

**BOARD OF COOPERATIVE EDUCATIONAL
SERVICES OF ROCKLAND COUNTY
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Board of Cooperative Educational Services of Rockland County

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Cooperative Educational Services of Rockland County (the "BOCES") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the BOCES, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BOCES' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BOCES' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of BOCES' proportionate share of the net pension asset/(liability), schedule of BOCES' pension contributions, and schedule of changes in the BOCES' total other post-employment benefits liability and related ratios, on pages 4 through 16 and 54 through 58, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of the BOCES' 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 the BOCES' internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 9, 2023

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of the Board of Cooperative Education Services of Rockland County’s (the “BOCES”) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the BOCES’ financial activities based on currently known facts, decisions, or conditions. It is also based on both the BOCES-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES’ financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The BOCES continued to offer cost effective programs to both component and non-component school districts without any reduction in service.
- The BOCES total net deficit as of June 30, 2023 was \$86,193,211, which represents an increase in the overall deficit of \$7,429,713, or 9.43%, from the prior year.
- The BOCES total revenues, as reflected in the BOCES-Wide Financial Statements, totaled \$155,207,125, which represents an increase of \$9,528,791, or 6.54%, from the prior year.
- The BOCES’ expenses for the year, as reflected in the BOCES-Wide Financial Statements, totaled \$162,636,838. Of this amount, \$136,667,845 was offset by program charges for services and \$14,743,643 was offset by operating and capital grants. General revenues of \$3,795,637 amounted to 2.45% of total revenues.
- The general fund total fund balance, as reflected in the Fund Financial Statements, decreased by \$135,170. This was due to expenditures and other financing uses exceeding revenues and other financing sources based on the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

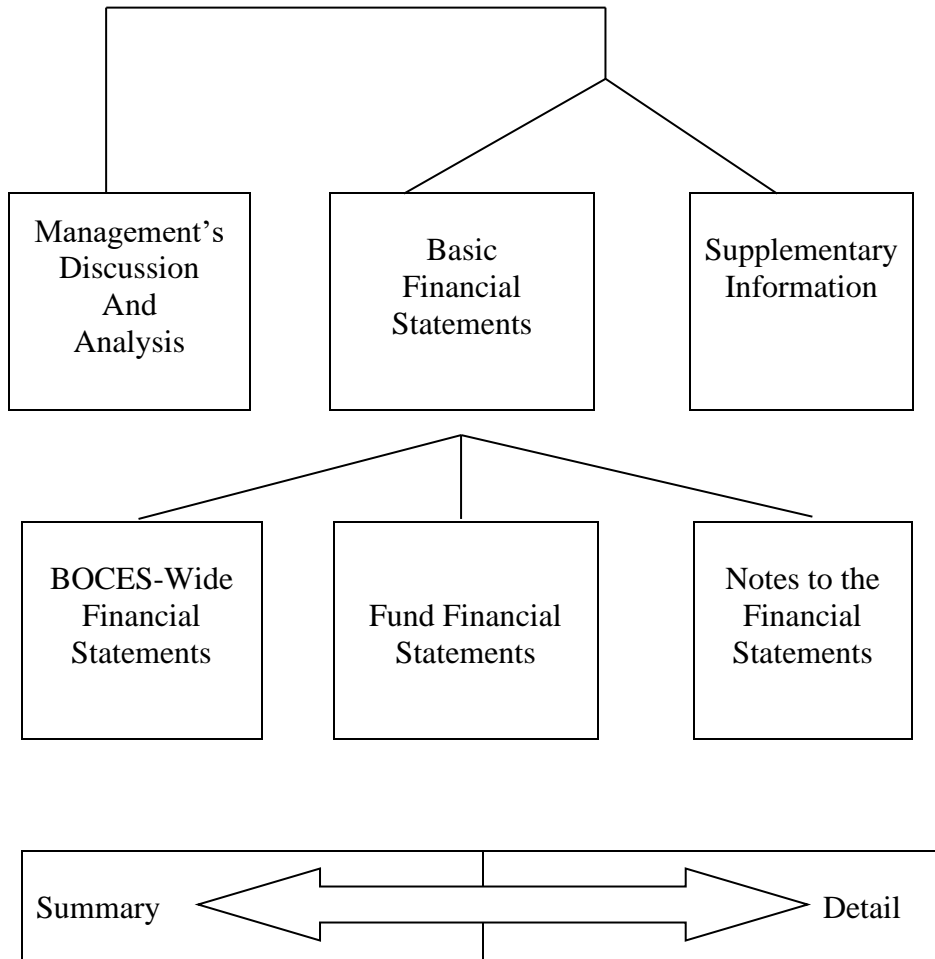
This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the BOCES:

- The first two statements are *BOCES-Wide Financial Statements* that provide both *short-term* and *long-term* information about the BOCES’ *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the BOCES, reporting the operations in *more detail* than the *BOCES-Wide Financial Statements*.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the BOCES budget for the year. The following Table shows how the various parts of this annual report are arranged and related to one another.

Organization of the BOCES’ Annual Financial Report



The following Table summarizes the major features of the BOCES’ basic financial statements, including the portion of the BOCES’ activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Major Features of the BOCES-Wide Financial Statements and Fund Financial Statements

	BOCES-Wide Financial Statements	Fund Financial Statements
		Governmental
Scope	Entire entity	The day-to-day operating activities of the BOCES, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets, or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

A) BOCES-Wide Financial Statements:

The BOCES-Wide Financial Statements report information about the BOCES as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the BOCES’ assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two BOCES-Wide Financial Statements report the BOCES’ net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the BOCES’ financial health or position.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the BOCES, additional non-financial factors such as changes in the BOCES’ property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation and amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all accounted for in account groups and do not affect the fund balances.

BOCES-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are net position that do not meet any of the above restrictions.

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the BOCES' funds. Funds are accounting devices that the BOCES uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The BOCES has one kind of fund:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the BOCES. Because this information does not encompass the additional long-term focus of the BOCES-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, and capital projects fund.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

3. FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

A) Net Position:

The BOCES' total net deficit increased by \$7,429,713, or 9.43%, in the fiscal year ended June 30, 2023, as detailed in the Table that follows.

