

BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**ONTARIO, SENECA, YATES, CAYUGA AND WAYNE
COUNTIES**

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2020

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Board of Cooperative Educational Services
Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the BOCES' 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 BOCES' 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 BOCES' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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, schedule of funding progress postemployment benefit plan, schedule of the BOCES' proportionate share of the net pension liability, schedule of BOCES' contributions, and budgetary comparison information on pages 4–12 and 45–49 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 October 8, 2020 on our consideration of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York's internal control over financial reporting and compliance.

Rochester, New York
October 8, 2020

Mengel, Metzger, Barw & Co. LLP

Wayne-Finger Lakes BOCES
Management's Discussion and Analysis (MD&A)
June 30, 2020

Introduction

Our discussion and analysis of the BOARD OF COOPERATIVE EDUCATIONAL SERVICES ONTARIO, SENECA, YATES, CAYUGA, AND WAYNE COUNTIES, New York's (BOCES) financial performance provides an overview of the BOCES' financial activities for the year ended June 30, 2020. It should be read in conjunction with the basic financial statements to enhance understanding of the BOCES' financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- The BOCES governmental fund financial statements report a combined ending fund balance of \$15,897,598, a decrease of \$3,032,514 from the prior year. Approximately 74% or \$11,803,388 of this amount is available in the form of reserve funds, which the BOCES has established to aid in its long-term planning. Approximately 21% or \$3,381,352 represents amounts available for spending on Special Aid Fund programs at the BOCES discretion (unassigned and assigned fund balance). Total fund balance is decreased by \$2,529,360 because of capital renovation costs which will be refunded in future years
- On the government-wide financial statements, the assets of the BOCES' exceeded liabilities by \$68,084,009. Of this amount, the unrestricted portion is \$5,636,369. BOCES' total net position decreased by \$6,521,489 for the year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the BOCES' basic financial statements. The BOCES' basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the BOCES' finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the BOCES' assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BOCES is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

- The *governmental* activities of the BOCES include administration, career & tech education, instruction for the handicapped, itinerant services, general instruction, instructional support, other services, cost of food sales (if applicable) and depreciation.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The BOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the BOCES can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the BOCES' near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The BOCES maintains three individual governmental funds; General Fund, Special Aid Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund. The BOCES has elected to report the General Fund and the Capital Projects Fund as major funds. The Special Aid Fund and School Lunch Fund are reported as nonmajor funds.
- The BOCES adopts an annual budget for its General Fund and Special Aid Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.
- The *Fiduciary Funds* are used to account for assets held by the BOCES in an agency capacity which accounts for assets held by the BOCES on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the BOCES' programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

Government-Wide Financial Analysis

The following chart compares the change in net position from 6/30/19 to 6/30/20.

As noted earlier, net position may serve over time as a useful indicator of the BOCES' financial position. In the case of the Wayne-Finger Lakes BOCES, New York, assets exceeded liabilities by \$68,084,009 at the close of the current fiscal year.

	<u>Governmental Activities</u>		<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
	<u>2020</u>	<u>2019</u>		
<u>ASSETS:</u>				
Current Assets	\$ 49,516,448	\$ 49,256,121	\$ 260,327	0.53%
Capital Assets	58,109,482	55,813,465	2,296,017	4.11%
Total Assets	\$ 107,625,930	\$ 105,069,586	\$ 2,556,344	2.43%
<u>DEFERRED OUTFLOW:</u>				
	\$ 27,054,812	\$ 20,714,174	6,340,638	30.61%
<u>LIABILITIES:</u>				
Current Liabilities	\$ 28,624,203	\$ 26,684,919	\$ 1,939,284	7.27%
Long-Term Liabilities	30,022,772	17,999,716	12,023,056	66.80%
Total Liabilities	\$ 58,646,975	\$ 44,684,635	\$ 13,962,340	31.25%
<u>DEFERRED INFLOW:</u>				
	\$ 8,149,646	\$ 6,493,627	\$ 1,656,019	100.00%
<u>NET POSITION:</u>				
Net Investment in Capital				
Assets	\$ 50,644,252	\$ 48,299,603	\$ 2,344,649	4.85%
<u>Restricted For</u>				
Capital Equipment	472,323	467,013	5,310	1.14%
Other Purposes	11,331,065	11,551,980	(220,915)	-1.91%
Unrestricted	5,636,369	14,286,902	(8,650,533)	-60.55%
Total Net Position	\$ 68,084,009	\$ 74,605,498	\$ (6,521,489)	-8.74%

By far, the largest component of the BOCES' net position (74%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The BOCES uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the BOCES' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions constitute 16% of net position. The remaining balance of unrestricted net position totals \$5,636,369.

In the statement of net position, the total assets are reported as \$107,625,930, with \$58,109,482 (or 54%) representing capital assets, net of accumulated depreciation. \$49,516,448 represents current assets, which is primarily made of \$19,022,254 (or 38%) in accounts receivable. Of the \$19,022,254 in accounts receivable \$17,913,035 (or 94%) is the outstanding state aid receivable, which will be distributed to the BOCES' component school districts in September 2020. A liability has been established (state aid due to school districts) totalling \$17,066,087, which will be distributed to the school districts in September once the monies have been received from the state. Total liabilities are reported as \$58,646,975 with \$28,624,203 (or 49%) being classified as current liabilities (principally accounts payable, accrued liabilities, state aid due to school districts, due to retirement systems, and deferred revenue).

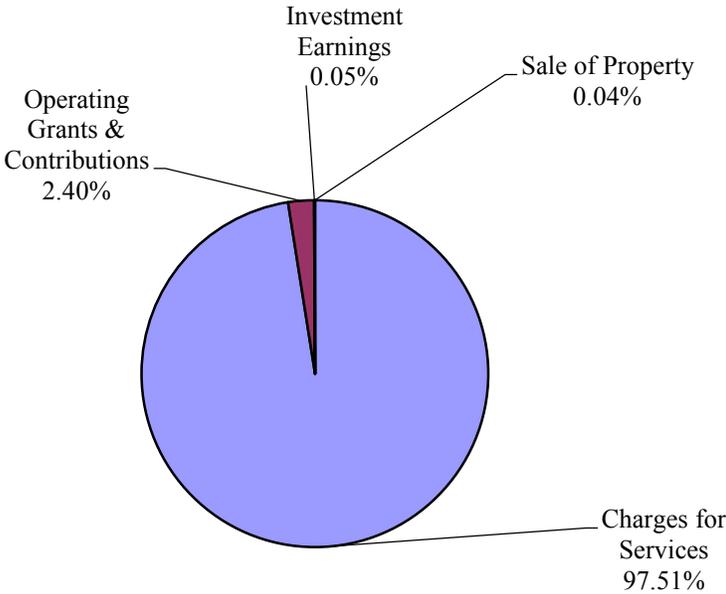
Work in Progress (as part of Capital Assets, net) of \$809,741 reflects the value to date of a number of ongoing capital projects not completed in the current fiscal year, most notably renovations at the Regional Support Center.

