(49,569)
Instructional Support	8,976,257	7,320,928	1,309,203	(346,126)
Other Services	13,479,486	12,982,469	-	(497,017)
Total Functions/Programs	$ 74,631,141	$ 71,955,825	$ 2,661,399	(13,917)
Return of Surplus				(4,636,757)
Change in Net Position				(4,650,674)
General Fund Encumbrances, Beginning of Year				(4,296,936)
General Fund Encumbrances, End of Year				5,136,568
Decrease in Reserve for Prepaid Expenses				(87,132)
Net Position (Deficit), Beginning of Year				(88,600,358)
Net Position (Deficit), End of Year				$ (92,498,532)

QUESTAR III
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RENSSELAER-COLUMBIA-GREENE COUNTIES
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Special Aid	Capital Projects	Total Governmental Funds
ASSETS				
Assets:				
Cash	$ 10,819,362	$ 2,581,735	$ 1,437,204	$ 14,838,301
Due from School Districts and Other BOCES	2,741,696	-	-	2,741,696
Due from Health Insurance Trust	1,149,984	-	-	1,149,984
State and Federal Aid Receivable	-	833,646	-	833,646
Other Receivables, Net	37,662	125,783	-	163,445
Due from Other Funds	-	2,355	23,825	26,180
Prepaid Expenses	52,358	1,175	-	53,533
Total Assets	$ 14,801,062	$ 3,544,694	$ 1,461,029	$ 19,806,785
LIABILITIES				
Liabilities:				
Accounts Payable	$ 1,679,217	$ 11,242	$ -	$ 1,690,459
Accrued Expenses	1,117,278	10,492	-	1,127,770
Postemployment Benefit Liability	3,345,603	-	-	3,345,603
Due to Other Funds	30,298	-	-	30,298
Due to Retirement Systems	2,289,756	-	-	2,289,756
Unearned Revenue	-	32,416	-	32,416
Total Liabilities	8,462,152	54,150	-	8,516,302
Deferred Inflows of Resources - Deferred Revenue	1,149,984	-	-	1,149,984
FUND BALANCES				
Fund Balance:				
Nonspendable	52,358	1,175	-	53,533
Assigned	5,136,568	3,489,369	1,461,029	10,086,966
Total Fund Balance	5,188,926	3,490,544	1,461,029	10,140,499
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 14,801,062	$ 3,544,694	$ 1,461,029	$ 19,806,785

Reconciliation of Total Governmental Fund Balances to Net Position (Deficit) of Governmental Activities:

Total Fund Balances for Governmental Funds	$ 10,140,499
Due from Health Insurance Trust	2,097,096
Capital Assets	9,496,395
Installment Debt Receivables	939,965
Installment Debt Payable	(939,965)
Postemployment Benefit Obligation - Net	(122,429,250)
Pension Adjustment - Net	8,196,728
Net Position (Deficit) of Governmental Activities	$ (92,498,532)

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, 2019

	General	Special Aid	Capital Projects	Total Governmental Funds
REVENUES:				
Charges to Components	$ 59,487,441	$ -	$ -	$ 59,487,441
Charges to Non-Components	10,547,029	-	-	10,547,029
Charges for Services	70,390	1,733,470	-	1,803,860
Interest and Earnings	26,755	-	2,302	29,057
Miscellaneous	467,604	-	-	467,604
Sales	159,119	-	-	159,119
Interfund Revenues	965,110	-	-	965,110
State and Local Sources	-	1,929,558	-	1,929,558
Federal Sources	-	731,841	-	731,841
Total Revenues	71,723,448	4,394,869	2,302	76,120,619
EXPENDITURES:				
Administration	7,274,117	403,511	-	7,677,628
Career Education	9,275,201	514,977	-	9,790,178
Instruction for Handicapped	22,134,563	1,734,467	-	23,869,030
Itinerant Services	1,731,780	-	-	1,731,780
General Instruction	5,842,593	465,005	-	6,307,598
Instructional Support	7,861,896	1,309,204	-	9,171,100
Other Services	12,442,716	-	723,928	13,166,644
Total Expenditures	66,562,866	4,427,164	723,928	71,713,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE	5,160,582	(32,295)	(721,626)	4,406,661
OTHER SOURCES (USES):				
Return of Surplus	(4,636,757)	-	-	(4,636,757)
Transfer to Capital Projects	(523,825)	-	-	(523,825)
Transfer from General Fund	-	-	523,825	523,825
Total Other Sources (Uses)	(5,160,582)	-	523,825	(4,636,757)
Change in Fund Balance	-	(32,295)	(197,801)	(230,096)
Encumbrances, Beginning of Year	(4,296,936)	-	-	(4,296,936)
Encumbrances, End of Year	5,136,568	-	-	5,136,568
Decrease in Reserve for Prepaids	(87,132)	-	-	(87,132)
Fund Balance, Beginning of Year	4,436,426	3,522,839	1,658,830	9,618,095
Fund Balance, End of Year	$ 5,188,926	$ 3,490,544	$ 1,461,029	$ 10,140,499