Condensed Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	Change	Total Percentage Change
Current assets	\$ 53,389,719	\$ 46,618,426	\$ 6,771,293	14.52%
Non-current assets	38,613,617	37,148,652	1,464,965	3.94%
Net pension asset -proportionate share		51,120,582	(51,120,582)	-100%
Total Assets	92,003,336	134,887,660	(42,884,324)	-31.79%
Deferred outflows of resources	77,753,537	71,333,466	6,420,071	9.00%
Total Assets and Deferred Outflows of Resources	169,756,873	206,221,126	(36,464,253)	-17.68%
Current liabilities	40,619,317	33,512,727	7,106,590	21.21%
Long-term liabilities	150,887,780	130,735,979	20,151,801	15.41%
Total Liabilities	191,507,097	164,248,706	27,258,391	16.60%
Deferred inflows of resources	64,442,987	120,735,918	(56,292,931)	-46.62%
Total Liabilities and Deferred inflows of resources	255,950,084	284,984,624	(29,034,540)	-10.19%
Net Position				
Net investment in capital assets	26,233,480	23,523,871	2,709,609	11.52%
Restricted	7,844,734	6,461,266	1,383,468	21.41%
Unrestricted (deficit)	(120,271,425)	(108,748,635)	(11,522,790)	-10.60%
Total Net Position (Deficit)	\$ (86,193,211)	\$ (78,763,498)	\$ (7,429,713)	-9.43%

Current assets increased by \$6,771,293 primarily due to increases in cash and cash equivalents and receivables.

Non-current assets increased \$1,464,965 due to current year capital asset additions exceeding depreciation, loss on disposals, and amortization expense. The BOCES' reported net pension asset at June 30, 2022 was eliminated and reported as a net pension liability at June 30, 2023, as a result of the actuarial valuations provided by the State.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The change in deferred outflows of resources represents amortization of the pension related items, changes of actuarial assumptions and the change in the BOCES' contributions subsequent to the measurement date, as discussed in Note 11, as well as deferred outflows for other post-employment benefits obligation, as discussed in Note 13.

Current liabilities increased by \$7,106,590. This is attributable to increases in accounts payable, accrued liabilities, due to other school districts, state-aid due to school districts, due to employees' retirement system, and due to teachers' retirement system.

Long-term liabilities increased by \$20,151,801, which was primarily attributable to increases in compensated absences payable, net pension liabilities, and total other post-employment benefits obligation as actuarially determined, partially offset by a decrease in lease liability.

The change in deferred inflows represents deferred inflows related to lease receivable as discussed in Note 6, amortization of pension related items and changes of actuarial assumptions as discussed in Note 11, and deferred inflows for other post-employment benefits obligation, as discussed in Note 13.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, and furniture & equipment, net of depreciation, amortization, and related debt. This number increased from the prior year by \$2,709,609 due to capital asset and intangible asset additions and a reduction in the related outstanding debt, partially offset by depreciation and amortization expense.

The restricted net position at June 30, 2023, relates to the BOCES' reserves, and amounts restricted for scholarships and donations. Restricted net position increased by \$1,383,468.

The unrestricted net deficit at June 30, 2023 of \$120,271,425 relates to the balance of the BOCES' net position. The unrestricted net deficit increased by \$11,522,790.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this Statement for the years ended June 30, 2023 and 2022 is as follows:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Change in Net Position from Operating Results

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 136,667,845	\$ 131,550,742	\$ 5,117,103	3.89%
Operating grants and contributions	14,711,941	11,886,744	2,825,197	23.77%
Capital grants	31,702	47,165	(15,463)	-32.78%
General Revenues				
Use of money & property	999,187	69,190	929,997	1344.12%
Other miscellaneous revenues	544,774	602,331	(57,557)	-9.56%
Refund of prior year's expenditures	859,284	633,915	225,369	35.55%
Net use/funding of reserves offset	1,392,392	888,247	504,145	56.76%
Total Revenues	<u>\$ 155,207,125</u>	<u>\$ 145,678,334</u>	<u>\$ 9,528,791</u>	6.54%
Expenses				
Administration	\$ 7,509,533	\$ 6,456,116	\$ 1,053,417	16.32%
Occupational instruction	23,527,135	17,468,073	6,059,062	34.69%
Instruction for special education	84,656,914	71,140,545	13,516,369	19.00%
Itinerant services	3,894,763	3,316,213	578,550	17.45%
General instruction	5,567,308	4,935,308	632,000	12.81%
Instructional support	20,688,259	17,514,336	3,173,923	18.12%
Other services	16,189,760	16,252,671	(62,911)	-0.39%
Debt service - interest	274,163	265,326	8,837	3.33%
Food service program	329,003	229,841	99,162	43.14%
Total Expenses	<u>\$ 162,636,838</u>	<u>\$ 137,578,429</u>	<u>\$ 25,058,409</u>	18.21%
Total Change in Net Position	<u>\$ (7,429,713)</u>	<u>\$ 8,099,905</u>	<u>\$ (15,529,618)</u>	-191.73%

