



# Capital Region Board of Cooperative Educational Services

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State Aid

2025M-22 | July 2025

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# Audit Results

## Capital Region Board of Cooperative Educational Services



Audit Objective	Audit Period
Did Capital Region Board of Cooperative Educational Services (BOCES) officials properly claim State aid (BOCES aid) on behalf of their component school districts (component districts)?	July 1, 2022 – October 31, 2024
Understanding the Program	
<p>While a BOCES cannot levy a tax or earn State aid, BOCES officials prepare BOCES aid claims on behalf of their component districts (local districts that partner with and are supported by the BOCES) and receive BOCES aid payments, which they then distribute to their component districts.</p> <p>Component and noncomponent districts<sup>1</sup> are eligible for BOCES aid on certain expenditures and services (less certain deductions). The three categories of BOCES aid are facilities, services and administrative. BOCES aid is expense-based aid, and each category is calculated differently, depending on the approved expense and the selected aid ratio.</p> <p>The BOCES received aid totaling \$46.9 million for its 23 component districts for the 2023-24 claim year. Refer to Appendix B for details on State aid payments received.</p>	

## Audit Summary

Although BOCES officials properly claimed BOCES aid totaling \$3.8 million for administrative expenditures, officials claimed excess BOCES aid for their component districts for facility rental costs. This occurred because they improperly included total facility rental revenue received by BOCES without deducting portions that were not paid by component districts. As a result, all 23 component districts collectively received almost \$2 million more BOCES aid than they were entitled to for approved facilities expenditures.

In addition, officials properly claimed BOCES aid totaling \$39.3 million for approved aidable services and reached out to the New York State Education Department (NYSED) in November 2023 to correct an identified error. However, officials did not subsequently reconcile payments from NYSED to their

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<sup>1</sup> Noncomponent districts are other participating school districts that use and pay for the costs of services offered by a BOCES through cross-contracts with the BOCES of which they are component districts.

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financial application to verify corrections were made and that they received all BOCES aid claimed for approved aidable services during the 2023-24 fiscal year. As a result, two component districts did not receive \$29,918 of BOCES aid owed to them for one approved aidable service.

The report includes three recommendations that, if implemented, will improve the BOCES' aid claiming and reconciliation process. BOCES officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. Our methodology and standards are included in Appendix D.

The BOCES' Board of Education (Board) has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of the New York State General Municipal Law, Section 2116-a (3)(c) of the New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on BOCES' website for public review.

# State Aid Findings and Recommendations

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BOCES officials are responsible for ensuring that a BOCES claims BOCES aid on behalf of its component districts for approved aidable expenditures. Officials should develop a well-designed system for claiming BOCES aid that assigns responsibilities to officials or employees for specific activities to ensure that each assigned official and employee understands the overall objectives and their role in the process. In addition, BOCES officials should periodically monitor the process and annually reconcile BOCES aid to help ensure that the BOCES claims and receives all BOCES aid revenue in a timely manner, to which its component districts are entitled.

BOCES' Treasurer and the Director of Business Operations are responsible for preparing and submitting BOCES aid claims, accurately calculating and recording expenditure data (i.e., aidable expenses for facility rental costs, approved aidable services and administrative costs) for the correct fiscal year for each component district in the State Aid Management System (SAMS) by October 1st of each year. BOCES must certify the accuracy and completeness of the data recorded in SAMS before submitting claims for BOCES aid.

More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

## Finding 1 – Officials did not properly claim aid for facility rental costs.

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We reviewed documentation from SAMS and BOCES' financial application to determine whether the Treasurer properly claimed facilities aid for its 2023-24 lease expenditures. The Treasurer inaccurately claimed BOCES aid totaling \$5.7 million for facility rental expenses. Miscellaneous revenue totaling almost \$3 million should have been deducted in the aid calculation. The miscellaneous revenue included amounts from various sources, such as participating districts (e.g., noncomponent districts), other BOCES and other unclassified revenues. Because officials did not adequately review information entered in SAMS to ensure that miscellaneous revenue was deducted from the approved<sup>2</sup> facilities expenditures claimed, all 23 component districts collectively received almost \$2 million more BOCES aid than they should have received for approved facilities expenditures.

BOCES officials did not discover this error until after we began reviewing the 2023-24 State aid claim year and until they were submitting claims for facilities aid for the 2024-25 claim year. Officials told us this was also overlooked because of the following:

- It was the first year that rental costs were paid for by other sources, in addition to component districts, which meant that the claim process required a manual deduction for miscellaneous revenue that was not needed in prior years' claim processes.

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<sup>2</sup> Approved expenditures included expenditures for leasing BOCES facilities and other expenditures as defined in the State aid handbook.

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- There was a new facilities lease of \$3.1 million, which BOCES and NYSED officials initially thought explained the BOCES aid increase from the prior year.