<u>REVENUES:</u>	<u>2020</u>	<u>2019</u>	<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
Program Revenues -				
Charges for Services	\$ 145,580,622	\$ 142,846,255	\$ 2,734,367	1.91%
Operating Grants and Contributions	3,589,568	3,824,513	(234,945)	-6.14%
Total Program Revenues	\$ 149,170,190	\$ 146,670,768	\$ 2,499,422	1.70%
General Revenues -				
Interest and Earnings	\$ 80,723	\$ 158,804	\$ (78,081)	-49.17%
Sale of Property & Comp	46,558	92,992	(46,434)	-50%
Miscellaneous	-	293,749	(293,749)	
Total General Revenues	\$ 127,281	\$ 545,545	\$ (418,264)	-76.67%
TOTAL REVENUES	\$ 149,297,471	\$ 147,216,313	\$ 2,081,158	1.41%
<u>EXPENSES:</u>				
Program Expenses -				
Administration	\$ 7,380,399	\$ 8,477,189	\$ (1,096,790)	-12.94%
Career and Tech Education	15,423,420	14,126,645	1,296,775	9.18%
Instruction for the Handicapped	55,119,404	50,072,883	5,046,521	10.08%
Itinerant Services	7,353,541	6,857,311	496,230	7.24%
General Instruction	6,484,303	6,458,291	26,012	0.40%
Instructional Support	32,610,117	32,625,395	(15,278)	-0.05%
School Lunch	241,969		241,969	
Other Services	31,405,695	29,863,391	1,542,304	5.16%
TOTAL EXPENSES	\$ 156,018,848	\$ 148,481,105	\$ 7,537,743	5.08%
CHANGES IN NET POSITION	\$ (6,721,377)	\$ (1,264,792)	\$ (5,456,585)	431.42%

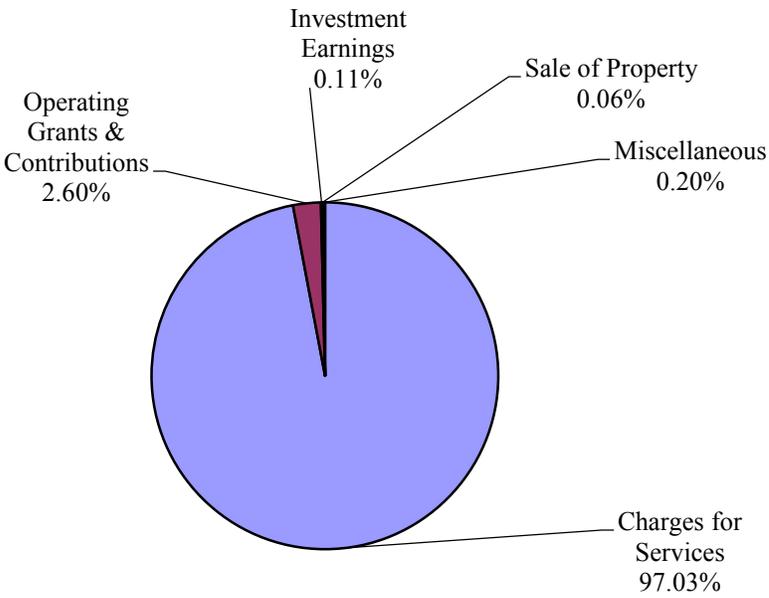
Governmental activities decreased the BOCES' net position by \$6,721,377.

Of this decrease, \$2,296,017 relates to the excess of capital outlay of \$2,403,221, additions of net assets of \$7,775,376 over depreciation of \$7,882,580. Issuance of instalment purchase debt over repayments nets to \$307,867, \$41,562 for OPEB liability, a decrease in the share of pension asset/liabilities of \$6,334,310, brings the decrease to a net of (\$6,721,377).

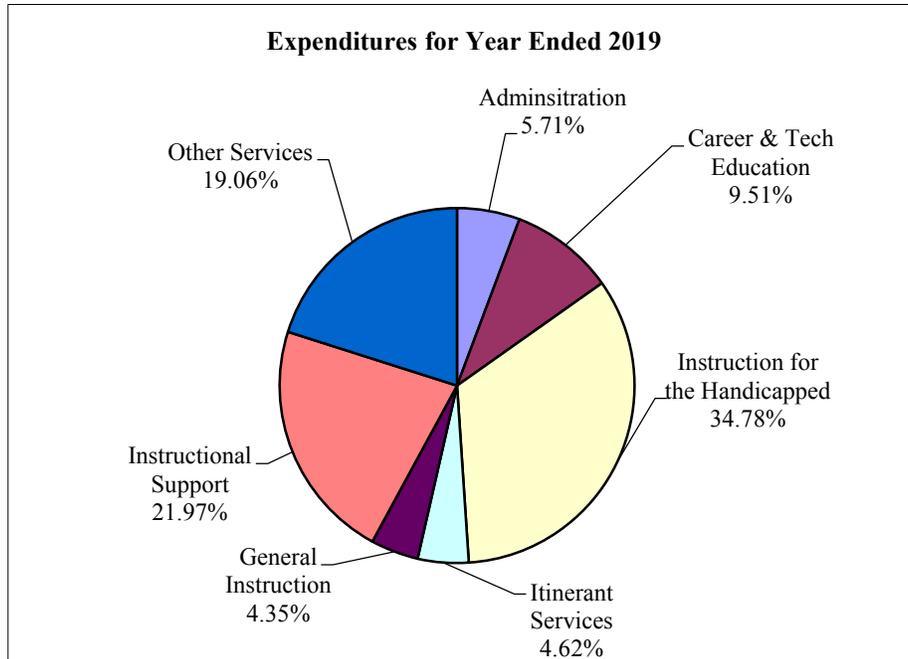
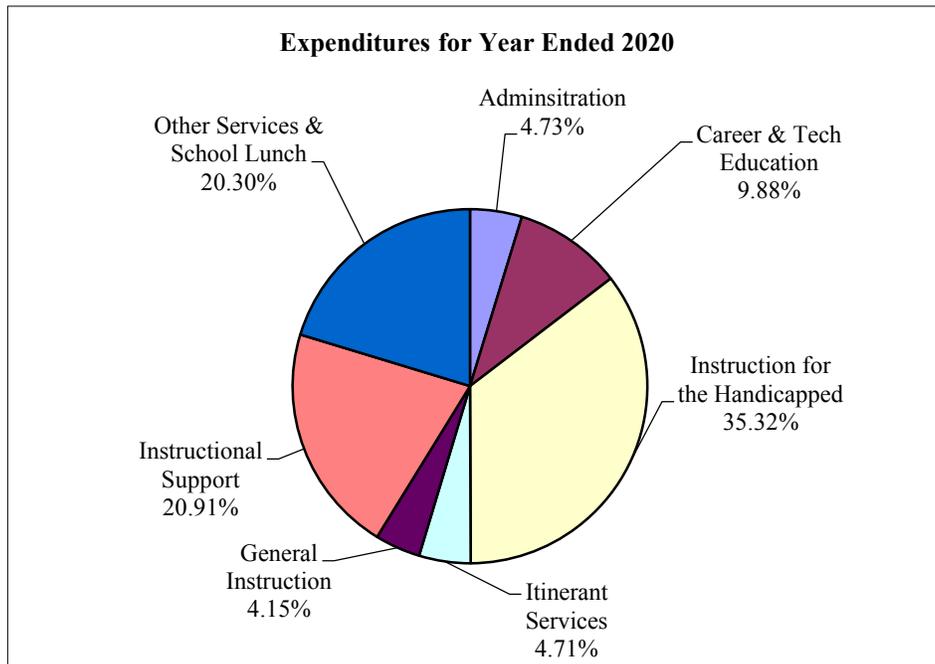
Revenues for Year Ended 2020



Revenues for Year Ended 2019



As indicated above, the BOCES relies upon services to component school districts as to primary revenue sources. (Approximately 97 %) BOCES also obtains operating grants and contributions from the federal, state and other local governments, which represents approximately 3% of the total revenues. These operating grants allow BOCES to operate additional programs without having to charge for these services.



As noted in the graph of Program Expenses for Fiscal Year 2020, the BOCES' instruction for the handicapped, account for 35% of its total expenses. All twenty-five component districts in the Wayne-Finger Lakes BOCES have a Committee on Special Education (CSE) which identifies its students' needs and develops Individualized Education Plans (IEP) to address those needs. BOCES provides special education programs to meet the IEP needs of students with severe disabilities, including those who need social, functional, communication and physical skills development. A six-week summer school program is provided for those students whose IEP requires a 12-month program.

Related services are provided for students in these programs by occupational therapists, physical therapists, speech/language therapists, adaptive physical education instructors, psychologists, and therapists for the visually impaired. The handicapped instruction is very labor intensive which results in higher costs. This is why it is by far the largest BOCES program.

Career and Technical Education represents 10%. There are two major budget components in Technical, Career and Continuing Education. The two of these together total approximately \$15.0 million dollars. Separately they are: Technical, Career Education for Secondary Students; and Continuing Education for Adult Students.