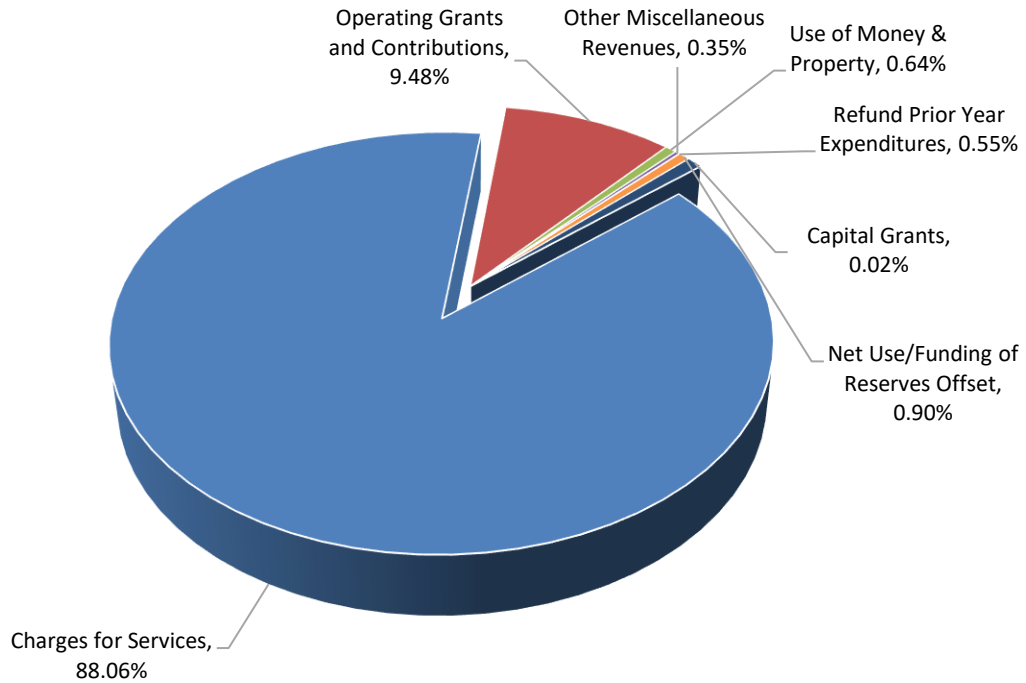
The BOCES' fiscal year 2023 revenues totaled \$155,207,125. Charges for services to both component and non-component districts and operating grants and contributions accounted for most of the BOCES' revenue by contributing 88.06% and 9.48%, respectively of total revenue. The remainder came from capital grants, use of money and property, refund of prior year expenditures, and other miscellaneous sources. Total revenues increased by \$9,528,791 or 6.54%.

The cost of all programs and services totaled \$162,636,838 for fiscal year 2023. These expenses are predominantly related to instruction, which account for 69.95% of BOCES expenses. The BOCES' general support activities (itinerant services, instructional support, and other services) accounted for 25.06% of total costs. Total expenses increased by \$24,959,247, or 18.14%, primarily due to an increase in instruction as a result of increases in pension and other post-employment benefit obligation related expenses based on the current year actuarial valuations.

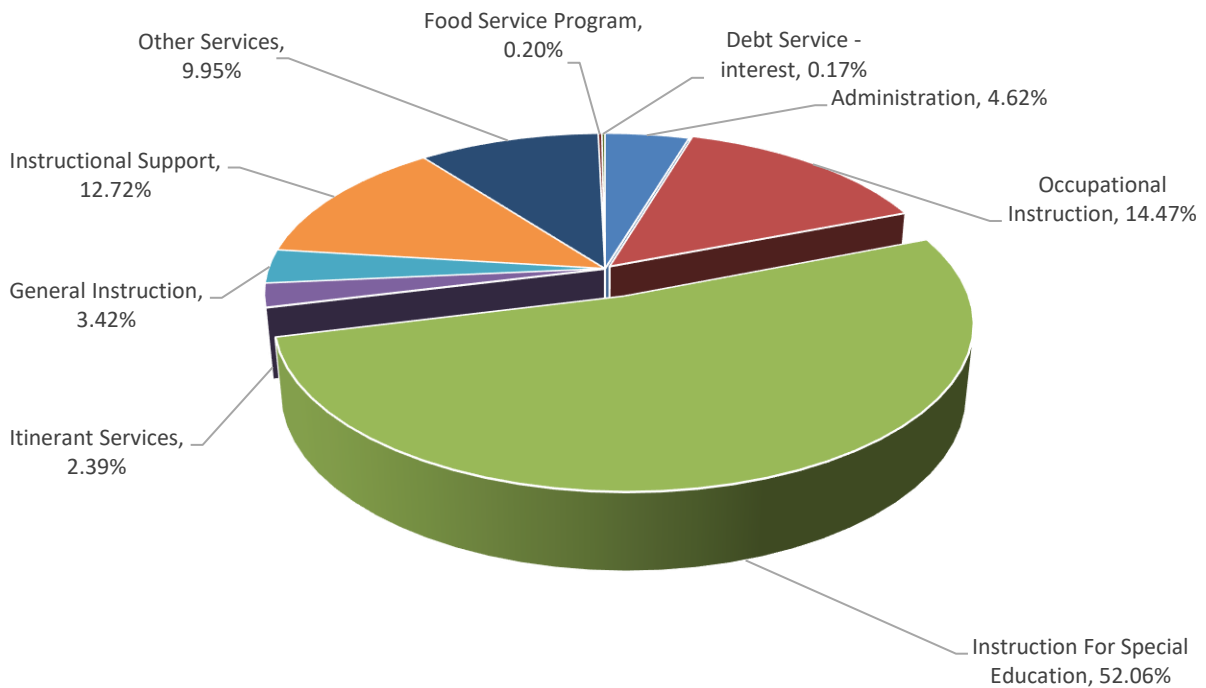
The federal and state governments as well as external donors subsidized certain programs with grants and contributions of \$14,743,643, which includes \$31,702 in capital related grants and represents a 23.54% increase from the prior year.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues for Fiscal Year 2023



Expenditures for Fiscal Year 2023



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE BOCES' FUNDS

Variations between years for the Fund Financial Statements are not the same as variations between years for the BOCES-Wide Financial Statements. The BOCES' governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term liabilities, certain deferred outflows or inflows, and capital assets purchased by the BOCES. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2023, the BOCES' combined governmental funds reported a total fund balance of \$12,632,376, which is an increase of \$433,222 from the prior year.