RECONCILIATION OF THE GOVERNMENTAL FUNDS COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES:

Total Net Changes in Fund Balances - Governmental Funds	$ (230,096)
Health Insurance Trust Reduction	(926,970)
Capital Assets Acquired	1,877,514
Depreciation	(784,731)
Loss on Disposal of Asset	(11,947)
Postemployment Benefit Obligation Adjustments	(4,706,616)
Pension Adjustments	132,172
Change in Net Position	$ (4,650,674)

Statement of Fiduciary Net Position

	Private-purpose Trusts	Agency Funds
ASSETS		
Cash	$ 208,236	$ 2,586,870
Accounts Receivable	-	3,696
Due from Other Funds	-	4,118
Total Assets	$ 208,236	$ 2,594,684
LIABILITIES		
Accrued Expenses	$ -	$ 15,314
Due to Student Activities	-	36,787
Due to Components and Non-Components	-	2,542,583
Total Liabilities	-	$ 2,594,684
NET POSITION		
Restricted for Scholarships	208,236	
Total Liabilities and Net Position	$ 208,236	

Statement of Changes in Fiduciary Net Position

Contributions	$ 143,538
Interest	368
Total Income	143,906
Scholarships and Other Expense	49,707
Change in Net Position	94,199
Net Position, Beginning of Year	114,037
Net Position, End of Year	$ 208,236

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. The more significant of Questar III's 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 to provide 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 23 school districts in New York's Rensselaer, Columbia and Greene counties:

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

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 activity is included in the reporting entity:

The Extraclassroom Activity Funds

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 and the cash balances are reported in the agency fund of Questar III. Separate audited financial statements (cash basis) of the extraclassroom activity funds are presented on pages 58 to 62.

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 separate Board of Directors and the cash balances are reported in the private-purpose trust fund 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, governmental fund and fiduciary 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Fund Financial Statements

The fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support Questar III's programs. Questar III has the following fiduciary funds:

Private-purpose trusts - established to account primarily for the assets of scholarship programs.

Agency - established to account for assets held in trust by Questar III.

Basis of Accounting/Measurement Focus

1. Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund 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 - 15 to 50 years, machinery and equipment - 7 to 15 years and vehicles - 8 years.

Long-Term Debt

Long-term debt includes Questar III's installment purchase debt, which is conduit debt for 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting/Measurement Focus (Continued)

1. Government-wide and Fiduciary Fund 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.

Beginning with the year ended June 30, 2015, Questar III 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting/Measurement Focus (Continued)

2. Governmental Fund Financial Statements (Continued)

   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.

   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. There are generally three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position (Deficit). This represents the effect of the net change in Questar III's proportion of the collective net pension asset or liability and differences during the measurement period between Questar III's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is Questar III's contributions to the pension systems (TRS and ERS Systems) made subsequent to the measurement date. The third item relates to OPEB reporting in Questar III government-wide statement of net position (deficit). This represents the effect of the net change in the actual and expected expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting/Measurement Focus (Continued)

2. Governmental Fund Financial Statements (Continued)

Unearned Revenues and Deferred Outflows and Inflows of Resources (Continued)

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. There are generally three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported in the district-wide Statement of Net Position (Deficit). This represents the effect of the net change in Questar III's proportion of the collective net pension liability (TRS and ERS Systems) and differences during the measurement periods between Questar III's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The third item is related to OPEB reported in the Questar III government-wide statement of position (deficit). This represents the effect of the net changes of assumptions or other inputs.