Our budget for Technical and Career Education for Secondary Students was approximately \$12 million dollars this past year. We anticipate little to no change in enrollment. There have been reductions in staffing, equipment and supply purchases. The facilities at Wayne Technical and Career Center and the Finger Lakes Technical and Career Center have gone through a number of improvements this past year. Classrooms have been renovated and programs have been updated to more closely coincide with industry standards. These improvements are expected to continue over the next three years.

Our Continuing Education budgets total approximately \$3 million dollars. The major services provided are: Literacy and GED, Practical Nursing and other health related instruction, and workforce training and career growth for industry and individuals. Government funding remained steady for the 2019-2020 year. As a result, we experienced stability in enrollments for the 2019-2020 year.

Other services account for 20% and our comprised primarily of EduTech Services. Genesee Valley/Wayne Finger Lakes Educational Technology Services (EduTech) support the technology needs of 47 school districts in the Genesee Valley and Wayne-Finger Lakes regions.

EduTech supports over 19,000 computers in 200 LANs (Local Area Networks) in 160 different locations. In addition, 45 of our 47 districts are connected to EduTech's Wide Area Network (LakeNet) which provides them with a central link to the Internet and offers the opportunity to set up and maintain e-mail. On a daily basis, the EduTech network handles nearly 8 million URL Internet requests and EduTech currently maintains approximately 10,000 e-mail accounts.

In the last fiscal year, EduTech configured, procured, and installed nearly \$16 million worth of hardware and software on behalf of our school districts. Our staff of 130 is located in two offices, one in LeRoy and one in Newark--and has an operating budget of \$15 million in addition to the \$16 million of capital expenditures.

In addition to traditional hardware and software, EduTech supports a number of administrative (server based) applications for student and financial applications.

Looking to the future, EduTech is developing online, web-based courses for students and staff development.

Financial Analysis of the BOCES Funds

As noted earlier, the BOCES uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the BOCES' *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the BOCES' financing requirements. In particular, surplus may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the BOCES' governmental funds reported combined fund balances of \$15,897,598, a decrease of \$3,032,514 over the prior year. Of the total combined fund balances, \$7,323,255 constitutes *assigned fund balance*. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed. The reserves include a reserve for retirement contribution of \$4,110,873 a reserve for unemployment insurance of \$1,734,662, a reserve for equipment of \$472,323 a reserve for insurance of \$834,849 a reserve for employee benefits of \$4,618,705.

The General Fund is the chief operating fund of the BOCES. At the end of the current fiscal year, the total fund balance of the General Fund was \$15,045,606. This fund balance has been reserved based on the long-term financial plan of the BOCES. The fund balance of the BOCES' General Fund decreased by \$2,033,667 during the current fiscal year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$16,593,130. This change is attributable to increased requests for services from school districts during the year, above and beyond their original estimates. Ultimately these additional requests for services did materialize because districts revised their spending plans towards the end of the 2019-2020 year.

Capital Assets

At June 30, 2020 the BOCES had \$58,109,482, net of accumulated depreciation invested in a broad range of capital assets, including land, improvements other than buildings, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

	<u>2020</u>	<u>2019</u>	<u>Total Dollar Change</u>
Land	\$ 21,309	\$ 21,309	\$ -
Work in Progress	809,741	416,909	392,832
Other Capital Assets	<u>57,278,432</u>	<u>55,375,247</u>	<u>1,903,185</u>
Total Capital Assets	<u>\$ 58,109,482</u>	<u>\$ 55,813,465</u>	<u>\$ 2,296,017</u>

The primary increase in capital assets during the current fiscal year resulted from completed capital project improvements.

More detailed information about the BOCES' capital assets is presented in the notes to the financial statements.

Long - Term Debt

At June 30, 2020 the BOCES had \$30,022,722 in general obligation and other long-term debt outstanding as follows:

	<u>2020</u>	<u>2019</u>	<u>Total Dollar Change</u>
Revenue Bonds	\$ 2,865,000	\$ 3,520,000	\$ (655,000)
Installment Purchase Debt	1,288,895	941,762	347,133
Compensated Absences	7,671,458	7,671,458	-
Net Pension Liability	16,996,962	4,349,098	12,647,864
Retirement Incentives	801,062	801,062	-
OPEB	399,395	434,098	(34,703)
Total Long-Term Debt	<u>\$ 30,022,772</u>	<u>\$ 17,717,478</u>	<u>\$ 12,305,294</u>

Factors Bearing On The BOCES' Future

Preliminary indications from New York State indicate State Aid for our component school districts may be decreased for the 2021-2022 budget year compared to the amount provided for the 2020-2021 year. This is because of the financial impact COVID 19 is having on State revenues. This is by far the largest factor on the quantity of services purchased from the BOCES by our component school districts. In spite of COVID 19, the BOCES continues to provide services to our component school districts including both in person and online instruction for students. Most of the business and technology support functions can also continue to be carried out in person at the office or by working from home. Other factors include the retirement system contributions. These contributions have been extremely volatile in past years but have stabilized.

Requests for Information

This financial report is designed to provide a general overview of the BOCES' finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Wayne-Finger Lakes BOCES
Attn: Keith B. Henry
Assistant Superintendent for Administration
131 Drumlin Court
Newark, New York 14513

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES**

Statement of Net Position

June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,279,903
Accounts receivable	19,022,254
Due from Districts	3,161,808
Prepaid items	57,836
Long term net pension asset	4,994,647
Capital Assets:	
Land	21,309
Work in progress	809,741
Other capital assets (net of depreciation)	57,278,432
TOTAL ASSETS	<u>\$ 107,625,930</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources	<u>\$ 27,054,812</u>
LIABILITIES	
Accounts payable	\$ 5,433,424
Accrued liabilities	156,875
Unearned revenue	931,055
Due to other governments	190
State aid due to districts	17,066,087
Due to teachers' retirement system	3,163,502
Due to employees' retirement system	901,104
Overpayments and collections in advance	689,728
Long-Term Obligations:	
Due in one year	3,337,582
Due in more than one year	26,767,540
TOTAL LIABILITIES	<u>\$ 58,447,087</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources	<u>\$ 8,149,646</u>
NET POSITION	
Net investment in capital assets	\$ 50,644,252
Restricted For:	
Unemployment reserve	1,734,662
Retirement contribution reserve	3,510,873
Accrued benefit liability reserve	4,618,705
Other Purposes	1,939,148
Unrestricted	5,636,369
TOTAL NET POSITION	<u>\$ 68,084,009</u>

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Statement of Activities and Changes in Net Position
For Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary Government -				
Administration	\$ 7,372,651	\$ 7,206,492	\$ 45,548	\$ (120,611)
Career & tech education	15,389,765	13,866,019	1,230,902	(292,844)
Instruction for the handicapped	55,042,616	52,202,433	127,843	(2,712,340)
Itinerant services	7,337,383	6,629,362	-	(708,021)
General instruction	6,472,036	5,849,930	232,564	(389,542)
Instructional support	32,584,951	33,981,868	327,278	1,724,195
Other services	31,377,589	25,779,644	1,625,433	(3,972,512)
School lunch	241,969	64,874	-	(177,095)
Total Primary Government	<u>\$ 155,818,960</u>	<u>\$ 145,580,622</u>	<u>\$ 3,589,568</u>	<u>\$ (6,648,770)</u>
General Revenues:				
Interest and Earnings				\$ 80,723
Sale of property and compensation for loss				46,558
Total General Revenues				<u>\$ 127,281</u>
Changes in Net Position				\$ (6,521,489)
Net Position, Beginning of Year				<u>74,605,498</u>
Net Position, End of Year				<u>\$ 68,084,009</u>