Officials reached out to NYSED in October 2024 and were still waiting for a resolution as of January 2025. The Superintendent told us that she communicated the overpayment to component districts in January 2025.

## Recommendation

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1. Officials should establish an adequate review and reconciliation process to ensure that BOCES aid for facility rental costs is properly claimed.

## Finding 2 – Although the Treasurer properly claimed aid for approved aidable services, officials did not verify that all aid claimed was received.

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The Treasurer prepared and submitted a BOCES aid claim totaling \$39.3 million for 104 approved aidable services for the 2023-24 claim year. We reviewed and recalculated BOCES aid claims for four approved aidable services with net expenses totaling \$21.8 million. While the Treasurer accurately allocated expenses and deductions to participating component districts for all four approved aidable services, the amounts received for BOCES aid for approved aidable services was \$29,918 less than claimed.

Specifically, BOCES aid paid for one approved aidable service for two component districts showed as a deduction of \$11,212 instead of the \$18,706 claimed because a code used in the BOCES aid calculation was incorrectly entered in BOCES' financial application. The Treasurer told us that he identified the error in November 2023, when he compared aid amounts from the BOCES financial application to SAMS reports. Officials corrected the code error in the financial application for future BOCES aid claims.

Although the Treasurer reached out to NYSED to correct the error before payment, BOCES officials did not subsequently reconcile payments from NYSED to the financial application to verify that NYSED made the corrections. Instead, the Treasurer distributed aid payments based on SAMS reports. As a result, two component districts are owed \$29,918 for the 2023-24 claim year, as follows:

- The Schoharie Central School District (CSD) is owed \$20,120 because \$7,540 was deducted from BOCES aid instead of \$12,580 being paid.
- The Menands Union Free School District (UFSD) is owed \$9,799 because \$3,672 was deducted from BOCES aid instead of \$6,127 being paid.

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## Recommendations

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2. Officials should work with NYSED to resolve the identified BOCES aid payment errors.
3. Officials should establish an adequate review and reconciliation process to ensure that all BOCES aid claimed is accurately paid by NYSED and distributed to component districts.

### **Finding 3 – The Treasurer properly claimed, received and distributed aid for administrative expenditures.**

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We reviewed BOCES aid claimed for administrative expenditures for the 2023-24 claim year. The Treasurer claimed, received and distributed BOCES aid totaling \$3.8 million for administrative expenditures incurred by BOCES' 23 component districts during the 2022-23 fiscal year. The Treasurer accurately allocated expenditures and deductions (i.e., for excess salary amounts and other miscellaneous revenues) based on participation (i.e., component districts' contributions for administrative expenditures) and applied the correct aid ratios.

## Conclusion

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When BOCES officials do not properly claim BOCES aid and component districts receive more financial assistance than they are entitled to, it may have a negative impact on the State budget, potentially causing reduced funding for other programs. It also results in the need to recoup the overpayment from recipient component districts, which may create a financial hardship for them, depending on the repayment terms.

# Appendix A: Profile, Criteria and Resources

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## Profile

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The BOCES is governed by the 10-member Board that is elected by the component districts' boards of education. BOCES provides instructional and support programs and services to its 23 component districts at seven different locations, six of which are leased properties.

The District Superintendent is BOCES' chief executive officer and, along with other administrative staff, is responsible for BOCES' day-to-day management, including certifying State aid claims. BOCES' 2024-25 budgeted appropriations totaled \$191.2 million.

## Criteria – State Aid

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Each BOCES receives aid payments on behalf of their component districts in February (25 percent), June (30 percent) and September (45 percent or balance due). Aid is provided for approved facilities expenditures for the current year (i.e., the 2023-24 claim year is based on the 2023-24 fiscal year) and approved aidable services and administrative expenditures from the previous fiscal year (i.e., the 2023-24 claim year is based on the 2022-23 fiscal year). BOCES aid is distributed to component districts according to their proportionate participation level.

Facilities Aid – BOCES facilities aid may be claimed for approved expenditures for facility construction, purchase or lease of instructional space. This BOCES aid is calculated by multiplying the approved expenditures (i.e., lease costs), less miscellaneous revenue, by each component district's resident weighted average daily attendance (RWADA) aid ratio. This ratio is computed by NYSED based on the district's assessed valuation of taxable property and attendance data.

Services Aid – BOCES services aid provides reimbursement for base year service costs (i.e., the 2023-24 claim year provides reimbursement for the 2022-23 base year costs) in the areas of career education, itinerant teacher services, general instruction, instructional support and other miscellaneous services as approved by NYSED's Commissioner of Education.