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 $52,358 and $1,175 in prepaid expense recorded in the general fund and special aid fund, respectively, at June 30, 2019.

- **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.

- **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 $5,136,568 recorded in the general fund at June 30, 2019 for encumbrances. The special aid and capital projects funds have assigned fund balances for their programs and expenditures amounting to $3,489,369 and $1,461,029, respectively at June 30, 2019. The special aid assigned fund balance includes $2,318,337 designated by the Board of Cooperative Educational Services for other postemployment benefits (Note 8).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting/Measurement Focus (Continued)

2. Governmental Fund Financial Statements (Continued)

Fund Balance (Continued)

- **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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Procedures and Budgetary Accounting (Continued)

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.

New Accounting Standards

Questar III has adopted and implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective for the year ending June 30, 2019.

Future Changes in Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities,* effective for the year ending June 30, 2020 and GASB Statement No. 87, *Leases,* effective for the year ending June 30, 2021.

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 November 27, 2019, the date the financial statements were available to be issued. No such events or transactions were identified.

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, 2019 were $17,941,483. The bank balance is fully insured by the FDIC or FSLIC, or collateralized by securities held by a third party in Questar III's name.

2. CASH AND INVESTMENTS

1. Cash and Investments (Continued)

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".

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, 2019, Questar III's prescription drug plan account balance maintained by the Trust is $1,568,976 of which $521,751 is estimated as the outstanding estimated liability for the self-insured prescription plan. The excess balance of $1,047,225 has been recorded as Due from Health Insurance Trusts on the statement of net position (deficit). Additionally, the Trust has declared a distribution of $621,761 to Questar III payable from 2019 to 2023.

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, 2019 was $333,570. There is no annual maximum, no deductible and the plan covers employee's dependents. As of June 30, 2019, Questar III's dental insurance account balance maintained by the trust is $484,110 of which $56,000 approximates the outstanding estimated liability for self-insured dental insurance. The excess balance of $428,110 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, 2019 there were 18 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, 2019 was $2,599,713, which approximates the outstanding estimated liability for self-insured workers' compensation claims at June 30, 2019. Assessments contributed to the Consortium for the year ended June 30, 2019 were $687,476.

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, New York 12033.

Due from the Health Insurance Trust consists of the following:

	General Fund	Statement of Net Position
Dividend receivable	$ 621,761	$ 621,761
Refund of excess deposits for self-insured prescription drug plan	528,223	528,223
Excess deposits for self-insured prescription drug plan	-	519,002
Excess deposits for self-insured prescription dental plan	-	428,110
	$ 1,149,984	$ 2,097,096
Deferred revenue as receivable is not available	$ (1,149,984)	$ -

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:

	2019			2018		
	Prescription Drug	Dental	Workers' Compensation	Prescription Drug	Dental	Workers' Compensation
Unpaid claims and claim adjustment expenses at beginning of year	$ 492,000	$ 52,000	$ 2,210,497	$ 400,000	$ -	$ 2,006,315
Incurred claims and claim adjustment expenses	3,576,126	337,570	1,076,692	3,617,138	373,070	462,179
Payments made for claims during the current year	(3,546,375)	(333,570)	(687,476)	(3,525,138)	(321,070)	(257,997)
Total unpaid claim adjustment expenses at end of year	$ 521,751	$ 56,000	$ 2,599,713	$ 492,000	$ 52,000	$ 2,210,497

4. CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Land	$ 463,533	$ -	$ -	$ -	$ 463,533
Buildings	11,372,893	-	-	723,948	12,096,841
Equipment	2,682,859	1,040,715	(49,906)	-	3,673,668
Vehicles	867,427	112,851	(26,256)	-	954,022
Construction in Progress	-	723,948	-	(723,948)	-
	15,386,712	1,877,514	(76,162)	-	17,188,064
Less Accumulated Depreciation:					
Buildings	4,654,437	410,374	-	-	5,064,811
Equipment	1,874,377	281,000	(37,960)	-	2,117,417
Vehicles	442,340	93,357	(26,256)	-	509,441
	6,971,154	784,731	(64,216)	-	7,691,669
Capital Assets, Net	$ 8,415,558	$ 1,092,783	$ (11,946)	$ -	$ 9,496,395

Depreciation expense was $784,731 for the year ended June 30, 2019.