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES

Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major</u>		<u>Nonmajor</u>		<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Special</u> <u>Aid</u> <u>Fund</u>	<u>School</u> <u>Lunch</u> <u>Fund</u>	
ASSETS					
Cash and cash equivalents	\$ 16,931,205	\$ 2,595,597	\$ 2,746,894	\$ 6,207	\$ 22,279,903
Due from other funds	4,038,857	311,633	1,034,239	161,781	5,546,510
Receivables	17,611,996	-	1,410,258	-	19,022,254
Due from Districts	3,081,722	-	80,086	-	3,161,808
Deferred expenditures	57,836	-	-	-	57,836
TOTAL ASSETS	<u>\$ 41,721,616</u>	<u>\$ 2,907,230</u>	<u>\$ 5,271,477</u>	<u>\$ 167,988</u>	<u>\$ 50,068,311</u>
LIABILITIES AND FUND BALANCE					
<u>Liabilities</u> -					
Accounts payable	\$ 4,092,269	\$ 809,740	\$ 529,919	\$ 1,496	\$ 5,433,424
Accrued liabilities	417,480	-	21,633	-	439,113
Due to other funds	345,840	4,626,850	407,518	166,302	5,546,510
Due to other governments	-	-	-	190	190
State aid due to districts	17,066,087	-	-	-	17,066,087
Due to TRS	3,163,502	-	-	-	3,163,502
Due to ERS	901,104	-	-	-	901,104
Overpayments and collections in advance	689,728	-	-	-	689,728
Unearned revenues	-	-	931,055	-	931,055
TOTAL LIABILITIES	<u>\$ 26,676,010</u>	<u>\$ 5,436,590</u>	<u>\$ 1,890,125</u>	<u>\$ 167,988</u>	<u>\$ 34,170,713</u>
<u>Fund Balances</u> -					
Nonspendable	\$ 57,836	\$ -	\$ -	\$ -	\$ 57,836
Restricted	11,771,412	31,976	-	-	11,803,388
Assigned	3,216,358	-	4,106,897	-	7,323,255
Unassigned	-	(2,561,336)	(725,545)	-	(3,286,881)
TOTAL FUND BALANCE	<u>\$ 15,045,606</u>	<u>\$ (2,529,360)</u>	<u>\$ 3,381,352</u>	<u>\$ -</u>	<u>\$ 15,897,598</u>
TOTAL LIABILITIES AND					
FUND BALANCES	<u>\$ 41,721,616</u>	<u>\$ 2,907,230</u>	<u>\$ 5,271,477</u>	<u>\$ 167,988</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 58,109,482

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

Lease revenue bonds	(2,865,000)
OPEB	(399,395)
Compensated absences	(7,416,720)
Installment purchase debt	(1,288,895)
Retirement incentive/longevity	(855,912)
Net Pension Asset	4,994,647
Deferred Outflow of Resources - pension	26,986,841
Deferred Outflow of Resources - OPEB	67,971
Net Pension Liability	(16,996,962)
Deferred Inflow of Resources - pension	(8,070,423)
Deferred Inflow of Resources - OPEB	(79,223)

Net Position of Governmental Activities **\$ 68,084,009**

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2020

	Major		Nonmajor		Total Governmental Funds
	General Fund	Major Capital Fund	Special Aid Fund	School Lunch Fund	
REVENUES					
Charges to components	\$ 118,837,319	\$ -	\$ 4,625,874	\$ -	\$ 123,463,193
Chargest to non-components and other BOCES	20,638,593	-	46,919	-	20,685,512
Interest and earnings	50,726	-	-	7	50,733
Sale of property and compensation for loss	47,220	-	-	-	47,220
Miscellaneous	4,406,949	802,800	2,004,065	-	7,213,814
Interfund revenues	1,598,928	311,633	-	161,683	2,072,244
Sales (school lunch)	-	-	-	64,874	64,874
State sources	-	-	1,716,825	-	1,716,825
Federal sources	45,548	-	1,827,195	-	1,872,743
TOTAL REVENUES	\$ 145,625,283	\$ 1,114,433	\$ 10,220,878	\$ 226,564	\$ 157,187,158
EXPENDITURES					
Administration	\$ 7,369,891	\$ -	\$ -	\$ -	\$ 7,369,891
Career and tech education	10,911,404	-	3,386,115	-	14,297,519
Instruction for the handicapped	49,338,093	-	4,609,164	-	53,947,257
Itinerant services	6,605,102	-	-	-	6,605,102
General instruction	5,848,125	-	232,565	-	6,080,690
Instructional support	33,987,465	-	368,693	-	34,356,158
Other services	27,485,087	-	2,349,886	-	29,834,973
Cost of sales	-	-	-	63,435	63,435
Other expenses	-	-	-	163,129	163,129
Capital outlay	-	2,403,221	-	-	2,403,221
TOTAL EXPENDITURES	\$ 141,545,167	\$ 2,403,221	\$ 10,946,423	\$ 226,564	\$ 155,121,375
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,080,116	\$ (1,288,788)	\$ (725,545)	\$ -	\$ 2,065,783
OTHER FINANCING SOURCES (USES)					
Proceeds from installment debt	-	\$ 1,015,486	-	-	\$ 1,015,486
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ 1,015,486	\$ -	\$ -	\$ 1,015,486
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 4,080,116	\$ (273,302)	\$ (725,545)	\$ -	\$ 3,081,269
OTHER CHANGES IN FUND BALANCE					
Surplus to be distributed	(5,866,207)	-	-	-	(5,866,207)
Net nonspendable fund balance	5	-	-	-	5
Net unemployment reserve transactions	(115,370)	-	-	-	(115,370)
Net capital reserve transactions	5,310	-	-	-	5,310
Net insurance reserve transactions	(31,676)	-	-	-	(31,676)
Net change in employee accrued benefit liability reserve	(105,845)	-	-	-	(105,845)
FUND BALANCE, BEGINNING OF YEAR	17,079,273	\$ (2,256,058)	\$ 4,106,897	\$ -	18,930,112
FUND BALANCE, END OF YEAR	\$ 15,045,606	\$ (2,529,360)	\$ 3,381,352	\$ -	\$ 15,897,598

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES -

TOTAL GOVERNMENTAL FUNDS \$ (3,032,514)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess of depreciation in the current period:

Capital Outlay	\$ 2,403,221	
Additions to Assets, Net	7,775,376	
Depreciation	<u>(7,882,580)</u>	
		2,296,017

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 655,000	
Proceeds from Installment Purchase Debt	(1,015,486)	
Installment Purchase Debt Payments	<u>668,353</u>	
		307,867

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 41,562

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(3,248,678)
Employees' Retirement System		(3,085,632)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	\$ 254,739	
Retiree Incentives/Longevity	<u>(54,850)</u>	
		<u>199,889</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (6,521,489)**

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES**

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trust	Agency Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 42,750	\$ 18,164,838
Total Assets	\$ 42,750	\$ 18,164,838
Liabilities		
Current Liabilities		
Accounts payable	\$ -	\$ 368,581
Student activity balance	-	81,092
Other liabilities	-	2,858,948
Other liabilities - worker's comp consortium	-	14,856,217
Total liabilities	\$ -	\$ 18,164,838
Net Position		
Restricted for scholarships	\$ 42,750	
Total Net Position	\$ 42,750	

Statement of Changes in Fiduciary Net Position

For Year Ended June 30, 2020

	Private Purpose Trust
Additions	
Interest and earnings	\$ 302
Donations	690
Deductions	
Scholarships and other trust expenses	(10,380)
Change in Net Position	\$ (9,388)
Net Position, Beginning of Year	52,138
Net Position, End of Year	\$ 42,750

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA, AND WAYNE COUNTIES

Notes to the Basic Financial Statements

June 30, 2020

I. Summary of Significant Accounting Policies:

The financial statements of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York (the BOCES) have been prepared in conformity with generally accepted accounting principles (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 the BOCES' accounting policies are described below.

A. Reporting Entity

The Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties is governed by the laws of New York State. The BOCES is an independent entity governed by an elected Board consisting of nine members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and 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.

Boards of Cooperative Educational Services were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of 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. BOCES provides instructional and support programs and services to the following 25 school districts:

Canandaigua	Lyons	Red Creek
Clyde-Savannah	Marion	Red Jacket
Dundee	Naples	Romulus
East Bloomfield	Newark	Seneca Falls
Gananda	North Rose-Wolcott	Sodus
Geneva	Palmyra-Macedon	Victor
Gorham-Middlesex	Penn Yan	Waterloo
Honeoye	Phelps-Clifton Springs	Wayne
Williamson		

(I.) (Continued)

BOCES programs and services include special education, vocational education, academic and alternative programs, summer schools, staff development, computer services (management and instructional), educational communication and cooperative purchasing.