A summary of the change in fund balance for all the funds is as follows:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable - prepaids	\$ 188,537	\$ 127,269	\$ 61,268	48.14%
Restricted for employee benefit accrued liability	1,548,163	1,272,853	275,310	21.63%
Restricted for liability and property loss	764,443	737,624	26,819	3.64%
Restricted for retirement contribution				
Employees' retirement system	650,000	500,000	150,000	30.00%
Teachers' retirement system	3,150,000	2,250,000	900,000	40.00%
Restricted for unemployment insurance	500,000	500,000	-	0.00%
Restricted for insurance	1,147,619	1,107,357	40,262	3.64%
Assigned unappropriated	3,045,838	4,573,399	(1,527,561)	-33.40%
Unassigned	(188,537)	(127,269)	(61,268)	-48.14%
Total Fund Balance - General Fund	<u>\$ 10,806,063</u>	<u>\$ 10,941,233</u>	<u>\$ (135,170)</u>	-1.24%
Special Aid Fund				
Nonspendable	\$ 4,725	\$ 5,935	\$ (1,210)	-20.39%
Assigned unappropriated	1,286,182	909,652	376,530	41.39%
Total Fund Balance - Special Purpose Fund	<u>\$ 1,290,907</u>	<u>\$ 915,587</u>	<u>\$ 375,320</u>	40.99%
School Lunch Fund				
Assigned unappropriated	\$ 50,000	\$ 50,000	\$ -	0.00%
Total Fund Balance - School Lunch Fund	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	0.00%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	\$ 84,509	\$ 93,432	\$ (8,923)	-9.55%
Assigned unappropriated	62,381	48,902	13,479	27.56%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$ 146,890</u>	<u>\$ 142,334</u>	<u>\$ 4,556</u>	3.20%
Capital Projects Fund				
Assigned unappropriated	\$ 338,516	\$ 150,000	\$ 188,516	125.68%
Total Fund Balance - Capital Projects Fund	<u>\$ 338,516</u>	<u>\$ 150,000</u>	<u>\$ 188,516</u>	125.68%
Total Fund Balance - All Funds	<u>\$ 12,632,376</u>	<u>\$ 12,199,154</u>	<u>\$ 433,222</u>	3.55%

A) General Fund

The net change in fund balance for the general fund was a decrease of \$135,170, or 1.24%, as a result of expenditures and other financing uses of \$144,270,039 exceeding revenues and other financing sources of \$144,134,869.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B) Special Aid Fund

Fund balance in the special aid fund increased by \$375,320 as a result of revenues exceeding expenditures and other financing uses for grant funded programs.

C) School Lunch Fund

Fund balance in the school lunch fund remained unchanged in 2022-23 as operating transfers in from other funds equaled total cost of sales.

D) Miscellaneous Special Revenue Fund

Fund balance in the miscellaneous special revenue increased by \$4,556. This increase is due to current year extraclassroom revenues exceeding extraclassroom expenditures, partially offset by scholarships awarded in excess of scholarship donations received.

E) Capital Projects Fund

Fund balance in the capital projects fund increased by \$188,516. This increase was due to revenues and other financing sources exceeding current year capital outlay.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-2023 Budget:

The BOCES' general fund adopted budget for the fiscal year ended June 30, 2023 was \$133,205,381. This amount was increased by encumbrances carried forward from the prior year in the amount of \$4,573,399 and budget revisions of \$15,245,090 bringing the final budget to \$153,023,870. The majority of the funding was charges to components and charges to other BOCES and non-components totaling \$141,997,383.

6. CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

A) Capital Assets and Intangible Lease Assets:

The BOCES paid for equipment and various building additions and renovations during the fiscal year 2023. A summary of the BOCES' capital assets and intangible lease assets net of depreciation and amortization are as follows:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Category	Fiscal Year 2023	Fiscal Year 2022	Net Increase/ (Decrease)	Percentage Change
Land	\$ 3,163,681	\$ 3,163,681	\$ -	0.00%
Construction in Progress	124,990	45,750	79,240	173.20%
Buildings and Improvements	24,387,406	22,972,635	1,414,771	6.16%
Land improvements	1,225,564	310,662	914,902	294.50%
Furniture and Equipment	8,811,639	7,646,549	1,165,090	15.24%
Subtotal	<u>37,713,280</u>	<u>34,139,277</u>	<u>3,574,003</u>	10.47%
Less: Accumulated Depreciation	<u>11,164,590</u>	<u>10,411,555</u>	<u>753,035</u>	7.23%
Total Capital Assets, Net	<u>\$ 26,548,690</u>	<u>\$ 23,727,722</u>	<u>\$ 2,820,968</u>	11.89%
Intangible Lease Assets, Net	<u>\$ 11,859,263</u>	<u>\$ 13,380,946</u>	<u>\$(1,521,683)</u>	-11.37%

Depreciation expense and loss on disposals was \$1,842,932 and amortization expense was \$1,613,066 for fiscal year ended June 30, 2023. See Note 7 to the financial statements for additional detail.

7. FACTORS BEARING ON THE BOCES’ FUTURE

- A) The general fund budget for the 2023-24 school year in the amount of \$144,374,116 was approved by the BOCES’ component districts. This is an increase of \$11,168,735 or 8.38% over the previous year’s budget. This increase was primarily due to an increase in payroll and benefit costs.
- B) Although state aid for education was at record levels for the 2023-2024 budget year, budgeting for the future will continue to be challenging due to inflationary pressures, labor shortages, supply chain disruptions, expiration of federal stimulus programs and the uncertain state of the economy. The BOCES will continue to carefully monitor financial conditions and adjust as necessary to future budget changes.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

8. CONTACTING THE BOCES’ FINANCIAL MANAGEMENT

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

Board of Cooperative Education Services of Rockland County
Mr. Ron Hansen
Assistant Superintendent of Business & Operations
65 Parrott Road
West Nyack, NY 10994-0607
(845)-627-4700