5. INSTALLMENT PURCHASE DEBT

Installment purchase 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. All installment purchase debts are collateralized by various equipment.

5. INSTALLMENT PURCHASE DEBT (CONTINUED)

Installment purchase debt activity for the year ended June 30, 2019 is as follows:

Installment Purchase Debt, Beginning Balance	$ 1,478,250
New Leases	371,702
Repayments	(909,987)
Installment Purchase Debt, Ending Balance	$ 939,965

Current maturities of installment purchase debt are as follows:

2020	$ 621,244
2021	276,642
2022	42,079
	$ 939,965

6. 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.

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.

6. 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 for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, 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:

	ERS		TRS	
	Amount	Rate	Amount	Rate
2019	$ 1,039,061	13.99%	$ 1,837,042	10.62%
2018	$ 1,002,151	14.31%	$ 1,615,438	9.8%
2017	$ 1,071,623	14.73%	$ 1,981,191	11.72%

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.

6. PENSION PLANS (CONTINUED)

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

At June 30, 2019, Questar III reported an asset of $1,829,932 (TRS) and a liability of $1,928,577 (ERS) for its proportionate share of the net pension liability. The net pension assets (TRS) was measured as of June 30, 2018, and the net pension liability (ERS) was measured as of March 31, 2019, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of those dates. Questar III's proportion of the net pension asset/liability 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.

At June 30, 2019, Questar III's proportion was .1012% percent TRS and .0272% ERS.

For the year ended June 30, 2019, Questar III recognized pension expense of $1,508,440 for TRS and $1,242,610 for ERS.

At June 30, 2019, Questar III reported deferred outflows of resources related to pensions from the following sources:

	TRS	ERS	Total Deferred Outflows of Resources
Differences between expected and actual experience	$ 1,367,493	$ 379,777	$ 1,747,270
Changes of assumptions	6,396,811	484,765	6,881,576
Changes in proportionate share	506,545	40,549	547,094
Contributions after the measurement date	1,837,042	263,781	2,100,823
	$ 10,107,891	$ 1,168,872	$ 11,276,763

At June 30, 2019, Questar III reported deferred inflows of resources related to pensions from the following sources:

	TRS	ERS	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 247,706	$ 129,462	$ 377,168
Net difference between projected and actual earnings on pension plan investments	2,031,363	494,979	2,526,342
Changes in proportion share	-	77,880	77,880
	$ 2,279,069	$ 702,321	$ 2,981,390

6. PENSION PLANS (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions (Continued)

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, 2020	$ 4,427,336
June 30, 2021	934,018
June 30, 2022	161,613
June 30, 2023	1,585,426
June 30, 2024	923,694
Thereafter	263,286
	$ 8,295,373

TRS Actuarial Assumptions

The total pension liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Actual	Entry age normal
Inflation	2.25%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5% compounded annually
Investment rate of return	7.25% 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 2014, 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, 2009 to June 30, 2014.

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.

6. PENSION PLANS (CONTINUED)

ERS Actuarial Assumptions

The total pension liability at the March 31, 2019 measurement date was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2018 valuation were a follows:

Inflation rate	2.5%
Salary increase	4.2%
Projected Cola	1.3%
Investment Rate of Return	7.0%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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:

Asset Class	TRS	ERS
Domestic equity	5.8%	4.55%
International equity	7.3%	6.35%
Global equities	6.7%	- %
Real estate	4.9%	5.55%
Private equities	8.9%	7.5%
Domestic fixed income securities	1.3%	- %
Global fixed income securities	.9%	- %
Private debt	6.8%	- %
Real estate debt	2.8%	1.31%
High-yield fixed income securities	3.5%	- %
Short-term	.3%	(0.25%)
Absolute return	- %	3.75%
Opportunistic portfolio	- %	5.68%
Real assets	- %	5.29%
Inflation-indexed bonds	- %	1.25%

6. PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to calculate the total pension asset was 7.25% for TRS and the total pension liability was 7% 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/liability.