The decision to include a potential component unit in the BOCES' reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the BOCES's reporting entity:

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the BOCES represent funds of the students of the BOCES. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the BOCES with respect to its financial transactions, and the designation of student management and the cash and investment balances are reported in the agency fund of the BOCES. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the BOCES' business office.

B. Basic Financial Statements

1. BOCES-wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the BOCES' governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through state aid, sale of property and equipment, investment revenues and miscellaneous revenues which consist primarily of refunds from other BOCES. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the BOCES' governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of 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. Revenues that are not classified as program revenues, are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

The fund statements provide information about the BOCES funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

(I.) (Continued)

Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. BOCES has no funds identified as non-major on its financial statements.

The BOCES reports the following funds:

a. **Major Governmental Funds**

General Fund - This is the BOCES primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Fund - This fund is used to account for and report financial resources to be used for acquisition, construction, or renovation of major capital facilities or equipment.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

Special Aid Fund - This fund accounts 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. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund - Used to account for transactions of the BOCES' cafeteria operation.

c. **Fiduciary** - Fiduciary activities are those in which the BOCES acts as trustee or agent for resources that belong to others. These activities are not included in the BOCES-wide financial statements, because their resources do not belong to the BOCES, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the BOCES or representatives of the donors may serve on committees to determine who benefits.

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the BOCES as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

(I.) (Continued)

C. Measurement Focus, Basis of Accounting

The BOCES-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the BOCES' policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

E. Interfund Transactions

The operations of the BOCES include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The BOCES typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the BOCES-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the BOCES' practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note VI for a detailed disclosure by individual fund for interfund receivables and payables.

(I.) (Continued)

F. Estimates

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

G. Cash and Cash Equivalents

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the BOCES' investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

H. Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

I Inventory and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-wide and fund financial statements.

J. Capital Assets

In the BOCES-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

(I.) (Continued)

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Furniture, Vehicles & Equipment	\$ 5,000	SL	5-20 Years
EduTech Technical Equipment	\$ 500	SL	5 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

K. Unearned Revenue

The BOCES reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the BOCES before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the BOCES has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

L. Vested Employee Benefits

1. Compensated Absences

It is BOCES policy to pay employees for unused vacation and compensatory time when there is a separation from service. The liability for compensated absences is calculated based on the contractual agreement in effect as of the balance sheet date. BOCES reports this liability as part of the General Fund. The short-term portion is reported as an accrued liability in the General Fund. While any funded long-term portion has been reported as part of the employee benefit accrued liability reserve. On the BOCES-wide Statement of Net Position these amounts are reported as long-term obligations with the current amount reported as due in one year and the long-term portion reported as due in more that one year.

M. Other Benefits

BOCES employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the BOCES provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the BOCES' employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the BOCES and the retired employee. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(I.) (Continued)

N. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the BOCES' future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position 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 outflow of resources (expenses/expenditure) until then. The BOCES may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the BOCES contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position 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 an inflow of resources (revenue) until that time. The BOCES may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense.

P. Equity Classifications

1. BOCES-Wide Statements

In the BOCES-wide statements there are three classes of net position:

(I.) (Continued)

- a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

	<u>Total</u>
Teachers' retirement reserve	\$ 600,000
Insurance	834,849
CTE Reserve	472,323
Capital Projects	<u>31,976</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 1,939,148</u>

- c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the BOCES.

2. **Fund Statements**

In the fund basis statements there are five classifications of fund balance:

- a. **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. Nonspendable fund balance prepaid items of \$57,836.
- b. **Restricted Fund Balances** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the general fund are classified as restricted fund balance. The BOCES has established the following restricted fund balances:

Capital Reserve for Equipment Purchases - Established to fund the purchase of new technology equipment in accordance with New York State guidelines.

(I.) (Continued)

Unemployment Insurance Reserve - as allowed by General Municipal Law Section 6-m, is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the BOCES elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Employee Retirement Reserve - as allowed by General Municipal Law Section 6-r, is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board.

Teachers' Retirement Reserve – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

Insurance Reserve - as allowed by General Municipal Law Section 6-n, is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve - as allowed by General Municipal Law Section 6-p, is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

(I.) (Continued)

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Unemployment Costs	\$ 1,734,662
Employees' Retirement Contribution	3,510,873
Teachers' Retirement Contribution	600,000
Insurance	834,849
Capital CTE Reserve	472,323
Employee Benefit Accrued Liability	4,618,705
<u>Capital Fund -</u>	
Additions and Renovations	31,976
Total Restricted Fund Balance	<u><u>\$ 11,803,388</u></u>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board. The BOCES has no committed fund balances as of June 30, 2020.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the BOCES' intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the BOCES' purchasing agent through their authorization of a purchase order prior to year end. The BOCES assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$173,000, and the Capital Projects Fund to be \$5,000. The BOCES reports the following significant encumbrances:

<u>General Fund -</u>	
Instruction for Handicapped	\$ 748,240
Instructional Support	1,702,545
Other Services	540,535
Total General Fund Significant Encumbrances	<u><u>\$ 2,991,320</u></u>

(I.) (Continued)

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 3,216,358
Special Aid Fund - Year End Equity	4,106,897
Total Assigned Fund Balance	<u>\$ 7,323,255</u>

e. **Unassigned Fund Balance**—Includes all other amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the BOCES.

3. **Order of Use of Fund Balance**

The BOCES' 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. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Q. **New Accounting Standards**

The BOCES has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the BOCES implemented the following new standards issued by GASB:

GASB has issued Statement 92, *Omnibus 2020, Paragraphs 1-11a, and 12*.

GASB has issued Statement No. 95, *Postponement of the Effective Dates for Certain Authoritative Guidance*.

R. **Future Changes in Accounting Standards**

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2019.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2020.

GASB has issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

(I.) (Continued)

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

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

II. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the BOCES is subject to various federal, state and local laws and contractual regulations. An analysis of the BOCES's compliance with significant laws and regulations and demonstration of its stewardship over BOCES resources follows.

A. Budgetary Information

Section 1950 §4(b) of the Education Law required adoption of a final budget by no later than May 15, of the ensuing year.

BOCES administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of the BOCES board for the general fund.

Appropriations for educational services are adopted at the program level and lapse at the end of each fiscal year.

A tentative administrative budget is provided to the component BOCES's 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.

(II.) (Continued)

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The Special Revenue Funds have not been included in the budget and actual comparison because they do not have legally authorized (appropriated) budgets.

The BOCES Board can approve budget revisions based upon requests for additional services and surplus revenues.

B. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit undesignated fund balance of \$2,529,360 at June 30, 2020, which is a result of a short-term borrowing from the general fund which is used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until this loan is replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

III. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, BOCES investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, BOCES deposits and investments are placed with multiple institutions. The BOCES's investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The BOCES has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

The BOCES aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		25,611,971
Collateralized within Trust Department or Agent		<u>15,796,288</u>
Total	\$	<u>41,408,259</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$11,803,388 within the governmental funds and \$42,750 in the fiduciary funds.