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 6,430,097
Restricted	7,844,734
Receivables	
Accounts receivable	1,332,294
State and federal aid	14,190,006
Due from other school districts	23,397,972
Due from other governments	1,354
Other assets	150,000
Prepays	43,262
Non Current assets	
Receivable within one year	
Lease receivable	164,481
Receivable after one year	
Lease receivable	41,183
Capital assets	
Capital assets not being depreciated	3,288,671
Capital assets being depreciated, net of accumulated depreciation	23,260,019
Intangible lease asset, net of accumulated amortization	11,859,263
TOTAL ASSETS	<u>92,003,336</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	34,344,356
Other post-employment benefits obligation	43,409,181
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>77,753,537</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>169,756,873</u>
LIABILITIES	
Payables	
Accounts payable	2,724,473
Accrued liabilities	8,417,551
Due to other governments	283
Due to other school districts	5,707,994
State-aid due to school districts	10,887,395
Due to employees' retirement system	2,235,391
Due to teachers' retirement system	5,455,619
Compensated absences payable	129,611
Note payable	
Revenue anticipation note	5,000,000
Unearned credits	
Collections in advance	61,000
Long-term liabilities	
Due and payable within one year	
Lease liability	1,579,968
Compensated absences payable	181,779
Due and payable after one year	
Lease liability	10,561,367
Compensated absences payable	1,366,384
Net pension liability - proportionate share - employees' retirement system	11,534,404
Net pension liability - proportionate share - teachers' retirement system	4,912,298
Total other post-employment benefits obligation	120,751,580
TOTAL LIABILITIES	<u>191,507,097</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	205,664
Pensions	3,068,692
Other post-employment benefits obligation	61,168,631
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>64,442,987</u>
NET POSITION	
Net investment in capital assets	26,233,480
Restricted	
Employee benefit accrued liability	1,548,163
Liability and property loss	764,443
Retirement contribution	
Employees' retirement system	650,000
Teachers' retirement system	3,150,000
Unemployment insurance	500,000
Insurance	1,147,619
Scholarships and donations	84,509
	<u>7,844,734</u>
Unrestricted (deficit)	<u>(120,271,425)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (86,193,211)</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		Capital Grants	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
FUNCTIONS / PROGRAMS					
Administration	\$ (7,509,533)	\$ 8,094,138			\$ 584,605
Occupational instruction	(23,527,135)	7,876,369	\$ 14,709,780	\$ 31,702	(909,284)
Instruction for special education	(84,656,914)	75,511,939			(9,144,975)
Itinerant services	(3,894,763)	3,543,510			(351,253)
General instruction	(5,567,308)	5,059,163	2,161		(505,984)
Instructional support	(20,688,259)	20,153,706			(534,553)
Other services	(16,189,760)	16,429,020			239,260
Debt service - interest	(274,163)				(274,163)
Food service program	(329,003)				(329,003)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (162,636,838)</u>	<u>\$ 136,667,845</u>	<u>\$ 14,711,941</u>	<u>\$ 31,702</u>	<u>(11,225,350)</u>
GENERAL REVENUES					
Use of money and property					999,187
Other miscellaneous revenues					544,774
Refund of prior year's expenditures					859,284
Net use/funding of reserves offset					1,392,392
TOTAL GENERAL REVENUES					<u>3,795,637</u>
CHANGE IN NET POSITION					(7,429,713)
TOTAL NET POSITION (DEFICIT)- BEGINNING OF YEAR					<u>(78,763,498)</u>
TOTAL NET POSITION (DEFICIT)- END OF YEAR					<u><u>\$ (86,193,211)</u></u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 6,367,716			\$ 62,381		\$ 6,430,097
Restricted	7,801,479			43,255		7,844,734
Receivables						
Accounts receivable	377,778	\$ 954,516				1,332,294
State and federal aid	10,933,281	3,177,858			\$ 78,867	14,190,006
Due from other school districts	23,397,972					23,397,972
Due from other governments	1,354					1,354
Due from other funds	36,293,920	18,289,752	\$ 529,572	41,254	329,509	55,484,007
Leases receivable	205,664					205,664
Other assets	150,000					150,000
Prepays	38,537	4,725				43,262
TOTAL ASSETS	<u>\$85,567,701</u>	<u>\$22,426,851</u>	<u>\$529,572</u>	<u>\$146,890</u>	<u>\$408,376</u>	<u>\$109,079,390</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Payables						
Accounts payable	\$ 2,395,754	\$ 268,327	\$ 27,254		\$ 33,138	\$ 2,724,473
Accrued liabilities	8,297,327	83,502			36,722	8,417,551
Due to other funds	34,308,574	20,723,115	452,318			55,484,007
Due to other governments	283					283
Due to other school districts	5,707,994					5,707,994
State-aid due to school districts	10,887,395					10,887,395
Due to employees' retirement system	2,235,391					2,235,391
Due to teachers' retirement system	5,455,619					5,455,619
Compensated absences payable	129,611					129,611
Note payable						
Revenue anticipation note payable	5,000,000					5,000,000
Unearned credits						
Collections in advance		61,000				61,000
TOTAL LIABILITIES	<u>74,417,948</u>	<u>21,135,944</u>	<u>479,572</u>	<u>-</u>	<u>69,860</u>	<u>96,103,324</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	138,026					138,026
Leases	205,664					205,664
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>343,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,690</u>
FUND BALANCES						
Nonspendable	188,537	4,725				193,262
Restricted						
Employee benefit accrued liability	1,548,163					1,548,163
Liability and property loss	764,443					764,443
Retirement contribution						
Employees' retirement system	650,000					650,000
Teachers' retirement system	3,150,000					3,150,000
Unemployment insurance	500,000					500,000
Insurance	1,147,619					1,147,619
Scholarships and donations				\$ 84,509		84,509
Assigned						
Unappropriated fund balance	3,045,838	1,286,182	50,000	62,381	338,516	4,782,917
Unassigned	(188,537)					(188,537)
TOTAL FUND BALANCES	<u>10,806,063</u>	<u>1,290,907</u>	<u>50,000</u>	<u>146,890</u>	<u>338,516</u>	<u>12,632,376</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 85,567,701</u>	<u>\$ 22,426,851</u>	<u>\$ 529,572</u>	<u>\$ 146,890</u>	<u>\$ 408,376</u>	<u>\$ 109,079,390</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023

Total Governmental Fund Balances \$ 12,632,376

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

Some of the BOCES' revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore are deferred in the governmental funds. 138,026

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the BOCES as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 37,713,280	
Accumulated depreciation	<u>(11,164,590)</u>	26,548,690

The present value cost of leasing capital assets (buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those leased capital assets among the assets of the BOCES as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Present value cost of intangible lease assets	\$ 15,096,122	
Accumulated amortization	<u>(3,236,859)</u>	11,859,263

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits obligation that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	\$ 34,344,356	
Deferred outflows related to other post-employment benefits	<u>43,409,181</u>	77,753,537

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Lease liability	\$ (12,141,335)	
Compensated absences payable	(1,548,163)	
Net pension liability - proportionate share - employees' retirement system	(11,534,404)	
Net pension liability - proportionate share - teachers' retirement system	(4,912,298)	
Total other post-employment benefits obligation payable	<u>(120,751,580)</u>	(150,887,780)

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (3,068,692)	
Deferred inflows related to other post-employment benefits	<u>(61,168,631)</u>	<u>(64,237,323)</u>