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 7.25% (TRS) and 7.0% (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:

	1% Decrease	Current Assumption	1% Increase
TRS			
Employers' proportionate share of the net pension asset (liability)	$ (12,571,928)	$ 1,829,932	$ 13,894,688
ERS			
Employers' proportionate share of the net pension asset (liability)	$ (8,432,045)	$ (1,928,577)	$ 3,534,798

Pension Plan Fiduciary Net Position

The components of the collective net pension asset (TRS) and liability (ERS) of the participating employers as of June 30, 2018 and March 31, 2019, respectively, were as follows (in thousands):

	TRS	ERS
Employers' total pension liability	$ (118,107,253)	$ (189,803,429)
Fiduciary net position	119,915,517	182,718,124
Employers' net pension asset (liability)	$ 1,808,264	$ (7,085,305)
Ratio of fiduciary net position to the employers' total pension asset/liability	101.53%	96.27%

7. OTHER POSTEMPLOYMENT BENEFITS/RESTATEMENT OF NET POSITION

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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	350
Active employees	394
	744

B. Total OPEB Liability

Questar III's total OPEB liability of $117,540,084 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017 with update procedures used to roll forward the total OPEB liability to June 30, 2019.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2019 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	3.5 percent
Healthcare Cost Trend Rates	7.5 percent for 2018, decreasing to an ultimate rate of 4.5 percent for 2025 and later years

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

Mortality rates were based on the Scale MP - 2017.

7. OTHER POSTEMPLOYMENT BENEFITS/RESTATEMENT OF NET POSITION (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, 2018	$ 120,963,459
Changes for the Year	
Service cost	5,752,575
Interest	3,751,668
Effect of assumptions changes or inputs	(9,582,015)
Benefit payments	(3,345,603)
Net Changes	(3,423,375)
Balance at June 30, 2019	$ 117,540,084

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

Current liability	$ 3,345,603
Long-term liability	114,194,481
Total OPEB liability	$ 117,540,084

Changes of assumptions and other inputs reflect a change in the discount rate from 3.0 percent in 2018 to 3.5 percent in 2019.

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 (2 percent) or 1 percentage point higher (4 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 137,859,929	$ 117,540,084	$ 101,280,126

7. OTHER POSTEMPLOYMENT BENEFITS/RESTATEMENT OF NET POSITION (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:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 94,276,765	$ 117,540,084	$ 149,918,514

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

At June 30, 2019, Questar III reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	$ 52,379	$ -
Changes in assumptions	-	(8,287,148)
	$ 52,379	$ (8,287,148)

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

Year Ending June 30,	Amount
2020	$ (1,287,883)
2021	(1,287,883)
2022	(1,287,883)
2023	(1,287,883)
2024	(1,287,883)
Thereafter	(1,795,354)
	$ (8,234,769)

8. DUE TO COMPONENTS AND NON-COMPONENTS

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 Questar III will seek 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, in accordance with GASB Statements No. 75, "Other postemployment benefit expenditures from governmental funds should be recognized on the modified accrual basis. The amount recognized should be equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources."

The liquidation of the liability to components and non-components, based on the most recent estimates, is scheduled to be completed in 2020.

9. 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 2018-2019 school year, the School had an annualized full-time enrollment of approximately 130 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.

9. JOINT VENTURES (CONTINUED)

Tech Valley Regional Technology Institute (Continued)

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. (39.0% Capital Region BOCES and 61.0% Questar III for the year ended June 30, 2019).

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, 2019:

Total Assets and Deferred Outflows of Resources	$ 2,577,998
Total Liabilities and Deferred Inflows of Resources	$ 1,902,082
Joint Venture Equity	$ 675,916
Total Revenue	$ 3,415,457
Total Expenses	$ 3,170,284

10. 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.