IV. Investment Pool

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

Total investments of the cooperative as of year end are \$2,180,152, which consisted of \$139,966 in repurchase agreements, \$1,338,395 in U.S. Treasury Securities, \$126,499 in FDIC insured deposits, and \$575,342 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General Fund	\$ 1,020,484	\$ 1,020,484	CLASS
Trust and Agency Fund	\$ 1,159,668	\$ 1,159,668	CLASS

V. Receivables

Receivables at June 30, 2020 for individual major funds and nonmajor funds, net of any applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Total</u>
Accounts Receivable	\$ 549,296	\$ 753,143	\$ 1,302,439
Due From State and Federal Allowance for Uncollectible Accounts	17,066,087	846,948	17,913,035
	(3,387)	(189,833)	(193,220)
Total Receivables	\$ 17,611,996	\$ 1,410,258	\$ 19,022,254

VI. Interfund Receivables and Payables

Interfund Receivables and Payables at June 30, 2020 were as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,038,857	\$ 345,840
Special Aid Fund	1,034,239	407,518
School Lunch Fund	161,781	166,302
Capital Projects Fund	311,633	4,626,850
Total	\$ 5,546,510	\$ 5,546,510

(VI.) (Continued)

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

VII. Changes In Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>7/1/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/20</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 21,309	\$ -	\$ -	\$ 21,309
Work in progress	416,909	1,387,735	994,903	809,741
<i>Total Nondepreciable</i>	<u>\$ 438,218</u>	<u>\$ 1,387,735</u>	<u>\$ 994,903</u>	<u>\$ 831,050</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 57,054,521	\$ 994,904	\$ -	\$ 58,049,425
Machinery and equipment	62,367,804	8,929,947	8,498,961	62,798,790
<i>Total Depreciated Assets</i>	<u>\$ 119,422,325</u>	<u>\$ 9,924,851</u>	<u>\$ 8,498,961</u>	<u>\$ 120,848,215</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 14,946,676	\$ 1,047,086	\$ -	\$ 15,993,762
Machinery and equipment	49,100,402	6,835,494	8,359,875	47,576,021
<i>Total Accumulated Depreciation</i>	<u>\$ 64,047,078</u>	<u>\$ 7,882,580</u>	<u>\$ 8,359,875</u>	<u>\$ 63,569,783</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 55,375,247</u>	<u>\$ 2,042,271</u>	<u>\$ 139,086</u>	<u>\$ 57,278,432</u>
Total Capital Assets	<u><u>\$ 55,813,465</u></u>	<u><u>\$ 3,430,006</u></u>	<u><u>\$ 1,133,989</u></u>	<u><u>\$ 58,109,482</u></u>

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
Administration	\$ 31,063
Career and Tech Education	449,370
Instruction for the Handicapped	689,158
Itinerant Services	433
Instructional Support	5,706,999
Other Services	1,005,557
Total Depreciation Expense	<u><u>\$ 7,882,580</u></u>

VIII. Long-Term Debt Obligations

Long-term liability balances and activity for the year are summarized below:

Governmental Activities:	Balance 7/1/19	Additions	Deletions	Balance 6/30/20	Due Within One Year
<u>Bonds and Notes Payable -</u>					
Installment Purchase Debt	\$ 941,762	\$ 1,015,486	\$ 668,353	\$ 1,288,895	\$ 516,164
Lease Revenue Bonds	3,520,000	-	655,000	2,865,000	685,000
Total Bonds and Notes Payable	\$ 4,461,762	\$ 1,015,486	\$ 1,323,353	\$ 4,153,895	\$ 1,201,164
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 4,349,098	\$ 12,647,864	\$ -	\$ 16,996,962	\$ -
OPEB	434,097	-	34,702	399,395	-
Compensated Absences	7,671,459	-	254,739	7,416,720	1,854,180
Retirement Incentives	1,083,300	54,850	-	1,138,150	282,238
Total Other Liabilities	\$ 13,537,954	\$ 12,702,714	\$ 289,441	\$ 25,951,227	\$ 2,136,418
Total Long-Term Obligations	\$ 17,999,716	\$ 13,718,200	\$ 1,612,794	\$ 30,105,122	\$ 3,337,582

The General fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial and statutory bond obligations:

Description	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2020
<u>Lease Revenue Bonds -</u>					
Construction	\$ 6,485,000	2014	2023	3%-5%	\$ 2,865,000

The following is a summary of debt service requirements:

Year	Lease Revenue Bonds		Installment Purchase Debt
	Principal	Interest	
2021	\$ 685,000	\$ 137,825	\$ 516,164
2022	715,000	104,325	407,383
2023	1,465,000	72,900	212,339
2024	-	-	153,009
Total	\$ 2,865,000	\$ 315,050	\$ 1,288,895

In prior years, the BOCES defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the BOCES's financial statements. \$680,000 of bonds outstanding are considered defeased.

IX. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 26,986,841	\$ 8,070,423
OPEB	67,971	79,223
Total	<u>\$ 27,054,812</u>	<u>\$ 8,149,646</u>

X. Pension Plans

A. General Information

The BOCES participates in the New York State Teacher’s Retirement System (TRS) and the New York State and Local Employee’s Retirement System (ERS). These 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.

B. Provisions and Administration

A 10 member Board of Trustees of the New York State Teachers’ Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System’s website at www.nystrs.org.

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 (the 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 serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. 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 BOCES also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(X.) (Continued)

C. **Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The BOCES paid 100% of the required contributions as billed by the TRS and ERS for the current year.

The BOCES's share of the required contributions, based on covered payroll paid for the BOCES's year ended June 30, 2020:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2020	\$ 2,621,898	\$ 3,163,502

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2020, the BOCES reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES's proportion of the net pension asset/(liability) was based on a projection of the BOCES's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the BOCES.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension assets/(liability)	\$ (16,996,962)	\$ 4,994,647
District's portion of the Plan's total net pension asset/(liability)	0.064187%	0.192249%

For the year ended June 30, 2020, the BOCES recognized pension expenses of \$5,854,756 for ERS and \$5,963,374 for TRS. At June 30, 2020 the BOCES's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(X.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,000,340	\$ 3,384,745	\$ -	\$ 371,412
Changes of assumptions	342,238	9,435,556	295,517	2,300,656
Net difference between projected and actual earnings on pension plan investments	8,713,469	-	-	4,005,449
Changes in proportion and differences between the District's contributions and proportionate share of contributions	346,033	61,050	72,485	1,024,904
Subtotal	<u>\$ 10,402,080</u>	<u>\$ 12,881,351</u>	<u>\$ 368,002</u>	<u>\$ 7,702,421</u>
District's contributions subsequent to the measurement date	901,104	2,802,306	-	-
Grand Total	<u>\$ 11,303,184</u>	<u>\$ 15,683,657</u>	<u>\$ 368,002</u>	<u>\$ 7,702,421</u>

BOCES contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020	\$ -	\$ 2,046,283
2021	1,725,633	(69,986)
2022	2,532,898	2,038,092
2023	3,185,474	1,342,440
2024	2,590,073	64,038
Thereafter	-	(241,937)
Total	<u>\$ 10,034,078</u>	<u>\$ 5,178,930</u>

E. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	4.72%-1.90%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%
COLA's	1.30%	1.30%

(X.) (Continued)

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

The long term 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 the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized as follows:

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
<u>Asset Type -</u>		
Domestic equity	4.05%	6.30%
International equity	6.15%	7.80%
Global equity	0.00%	7.20%
Private equity	6.75%	9.90%
Real estate	4.95%	4.60%
Absolute return strategies *	3.25%	0.00%
Opportunistic portfolios	4.65%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.75%	0.00%
Cash	0.00%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	6.50%
Real estate debt	0.00%	2.90%
High-yield fixed income securities	0.00%	3.60%
Domestic fixed income securities	0.00%	1.30%
Global fixed income securities	0.00%	0.90%
Short-term	0.00%	0.30%

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

(X.) (Continued)

F. Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10% for TRS. 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 Systems' 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 liability.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (5.80% for ERS and 6.10% for TRS) or 1-percentage-point higher (7.80% for ERS and 8.10% for TRS) than the current assumption :

	1% Decrease <u>(5.80%)</u>	Current Assumption <u>(6.80%)</u>	1% Increase <u>(7.80%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (31,194,225)	\$ (16,996,962)	\$ (3,921,223)
	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (22,545,315)	\$ 4,994,647	\$ 28,097,567

H. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan net position	168,115,682	122,477,481
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.20%

(X.) (Continued)

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$901,104.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$3,163,502.