This BOCES aid is calculated by subtracting excess salary amounts<sup>3</sup> and other unapproved amounts from approved services expenses for the base year and then multiplying by each component district's millage ratio or RWADA aid ratio (the higher ratio is used for each component district). Each approved aidable service has additional guidelines and standards to follow which are outlined within NYSED's CO-SER (cooperative service agreement) criteria guideline system.

Administrative Aid – BOCES administrative aid provides reimbursement for base year administrative costs, with certain deductions. The costs of administrative services are allocated among component

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<sup>3</sup> An employee's annualized salary is aidable up to \$30,000.



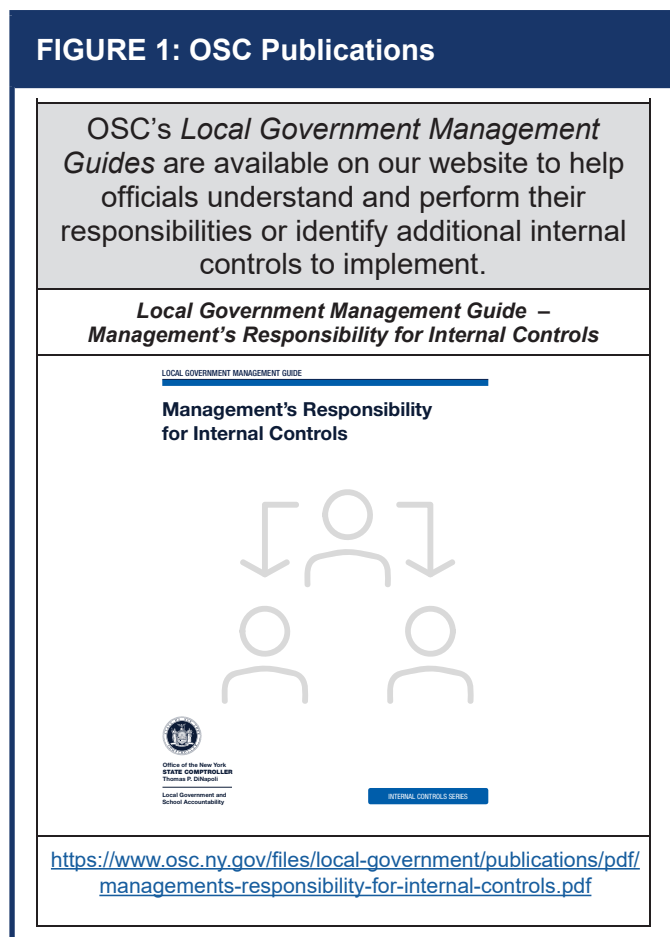
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districts either based on actual value or weighted average daily attendance, or based on the public school enrollment of each component district.

This BOCES aid is calculated by multiplying the approved administrative expenditures that are allocated to the component district by the selected aid ratio for BOCES services aid (i.e., the higher of each component district's millage ratio or RWADA aid ratio).

## Additional Resources

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In addition, our website can be used to search for audits, resources, publications and training for officials at: <https://www.osc.ny.gov/local-government>.

# Appendix B: State Aid Payments Received

Figure 2: BOCES Aid Payments Received

District Name	Facilities Aid	Services Aid	Administrative Aid	Total BOCES Aid
Berne-Knox-Westerlo CSD	\$33,911	\$889,426	\$34,355	\$957,692
Bethlehem CSD	243,273	1,339,774	244,269	1,827,316
Burnt Hills-Ballston Lake CSD	189,187	2,277,336	183,627	2,650,150
Cobleskill-Richmondville CSD	94,981	1,149,039	96,761	1,340,781
Cohoes City School District	131,587	1,595,300	130,274	1,857,161
Duanesburg CSD	43,081	837,566	41,855	922,502
Green Island UFSD	16,534	424,144	15,221	455,899
Guilderland CSD	258,954	1,773,093	254,927	2,286,974
Menands UFSD	21,467	195,158	22,242	238,867
Middleburgh CSD	34,471	771,179	35,323	840,973
Niskayuna CSD	269,035	2,441,045	270,279	2,980,359
North Colonie CSD	297,815	1,974,670	304,700	2,577,185
Ravena-Coeymans-Selkirk CSD	96,792	1,181,535	96,377	1,374,704
Rotterdam-Mohonasen CSD	175,257	1,744,578	168,873	2,088,708
Schalmont CSD	102,703	939,715	96,724	1,139,142
Schenectady City School District	659,408	10,865,264	686,908	12,211,580
Schoharie CSD	57,383	1,054,126	56,724	1,168,233
Scotia-Glenville CSD	141,528	1,585,715	138,429	1,865,672
Sharon Springs CSD	15,267	436,625	14,616	466,508
Shenendehowa CSD	509,471	2,677,917	516,480	3,703,868
South Colonie CSD	240,459	1,335,988	238,764	1,815,211
Voorheesville CSD	67,431	905,393	66,283	1,039,107
Watervliet City School District	98,890	928,951	100,606	1,128,447
<b>Totals</b>	<b>\$3,798,885</b>	<b>\$39,323,537</b>	<b>\$3,814,617</b>	<b>\$46,937,039</b>