Leases

Questar III has committed to operating lease arrangements attributable to classrooms, Questar III's main office and classrooms for Tech Valley Regional Technology Institute at June 30, 2019. The term of the leases vary from one to twenty years.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The following table summarizes Questar III's future payment requirements as of June 30, 2019 under noncancellable operating leases:

Year Ending	
2020	$ 1,344,533
2021	1,019,334
2022	495,806
2023	495,806
2024	495,806
Thereafter	3,900,082
	$ 7,751,367

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:

Bargaining Unit	Contract Expiration Date
Teachers' Association	June 30, 2020
Assistant Unit	June 30, 2020
Support Services	June 30, 2020
Administrators' Association	June 30, 2022

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.

Supplementary Information

SUPPLEMENTAL SCHEDULE #1

	Original Budget	Amended Budget	Actual	Over (Under) Amended Budget
REVENUES				
Administration (001-002)	$ 8,029,298	$ 8,507,480	$ 7,852,860	$ (654,620)
Career Education (100-199)	9,081,341	10,761,755	9,287,211	(1,474,544)
Instruction for Handicapped (200-299)	22,933,765	25,469,585	25,518,152	48,567
Itinerant (300-399)	1,995,379	2,039,195	2,012,967	(26,228)
General Instruction (400-499)	5,677,630	6,017,798	6,021,253	3,455
Instructional Support (500-599)	7,872,997	8,643,757	7,964,551	(679,206)
Other (600-699)	11,954,723	14,339,725	13,066,454	(1,273,271)
	$ 67,545,133	$ 75,779,295	$ 71,723,448	$ (4,055,847)

	Original Budget	Amended Budget	Actual	Encumbrances	Unencumbered Balance
EXPENDITURES					
Administration (001-002)	$ 8,029,298	$ 8,507,480	$ 7,797,942	$ 285,152	$ 424,386
Career Education (100-199)	9,081,341	10,761,755	9,275,201	1,019,257	467,297
Instruction for Handicapped (200-299)	22,933,765	25,469,585	22,134,563	2,210,895	1,124,127
Itinerant (300-399)	1,995,379	2,039,195	1,731,780	24,831	282,584
General Instruction (400-499)	5,677,630	6,017,798	5,842,593	19,428	155,777
Instructional Support (500-599)	7,872,997	8,643,757	7,861,896	453,683	328,178
Other (600-699)	11,954,723	14,339,725	12,442,716	1,123,322	773,687
	$ 67,545,133	$ 75,779,295	$ 67,086,691	$ 5,136,568	$ 3,556,036

SCHEDULE #2

Measurement date	June 30, 2019	June 30, 2018
Total OPEB liability:		
Service cost	$ 5,752,575	$ 5,585,024
Interest	3,751,668	3,567,950
Effect of assumption changes or inputs	(9,582,015)	66,347
Benefit payments	(3,345,603)	(3,181,463)
Net change in total OPEB liability	(3,423,375)	6,037,858
Total OPEB liability, beginning of year	120,963,459	114,925,601
Total OPEB liability, end of year	$ 117,540,084	$ 120,963,459
Covered payroll	$ 21,008,832	$ 21,008,832
Total OPEB liability as a percentage of covered payroll	559.48%	575.77%

Note: 10 years of historical information will not be available upon implementation in 2018. 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.

SCHEDULE #3

TRS	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**	**June 30, 2015**	**June 30, 2014**
Proportionate share of net pension asset (liability)	$ 1,829,932	$ 810,830	$ (1,157,032)	$ 11,335,652	$ 12,473,692
Covered payroll	$ 17,593,225	$ 18,131,483	$ 17,646,050	$ 17,226,673	$ 17,296,119
Proportionate share of net pension asset/liability as a percentage of covered payroll	10.4%	4.5%	6.6%	65.8%	72.1%
Plan fiduciary net position as a percentage of total pension asset/liability	101.5%	100.7%	99.0%	110.5%	111.5%

ERS	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**
Proportionate share of net pension asset (liability)	$ (1,928,577)	$ (873,534)	$ (2,587,277)	$ (4,320,516)	$ (870,003)
Covered payroll	$ 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	20.0%	9.5%	29.6%	47.9%	10.6%
Plan fiduciary net position as a percentage of total pension liability	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.