XI. Postemployment Benefits

A. General Information About the OPEB Plan

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

Benefits Provided – The BOCES provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the BOCES offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active Employees	<u>1</u>
Total	<u><u>4</u></u>

B. Total OPEB Liability

The BOCES' total OPEB liability of \$399,395 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

(XI.) (Continued)

Inflation	2.60%
Discount Rate	2.21%
Healthcare Cost Trend Rates	Initial rate of 6.6% decreasing to an ultimate rate of 4.1% over 56 years
Retirees' Share of Benefit-Related Costs	Varies between 0% and 5% depending on contract

The discount rate was based on the July 1, 2020 S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on April 1, 2010 – March 31, 2015 NYSLRS experience, with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019.

C. **Changes in the Total OPEB Liability**

Balance at June 30, 2019	\$ 434,097
<u>Changes for the Year -</u>	
Service cost	\$ 20,690
Interest	15,570
Changes of benefit terms	(167,474)
Differences between expected and actual experience	86,800
Changes in assumptions or other inputs	29,723
Benefit payments	(20,011)
Net Changes	<u>\$ (34,702)</u>
Balance at June 30, 2020	<u>\$ 399,395</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.0 percent in 2019 to 2.21 percent in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	(1.21%)	Rate	(3.21%)
	(2.21%)		(3.21%)
Total OPEB Liability	\$ 444,459	\$ 399,395	\$ 361,435

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the BOCES, as well as what the BOCES' 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:

(XI.) (Continued)

	1% Decrease (5.60% Decreasing to 3.10%)	Healthcare Cost Trend Rates (6.60% Decreasing to 4.10%)	1% Increase (7.60% Decreasing to 5.10%)
Total OPEB Liability	\$ 356,007	\$ 399,395	\$ 451,122

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

For the year ended June 30, 2020, the BOCES recognized OPEB expense of (\$93,744). At June 30, 2020, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,633	\$ 3,143
Changes of assumptions	17,338	3,887
Contributions after measurement date	-	72,193
Total	\$ 67,971	\$ 79,223

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

Year	
2021	\$ 43,298
2022	18,052
2023	(409)
Total	\$ 60,941

XII. Risk Management

A. General Information

The BOCES is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

(XII.) (Continued)

B. Workers' Compensation

As authorized by Article 5-G of the General Municipal Law, on July 1, 1991 the BOCES entered into municipal cooperation agreements to provide worker's compensation benefits to area school districts. The Board of Directors is composed of one representative from each participating district.

Membership in the plan may be offered to any component district of the BOCES with the approval of the Board of Directors. Such membership becomes effective on the first day of the calendar month following the adoption by the Board of Directors of the resolution to accept a new participant. The cash balance at June 30, 2020 was \$14,856,217 and is recorded in the Trust and Agency Fund. The BOCES made premium payments into the plan totaling \$587,651 during the 2019-20 fiscal year.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2019, revealed that the Plan was fully funded.

D. Unemployment

BOCES employees are entitled to coverage under the New York State Unemployment Insurance Law. The BOCES has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The BOCES has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2019-20 fiscal year totaled \$136,612. The balance of the fund at June 30, 2020 was \$1,734,662 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIII. Commitments and Contingencies

A. Litigation

There is no litigation pending against the BOCES as of the balance sheet date.

B. Grants

The BOCES 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. Based on prior years' experience, the BOCES' administration believes disallowances, if any, will be immaterial.

XIV. Lease Commitments and Leased Assets

The BOCES leases property under the terms of its non-cancelable lease. Rental expense for the various property, for the year ended June 30, 2020 was \$892,000. Under the terms of the lease beyond the original term, the BOCES has an option to extend the lease for an additional ten (10) years with annual rental payments of \$892,000. In addition, the lessor has set aside 90% of the annual lease payment to reimburse the BOCES for capital repairs, structural additions and improvements.

(XIV.) (Continued)

Minimum annual rentals for each of the remaining years of the lease are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 892,000
2022	892,000
2023	892,000
Total	<u><u>\$ 2,676,000</u></u>

XV. Subsequent Event

On August 13, 2020, the Division of the Budget (DOB) issued the FY 2021 First Quarterly State Budget Financial Plan Update which notes that, in the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20 percent of most local aid payments in June, which includes 3609-a General Aid, , 3609-b Excess Cost Aid, 3609-d BOCES Aid payments, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, in the absence of unrestricted Federal Aid, the DOB will continue to withhold a range of payments through the second quarter of FY 2021.

XVI. COVID-19

On January 30,2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The outbreak and continuing effects of the COVID-19 health crisis in the State has had and is expected to have a significantly adverse effect on the State's financial condition. On April 25, 2020 the New York State Division of the Budget announced that the FY 2021 Enacted State Budget Financial Plan (the "Financial Plan") projects a \$13.3 billion shortfall, or 14%, in revenue from the Executive Budget Forecast released in January and estimates a \$61 billion decline through FY 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by \$10.1 billion from the Executive Budget. This represents a \$7.3 billion reduction in state spending from FY 2020 levels. The \$10.1 billion in spending reductions from the levels proposed in the Executive Budget include a \$8.2 billion reduction in "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 the State's not-for-profit partners. The dramatic decline in the State General Fund receipts is not a one-year problem. The Division of the Budget expects the reduced receipts to carry through each subsequent year of the four year Financial Plan, creating a total loss of \$60.5 billion through FY 2024 compared to the Executive Budget. According to the four year financial plan released by the State on May 8, 2020, as a result of the COVID-19 pandemic, State spending will be significantly reduced. Such reductions will include reductions to "aid to localities" which includes State aid to school districts, including the School District. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Schedule of Changes in BOCES' Total OPEB Liability and Related Ratio
For Year Ended June 30, 2020

TOTAL OPEB LIABILITY			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 20,690	\$ 14,562	\$ 14,138
Interest	15,570	13,622	13,492
Changes in benefit terms	(167,474)	-	-
Differences between expected and actual experiences	86,800	(23,317)	(7,244)
Changes of assumptions or other inputs	29,723	-	-
Benefit payments	(20,011)	(20,457)	(12,489)
Net Change in Total OPEB Liability	<u>\$ (34,702)</u>	<u>\$ (15,590)</u>	<u>\$ 7,897</u>
Total OPEB Liability - Beginning	<u>\$ 434,097</u>	<u>\$ 449,687</u>	<u>\$ 441,790</u>
Total OPEB Liability - Ending	<u><u>\$ 399,395</u></u>	<u><u>\$ 434,097</u></u>	<u><u>\$ 449,687</u></u>
 Covered Employee Payroll	 \$ 186,386	 \$ 149,044	 \$ 149,044
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 214.28%	 291.25%	 301.71%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Schedule of the BOCES' Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2020

NYSERS Pension Plan						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0642%	0.0613820%	0.0635820%	0.0600%	0.0596%	0.0585%
Proportionate share of the net pension liability (assets)	\$ 16,996,962	\$ 4,349,098	\$ 2,052,076	\$ 5,635,553	\$ 9,566,428	\$ 1,975,971
Covered-employee payroll	\$ 19,076,181	\$ 17,677,926	\$ 17,733,439	\$ 16,228,577	\$ 15,116,156	\$ 15,611,100
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	89.100%	24.602%	11.572%	34.726%	63.286%	12.657%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS Pension Plan						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1922%	0.1857500%	0.1808%	0.1775%	0.1699%	0.1737%
Proportionate share of the net pension liability (assets)	\$ (4,994,647)	\$ (3,358,852)	\$ (1,374,211)	\$ 1,900,935	\$ (17,650,421)	\$ (19,344,934)
Covered-employee payroll	\$ 33,263,552	\$ 32,089,520	\$ 31,343,313	\$ 29,193,295	\$ 31,402,982	\$ 27,052,748
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-15.015%	-10.467%	-4.384%	6.512%	-56.206%	-71.508%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Schedule of BOCES Contributions
For Year Ended June 30, 2020

NYSERS Pension Plan						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,621,898	\$ 2,437,265	\$ 2,535,431	\$ 2,366,383	\$ 2,539,492	\$ 2,983,651
Contributions in relation to the contractually required contribution	<u>(2,621,898)</u>	<u>(2,437,265)</u>	<u>(2,535,431)</u>	<u>(2,366,383)</u>	<u>(2,539,492)</u>	<u>(2,983,651)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 19,076,181	\$ 17,677,926	\$ 17,733,439	\$ 16,228,577	\$ 15,116,156	\$ 15,611,100
Contributions as a percentage of covered-employee payroll	13.74%	13.79%	14.30%	14.58%	16.80%	19.11%