# Appendix C: Response From BOCES Officials



Lauren J. Gemmill  
District Superintendent and CEO  
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July 7, 2025

Gary G. Gifford, Chief of Municipal Audits  
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RE: Appendix C: Response from BOCES Officials

Dear Mr. Gifford,

On behalf of the Albany-Schenectady-Schoharie-Saratoga BOCES, I would like to thank the Office of the State Comptroller staff for the time spent conducting our audit. The audit process was professional and collaborative. This approach allowed for open and honest communication between the auditors and our staff.

As noted in the findings, the BOCES team discovered the issue with aid claimed for facilities rental costs while reconciling the required reporting for the 2024-25 claim year for the October 1 reporting deadline. Given that 2023-24 was the first year BOCES used other revenue to offset facility expenses, the required deduction from what was eligible for BOCES aid was not entered. While the BOCES aid numbers were reviewed for accuracy, the increase was incorrectly attributed to the overall increased annual rental costs for our new special education and CTE campus. Adding this offset to the BOCES aid reporting is now part of our annual process. When the error was discovered, I held a meeting with superintendents of component school districts notifying them of the facility aid overpayment. After the meeting, BOCES officials followed up in writing to both superintendents and school business officials to assist with their planning and ability to minimize the impact of the overpayment.

Specific to the second finding, we appreciate your recognition that BOCES correctly claimed aid expenses totaling \$39.3 million in aidable services. The BOCES has processes in place to reconcile aid claims and subsequent BOCES aid received on behalf of districts. BOCES will continue working with NYSED for resolution of the underpayment.

We recognize the importance of filing accurate BOCES aid on behalf of component districts and all districts that participate in our services. The BOCES has already implemented the recommendations as outlined in the report.

Sincerely,

(Lauren J. Gemmill)  
District Superintendent and CEO

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# Appendix D: Audit Methodology and Standards

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We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed BOCES officials and reviewed various records and reports to gain an understanding of BOCES' procedures for claiming BOCES aid on behalf of its component districts for facility rental costs, approved aidable services and administrative expenditures. We documented any associated deficiencies in those procedures.
- We reviewed BOCES aid claimed for the 2023-24 claim year for facility rental costs, approved aidable services and administrative expenditures to determine whether officials submitted BOCES aid claims accurately and in a timely manner. We reviewed aidable expenditures for all facility rental costs, a sample of approved aidable services and all administrative expenditures. We used our professional judgement to review four of the 128 approved aidable services provided to districts during the 2022-23 fiscal year. We chose to review these aidable services based on our interviews with officials and to include approved aidable services from different program groups. For errors in BOCES aid (i.e., not properly claimed or not completely received), we determined the reason and calculated the amounts BOCES ineligibly claimed or did not receive for each district during the audit period.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

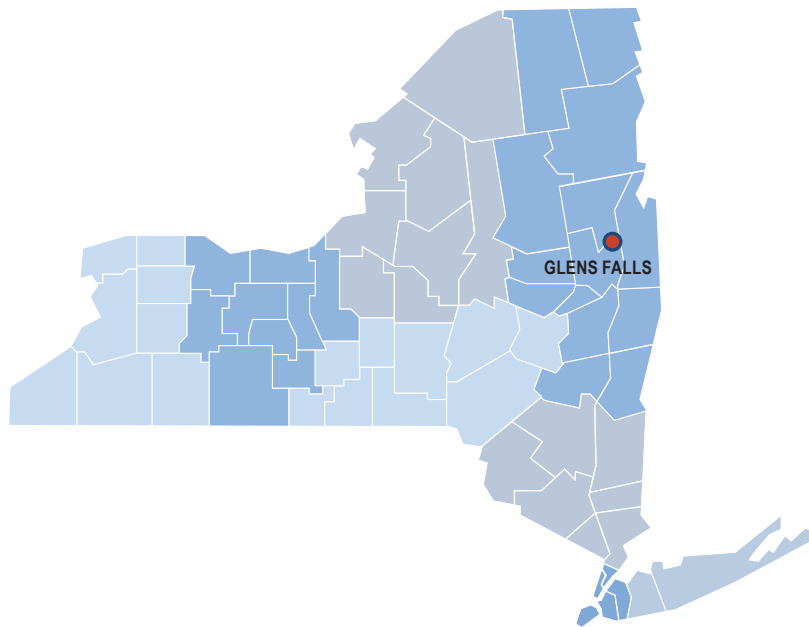
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