Total Net Position (Deficit) \$ (86,193,211)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Charges for services	\$ 289,030			\$ 89,426		\$ 378,456
Charges to components	109,281,575					109,281,575
Charges to other BOCES & non-components	27,007,814					27,007,814
Use of money & property	996,996			2,191		999,187
Other unclassified revenues	406,748					406,748
Refund of prior year's expenditures	859,284					859,284
Miscellaneous				2,161		2,161
Local sources		\$ 5,400,363				5,400,363
State sources		4,586,480			\$ 31,702	4,618,182
Federal sources	1,568,605	4,060,877				5,629,482
TOTAL REVENUES	<u>140,410,052</u>	<u>14,047,720</u>	<u>-</u>	<u>93,778</u>	<u>31,702</u>	<u>154,583,252</u>
EXPENDITURES						
Administration	7,122,977					7,122,977
Occupational instruction	9,920,721	11,313,236				21,233,957
Instruction for special education	77,704,365					77,704,365
Itinerant services	3,545,927					3,545,927
General instruction	5,131,273			89,222		5,220,495
Instructional support	20,446,216					20,446,216
Debt service - principal	1,534,845					1,534,845
Debt service - interest	274,163					274,163
Other services	17,708,088					17,708,088
Capital outlay					513,769	513,769
Cost of sales			\$ 329,003			329,003
TOTAL EXPENDITURES	<u>143,388,575</u>	<u>11,313,236</u>	<u>329,003</u>	<u>89,222</u>	<u>513,769</u>	<u>155,633,805</u>
EXCESS (DEFICIENCY)						
OF REVENUES OVER EXPENDITURES	<u>(2,978,523)</u>	<u>2,734,484</u>	<u>(329,003)</u>	<u>4,556</u>	<u>(482,067)</u>	<u>(1,050,553)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	2,332,425		334,230		579,200	3,245,855
Operating transfers (out)	(881,464)	(2,359,164)	(5,227)			(3,245,855)
Proceeds from leases					91,383	91,383
Net use/funding of reserves offset	1,392,392					1,392,392
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,843,353</u>	<u>(2,359,164)</u>	<u>329,003</u>	<u>-</u>	<u>670,583</u>	<u>1,483,775</u>
NET CHANGE IN FUND BALANCES	<u>(135,170)</u>	<u>375,320</u>	<u>-</u>	<u>4,556</u>	<u>188,516</u>	<u>433,222</u>
FUND BALANCES - BEGINNING OF YEAR	<u>10,941,233</u>	<u>915,587</u>	<u>50,000</u>	<u>142,334</u>	<u>150,000</u>	<u>12,199,154</u>
FUND BALANCES - END OF YEAR	<u>\$ 10,806,063</u>	<u>\$ 1,290,907</u>	<u>\$ 50,000</u>	<u>\$ 146,890</u>	<u>\$ 338,516</u>	<u>\$ 12,632,376</u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances		\$ 433,222
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Unearned revenue - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.		(768,519)
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year ended June 30, 2023 changed by		(275,310)
Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system	\$ (2,173,765)	
Teachers' retirement system	(1,410,434)	
Other post-employment benefits obligation	<u>(5,977,654)</u>	(9,561,853)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	\$ 4,663,900	
Depreciation expense and loss on disposals	<u>(1,842,932)</u>	2,820,968
Capital outlays related to lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.		
Intangible lease capital outlays	\$ 91,383	
Amortization expense	<u>(1,613,066)</u>	(1,521,683)
Long-Term Debt Transaction Differences		
Proceeds from leases are recorded as revenue in the governmental funds, but not in the Statement of Activities.		(91,383)
Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		<u>1,534,845</u>
Change in Net Position		<u><u>(\$7,429,713)</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Rockland County Board of Cooperative Educational Services (the “BOCES”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the BOCES are described below:

A) Reporting Entity:

The BOCES is governed by the laws of New York State. The BOCES is an independent entity governed by an elected Board of Education (the “Board”) appointed by its component school districts. 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 services within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member Boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

The BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district’s share of administrative and capital costs is calculated using a resident weighted average daily attendance (RWADA) as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which it participates.

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, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. 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.

The accompanying financial statements present the activities of the BOCES. The BOCES is not a component unit of another reporting entity. The decision to include a potential component unit in the BOCES reporting entity is based on several criteria including legal

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the BOCES' reporting entity.

B) Basis of Presentation:

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 charges for services, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between program expenses and 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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.

Fund Financial Statements:

The Fund Financial Statements provide information about the BOCES funds. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The BOCES reports the following major governmental funds:

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

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. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

School lunch fund: This fund is used to account for the activities of the BOCES food service operations.

Miscellaneous special revenue fund: This fund is used to account for assets held by the BOCES in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

Capital projects fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

C) Measurement Focus and Basis of Accounting:

The BOCES-Wide 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. Non-exchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include 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 twelve months 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, lease liability, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset and intangible lease assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

D) Revenue from Component School Districts:

The BOCES bills component school districts during the year on the basis of estimated operating costs. At the end of the year, billings are adjusted to reflect the actual cost of operations. Each component school district is charged for the specific services used, except for administrative and facilities rental costs, which are charged to component school districts on the basis of each school district's resident weighted average daily attendance of the second preceding year.

E) State Aid – Component School Districts:

New York State remits to BOCES, for distribution to component school districts, state aid payments applicable to certain programs. State aid relating to the current year was \$19,879,864. Of the total aid, \$8,992,469 was received and distributed to the school

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districts prior to June 30, 2023. The remaining aid of \$10,887,395 was received in September 2023 and will be fully distributed subsequent to year-end. As provided by state law, the receipt and distribution of component school district's state aid is not reflected in the statement of revenues, expenditures and changes in fund balance of the general fund.

F) Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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.

G) Interfund Transactions:

The operations of the BOCES include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. 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 fund). 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 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items 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 useful lives of capital assets and intangible lease assets, lease liabilities, compensated absences payable, total other post-employment benefits obligation, net pension liabilities, and potential contingent liabilities.

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I) 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. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) 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.

K) Prepays:

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These 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. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. At June 30, 2023 the BOCES had \$38,537 of prepaid expenditures in the general fund related to prepaid postage, subscriptions, and insurance premiums, and \$4,725 of prepaid expenditures in the special aid fund related to prepaid tickets and tuition.