SCHEDULE #4

TRS	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	$ 1,615,438	$ 1,981,191	$ 2,210,429	$ 2,873,792	$ 2,687,904
Contributions in relation to the contractually required contribution	1,615,438	1,981,191	2,210,429	2,873,792	2,687,904
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	$ 17,593,225	$ 18,131,483	$ 17,646,050	$ 17,226,673	$ 17,296,119
Contributions as a percentage of covered-employee payroll	9.2%	10.9%	12.5%	16.7%	15.5%

ERS	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Contractually required contribution	$ 1,039,061	$ 1,002,151	$ 1,071,623	$ 1,258,095	$ 1,133,339
Contributions in relation to the contractually required contribution	1,039,061	1,002,151	1,071,623	1,258,095	1,133,339
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	$ 9,650,806	$ 9,180,967	$ 8,751,349	$ 9,020,039	$ 8,218,496
Contributions as a percentage of covered employee payroll	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

ANALYSIS OF ACCOUNT A431-SCHOOL DISTRICTS AND OTHER BOCES
FOR THE YEAR ENDED JUNE 30, 2019

SUPPLEMENTAL SCHEDULE #5

July 1, 2018 - Debit Balance	$ 2,526,307
Debits:	
Billings to School Districts and Other BOCES	70,034,470
Prior Year Refund of Balances Due School Districts	4,552,735
Encumbrances - Beginning of Year	4,296,936
Total Debits	78,884,141
Total	81,410,448
Credits:	
Collections from School Districts and Other BOCES	69,735,059
Adjustment - Credits to School BOCES - Revenues in Excess of Expenditures	3,797,125
Encumbrances - End of Year	5,136,568
Total Credits	78,668,752
June 30, 2019 - Debit Balance	$ 2,741,696

SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

SUPPLEMENTAL SCHEDULE #6

	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Years'	Expenditures to Date: Current Year	Balance
Warehouse (2018-2019)	$ 90,000	$ 94,331	$ -	$ 94,331	$ -
Rensselaer Education Center (2018-2019)	660,000	629,597	-	629,597	-
Rensselaer Education Center Modernization Project	1,461,029	1,461,029	-	-	1,461,029
	$ 2,211,029	$ 2,184,957	$ -	$ 723,928	$ 1,461,029

SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2019

SUPPLEMENTAL SCHEDULE #7

Capital Assets, Net and Net Investment in Capital Assets	$ 9,496,395

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
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, 2019, and the related notes to the financial statements, which collectively comprise Questar III's basic financial statements, and have issued our report thereon dated November 27, 2019.

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.

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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 27, 2019

EXTRACLASSROOM ACTIVITY FUNDS

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

MEMBERS OF:
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

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, 2019, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related note to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, and fund balance - cash basis of Questar III Extraclassroom Activity Fund as of June 30, 2019, and its cash receipts and disbursements - cash basis for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 27, 2019

EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS
JUNE 30, 2019

Assets	
Cash	$ 36,787
Fund Balance	$ 36,787

See accompanying note and independent auditor's report.

EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	Balances June 30, 2018	Receipts	Disbursements	Balances June 30, 2019
Skills - Columbia-Greene	$ 6,115	$ 10,536	$ 11,040	$ 5,611
Skills - Rensselaer	5,986	4,691	4,858	5,819
Autistic Goff	1,065	1,473	971	1,567
Autistic Red Mill	4,274	451	133	4,592
Sackett Student Council	545	1,635	1,102	1,078
Sackett Social Studies	17	280	275	22
Pro Start - Columbia-Greene	2,126	2,481	1,046	3,561
Pro Start - Rensselaer	8,463	1,337	1,651	8,149
Food Service	2,125	703	37	2,791
Rensselaer Academy Student Council	2,438	735	-	3,173
Maple Hill Student Council	1	-	1	-
Catskill Academy School Council	30	-	30	-
Robin Sobol Transitions Academy	42	262	159	145
George Washington Student Council	-	385	106	279
	$ 33,227	$ 24,969	$ 21,409	$ 36,787

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 3, 2020

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: $4,000,000.00 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, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of the $4,000,000.00 Revenue Anticipation Notes, 2020 (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 3, 2020 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 9, 2020.

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 have not 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.

(c) The interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of 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 laws, 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 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,

WHITEMAN OSTERMAN & HANNA LLP