NYSTRS Pension Plan						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	3,163,502	\$ 3,839,189	\$ 3,350,266	\$ 3,689,039	\$ 4,161,575	\$ 4,168,560
Contributions in relation to the contractually required contribution	<u>(3,163,502)</u>	<u>(3,839,189)</u>	<u>(3,350,266)</u>	<u>(3,689,039)</u>	<u>(4,161,575)</u>	<u>(4,168,560)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 33,263,552	\$ 32,089,520	\$ 31,343,313	\$ 29,193,295	\$ 31,402,982	\$ 27,052,748
Contributions as a percentage of covered-employee payroll	9.51%	11.96%	10.69%	12.64%	13.25%	15.41%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2020

<u>REVENUES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 7,412,861	\$ 7,743,611	\$ 7,379,917	\$ (363,694)
Career and Tech Education 100-199	11,041,600	11,566,584	10,952,463	(614,121)
Instruction for Handicapped 200-299	46,932,739	54,013,572	50,498,267	(3,515,305)
Itinerant 300-399	6,218,742	7,024,443	6,928,995	(95,448)
General Instruction 400-499	7,032,165	6,637,762	6,313,594	(324,168)
Instructional Support 500-599	41,310,314	46,883,789	34,555,712	(12,328,077)
Other Services 600-699	<u>38,514,213</u>	<u>41,186,003</u>	<u>28,996,335</u>	<u>(12,189,668)</u>
TOTAL REVENUES	<u>\$ 158,462,634</u>	<u>\$ 175,055,764</u>	<u>\$ 145,625,283</u>	<u>\$ (29,430,481)</u>

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2020

<u>EXPENDITURES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 7,412,861	\$ 7,743,611	\$ 7,369,891	\$ 39,842	\$ 333,878
Career and Tech Education 100-199	11,041,600	11,566,584	10,911,404	115,225	539,955
Instruction for Handicapped 200-299	46,932,739	54,013,572	49,338,093	748,240	3,927,239
Itinerant 300-399	6,218,742	7,024,443	6,605,102	50,930	368,411
General Instruction 400-499	7,032,165	6,637,762	5,848,125	19,041	770,596
Instructional Support 500-599	41,310,314	46,883,789	33,987,465	1,702,545	11,193,779
Other Services 600-699	<u>38,514,213</u>	<u>41,186,003</u>	<u>27,485,087</u>	<u>540,535</u>	<u>13,160,381</u>
TOTAL EXPENDITURES	<u>\$ 158,462,634</u>	<u>\$ 175,055,764</u>	<u>\$ 141,545,167</u>	<u>\$ 3,216,358</u>	<u>\$ 30,294,239</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,080,116</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Analysis of Account A431 - School Districts
For Year Ended June 30, 2020**

	2020
July 1, 2019 - DEBIT (CREDIT) BALANCE	\$ 4,003,663
 DEBITS:	
Billings to school districts	\$ 139,800,168
Refund of balances made to school districts	5,632,663
Nonspendable - deferred expenditures	5
Encumbrances - June 30, 2020	3,216,358
Total Debits	\$ 148,649,194
TOTAL	\$ 152,652,857
 CREDITS:	
Collections from school districts	\$ 140,488,570
Adjustment - credits to school districts - revenues in excess of expenditures	4,080,116
Encumbrances - June 30, 2019	5,002,449
Total Credits	\$ 149,571,135
June 30, 2020 - DEBIT (CREDIT) BALANCE	\$ 3,081,722

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
SCHEDULE OF CAPITAL PROJECTS FUND
PROJECT EXPENDITURES AND FINANCING RESOURCES
For Year Ended June 30, 2020

<u>Project Title</u>	<u>Original</u> <u>Appropriation</u>	<u>Revised</u> <u>Appropriation</u>	<u>Expenditures</u>			<u>Unexpended</u> <u>Balance</u>	<u>Methods of Financing</u>				<u>Fund</u> <u>Balance</u>	
			<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local</u> <u>Sources</u>	<u>Transfers</u>	<u>Total</u>		
Old Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,975
Installment Purchase debt	1,015,486	1,015,486	-	1,015,486	1,015,486	-	1,015,486	-	-	1,015,486	-	-
WTCC/FLTCC Interior	2,600,000	2,600,000	2,471,401	-	2,471,401	128,599	-	750,000	2,471,401	3,221,401	750,000	-
Conference Center	6,243,300	9,142,700	9,142,700	-	9,142,700	-	-	7,060,309	(744,903)	6,315,406	(2,827,294)	-
HVAC Handicapped Site	750,000	1,000,000	416,909	577,994	994,903	5,097	-	250,000	744,903	994,903	-	-
WTCC/FLTCC	<u>3,600,000</u>	<u>3,600,000</u>	<u>-</u>	<u>809,741</u>	<u>809,741</u>	<u>2,790,259</u>	<u>-</u>	<u>311,633</u>	<u>14,067</u>	<u>325,700</u>	<u>(484,041)</u>	-
TOTAL	<u>\$ 14,208,786</u>	<u>\$ 17,358,186</u>	<u>\$ 12,031,010</u>	<u>\$ 2,403,221</u>	<u>\$ 14,434,231</u>	<u>\$ 2,923,955</u>	<u>\$ 1,015,486</u>	<u>\$ 8,371,942</u>	<u>\$ 2,485,468</u>	<u>\$ 11,872,896</u>	<u>\$ (2,529,360)</u>	-

(See Independent Auditors' Report)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
Schedule of Investment in Capital Assets, Net of Related Debt
For Year Ended June 30, 2020

Capital assets, net		\$ 58,109,482
 Deduct:		
Short-term portion of bonds payable	\$ 685,000	
Long-term portion of bonds payable	2,180,000	
Assets purchased with short-term financing	3,311,335	
Short-term portion of installment purchase debt	516,164	
Long-term portion of installment purchase debt	<u>772,731</u>	
		<u>7,465,230</u>
Investment in capital assets, net of related debt		<u><u>\$ 50,644,252</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ONTARIO, SENECA, YATES, CAYUGA AND WAYNE COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2020**

<u>Grantor / Pass - Through Agency</u>	<u>CFDA</u>	<u>Grantor</u>	<u>Pass-Through Agency</u>	<u>Total</u>
<u>Federal Award Cluster / Program</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>
<u>U.S Department of Agriculture:</u>				
<u>Direct Program:</u>				
<u>Passed through the Nursing Department</u>				
Farm to School Planning Grant	10.575	CN-F2S-IMP-19-NY-7	N/A	\$ 43,218
Total U.S. Department of Agriculture				<u>\$ 43,218</u>
 <u>U.S. Department of Education:</u>				
<u>Direct Programs:</u>				
COVID-19 Education Stabilization Funds	84.425E	P425E204756	N/A	\$ 157,960
<u>Student Financial Assistance Program Cluster -</u>				
Pell Grant	84.063	15088	N/A	\$ 476,514
Federal Direct Student Loans	84.268	N/A	N/A	775,325
Total Student Loan Cluster				<u>\$ 1,251,839</u>
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
Perkins IV	84.048A	N/A	8000-20-0033	288,571
Perkins IV	84.048A	N/A	8000-19-0033	4,046
WIOA Title II Adult	84.002A	N/A	2338-20-3176	43,363
WIOA Title II Adult	84.002A	N/A	2338-19-3176	3,106
Total U.S. Department of Education				<u>\$ 1,590,925</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS				 <u>\$ 1,792,103</u>

**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***

Independent Auditors' Report

To the Board Members
Board of Cooperative Educational Services
Ontario, Seneca, Yates, Cayuga and Wayne Counties, 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, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York's basic financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York'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 BOCES' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Cooperative Educational Services of Ontario, Seneca, Yates, Cayuga and Wayne Counties, New York'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 BOCES' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York
October 8, 2020

Mengel, Metzger, Barw & Co. LLP