Nonspendable fund balance for these non-liquid assets (prepays) has been recognized in the general fund and special aid fund to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other Assets:

The BOCES carries a universal life insurance policy for a certain former administrator. The contract is owned 100% by the BOCES with full rights of ownership. The former administrator's beneficiary has full rights of the death benefit minus all premiums paid by the BOCES. The premiums paid by the BOCES are recorded in the general fund as an other asset and is part of the nonspendable fund balance until the former administrator's beneficiaries have an exercisable claim to their entitled death benefit. At June 30, 2023 the total value of insurance premiums made by the BOCES was \$150,000.

M) Capital Assets:

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at estimated fair market value at the time received.

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Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the BOCES-Wide Financial Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and building improvements	\$5,000	Straight-line	50 years
Site improvements	\$5,000	Straight-line	20 years
Vehicles	\$5,000	Straight-line	8 years
Computer equipment and books	\$5,000	Straight-line	5 years
Furniture and equipment	\$5,000	Straight-line	10 years

The BOCES evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The BOCES' policy is to record an impairment loss in the period when the BOCES determines that the carrying amount of the asset will not be recoverable. At June 30, 2023, the BOCES has not recorded any such impairment losses.

N) Intangible Lease Assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the BOCES' estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the BOCES-Wide Financial Statements follow the same thresholds as noted above for capital assets.

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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BOCES has two items that qualify for reporting in this category at June 30, 2023, which are amounts related to pensions and other post-employment benefits obligation (OPEB), which are reported in the BOCES-Wide Statement of Net Position, and are detailed further in Notes 11 and 13, respectively.

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 represents an acquisition of net position that applies to a future period(s) and so will not

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be recognized as an inflow of resources (revenue) until that time. The BOCES reported deferred inflows of resources related to lease receivable, which is reported in the BOCES-Wide Statement of Net Position as well as in the general fund, and is detailed further in Note 6. The BOCES also reported deferred inflows related to pensions and OPEB reported in the BOCES-Wide Statement of Net Position, and are detailed further in Notes 11 and 13.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows are classified as revenues. The BOCES recorded \$138,026 of unavailable revenue for miscellaneous revenues in the general fund relating to a settlement. The BOCES-Wide Financial Statements, however, report this deferred inflow as revenue in accordance with the accrual basis of accounting and economic resources measurement focus.

P) Short-Term Debt:

The BOCES may issue Revenue Anticipation Notes (RAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN represents a liability that will be extinguished by the use of expendable, available resources of the fund. See Note 9 for more details on the BOCES' RAN activity in the fiscal year ended June 30, 2023.

Q) Collections in Advance:

Collections in advance arise when the BOCES receives resources before it has legal claim to them, as when monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the BOCES has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance at June 30, 2023 consist of fees for summer camp collected in the special aid fund.

R) Employee Benefits – Compensated Absences:

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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The BOCES employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the BOCES-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial Statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

S) Other Benefits:

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

The BOCES employees may choose to participate in the BOCES elective deferred compensation plans established under Internal Revenue Code sections 403(b) and 457.

In addition to providing pension benefits, the BOCES provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors 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 BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. In the BOCES-Wide statements, the cost of post-employment health coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

T) Long-Term Debt:

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. Lease liability, compensated absences, net pension liability, and other post-employment benefits obligation 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. Other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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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.

U) Equity Classifications:

BOCES-Wide Financial Statements:

In the BOCES-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets – consists of net capital assets and intangible lease assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred amounts on refunding).

Restricted net position – reports net position when constraints placed on the assets 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.

Unrestricted net position – reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the BOCES.

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

Non-spendable 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. At June 30, 2023, the BOCES has \$188,537 in nonspendable fund balance for prepaid expenses and other assets in the general fund and \$4,725 of nonspendable fund balance for prepaid expenses in the special aid fund.

Restricted fund balance – 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. The BOCES has classified the following as restricted:

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due 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

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appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Liability and Property Loss Reserve

Liability and property loss reserve (Education Law §1709(8)(c)) must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized by most school districts and BOCES. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement contribution reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. 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. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Unemployment Insurance Reserve

Unemployment insurance reserve (GML §6-m) must be 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. The reserve is accounted for in the general fund.

Insurance Reserve

Insurance reserve 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 appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated 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

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compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Restricted for Scholarships and Donations

Amounts restricted for scholarships and donations are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the miscellaneous special revenue fund.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES’ highest level of decision-making authority (i.e., Board of Education). The BOCES has no committed fund balance as of June 20, 2023.

Assigned fund balance – Includes amounts that are constrained by the BOCES’ intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the BOCES management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

Unassigned fund balance – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Order of Use of Fund Balance

The order by which the BOCES will spend restricted and unrestricted fund balance will be evaluated on an annual basis based on the current financial conditions.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND BOCES-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the BOCES-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resources measurement focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the BOCES governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net

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Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of two broad categories. The amounts shown below represent:

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on Fund Financial Statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the Fund Financial Statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

The BOCES was in compliance with all legal and contractual provisions for the fiscal year.

A) Budgets:

The BOCES administration prepares a proposed administrative, capital and program budget, as applicable for approval by the members of the Board for the general fund, the only fund with a legally adopted budget. The budget is adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. A tentative administrative budget is provided to the component districts for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards. Appropriations for educational services are adopted at the program level. Appropriations

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authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #7.

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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 BOCES.

Custodial credit risk is the risk that in the event of a bank failure, the BOCES deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution in the BOCES' name; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the BOCES' name.

All of the BOCES' aggregate bank balances were covered by depository insurance or were collateralized with securities held by the pledging financial institution in the BOCES' name at year-end.

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Restricted cash:

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 at June 30, 2023 included \$7,844,734 within the governmental funds for general reserve purposes, and amounts restricted for scholarships and donations.

B) Investments:

The BOCES does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk. The BOCES also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

C) Investment Pool:

The BOCES participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and considered to be cash equivalents. At June 30, 2023 the BOCES held \$11,430,732 in investments consisting of various investments in securities issued by the United States and its agencies:

<u>Fund</u>	<u>Bank Balance</u>
General fund	\$ 11,387,478
Miscellaneous special revenue fund	43,254
Total	<u>\$11,430,732</u>

Total investments of the cooperative at June 30, 2023 are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateralization requirements. NYCLASS is rated AAAM by Standard and Poor's Ratings Agency. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website, www.newyorkclass.org, or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

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NOTE 5 – STATE AND FEDERAL AID RECEIVABLES:

State and federal receivables for the BOCES individual major funds at June 30, 2023 consisted of the following:

General Fund

BOCES aid - due to school districts	\$ 10,887,395
Federal aid - HEERF and CARES	45,886
Total - General Fund	10,933,281

Special Aid Fund

Federal aid	1,838,353
State and local aid	1,339,505
Total - Special Aid Fund	3,177,858

Capital Projects Fund

State aid - grant	78,867
Total - School Lunch Fund	78,867

Total - State and Federal Aid Receivables	\$ 14,190,006
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BOCES management has deemed these receivables as fully collectible.

NOTE 6 – LEASE RECEIVABLE:

The BOCES recognized a lease receivable and deferred inflow of resources – leases, for an agreement whereby the BOCES leases building space to another entity, with an interest rate of 0.245%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the BOCES' lease receivable amounted to \$162,879 and \$721, respectively, for the fiscal year ended June 30, 2023.

The following is a summary of the principal and interest requirements to maturity for the BOCES' lease receivable:

Fiscal Year Ended

June 30,	Principal	Interest	Total
2024	\$ 164,481	\$ 319	\$ 164,800
2025	41,183	17	41,200
Total	\$ 205,664	\$ 336	\$ 206,000

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NOTE 7 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,163,681			\$ 3,163,681
Construction in progress	45,750	\$ 422,386	\$ (343,146)	124,990
Total capital assets not being depreciated	<u>3,209,431</u>	<u>422,386</u>	<u>(343,146)</u>	<u>3,288,671</u>
Capital assets that are depreciated:				
Building and building improvements	22,972,635	1,558,963	(144,192)	24,387,406
Land improvement	310,662	643,996	270,906	1,225,564
Furniture and equipment	7,646,549	2,038,555	(873,465)	8,811,639
Total capital assets being depreciated	<u>30,929,846</u>	<u>4,241,514</u>	<u>(746,751)</u>	<u>34,424,609</u>
Less accumulated depreciation:				
Building and building improvements	7,464,439	409,706	(2,525)	7,871,620
Land improvement	12,964	40,781		53,745
Furniture and equipment	2,934,152	914,466	(609,393)	3,239,225
Total accumulated depreciation	<u>10,411,555</u>	<u>1,364,953</u>	<u>(611,918)</u>	<u>11,164,590</u>
Total capital assets being depreciated, net	<u>20,518,291</u>	<u>2,876,561</u>	<u>(134,833)</u>	<u>23,260,019</u>
Total capital assets, net	<u>\$ 23,727,722</u>	<u>\$ 3,298,947</u>	<u>\$ (477,979)</u>	<u>\$ 26,548,690</u>

Depreciation expense and loss on disposals were charged to the governmental functions as follows:

Administration	\$ 43,196
Occupational instruction	105,251
Instruction for special education	478,913
General instruction	2,392
Instructional support	15,497
Other services	1,197,683
	<u>\$ 1,842,932</u>

B) Intangible Lease Assets

The following schedule summarizes the BOCES' intangible lease asset activity for the fiscal year ended June 30, 2023:

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	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Building space	\$ 14,635,328	\$ -	\$ -	\$ 14,635,328
Furniture and equipment	369,411	91,383		460,794
Total intangible lease assets being amortized	<u>15,004,739</u>	<u>91,383</u>	<u>-</u>	<u>15,096,122</u>
Less accumulated amortization:				
Building space	1,535,134			1,535,134
Furniture and equipment	88,659	1,613,066	-	1,701,725
Total accumulated amortization	<u>1,623,793</u>	<u>1,613,066</u>	<u>-</u>	<u>3,236,859</u>
Total intangible lease assets, net	<u>\$ 13,380,946</u>	<u>\$ (1,521,683)</u>	<u>\$ -</u>	<u>\$ 11,859,263</u>

Amortization expense was charged to governmental functions as follows:

Occupational Instruction	<u>\$ 1,613,066</u>
	<u>\$ 1,613,066</u>

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

Interfund balances and activities for the fiscal year ended June 30, 2023 were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 36,293,920	\$ 34,308,574	\$ 2,332,425	\$ 881,464
Special aid fund	18,289,752	20,723,115		2,359,164
School lunch fund	529,572	452,318	334,230	5,227
Miscellaneous special revenue fund	41,254			
Capital fund	329,509		579,200	
Total government activities	<u>\$ 55,484,007</u>	<u>\$ 55,484,007</u>	<u>\$ 3,245,855</u>	<u>\$ 3,245,855</u>

The BOCES typically transfers from the general fund to the school lunch fund to subsidize the operations of the school lunch program, from the special aid fund to the general fund for reimbursement of grant expenses initially incurred by the general fund, and from the school lunch fund to the general fund for costs incurred by the school lunch fund provided by general fund resources. In addition, the BOCES budgeted a transfer from the general fund into the capital projects fund to finance future capital outlays.

The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

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NOTE 9 - SHORT-TERM DEBT:

Transactions in short-term debt for the fiscal year ended June 30, 2023 are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RAN	6/22/2023	2.270%	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
RAN	6/21/2024	4.420%	-	5,000,000	-	5,000,000
	Totals		<u>\$ 5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>

The Revenue Anticipation Note (RAN) was issued for interim financing of general fund operations. Interest on short-term debt for the year amounted to \$113,500.

NOTE 10 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the year ended June 30, 2023 are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Reclassified and Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Other long-term liabilities:					
Lease liability	\$ 13,584,797	\$ 91,383	\$ 1,534,845	\$ 12,141,335	\$ 1,579,968
Compensated absences	1,272,853	371,113	95,803	1,548,163	181,779
Net pension liability - proportionate share - ERS	-	11,534,404		11,534,404	
Net pension liability - proportionate share - TRS	-	4,912,298		4,912,298	
Total other post-employment benefits obligation	115,878,329	24,193,770	19,320,519	120,751,580	
Total long-term liabilities	<u>\$ 130,735,979</u>	<u>\$ 41,102,968</u>	<u>\$ 20,951,167</u>	<u>\$ 150,887,780</u>	<u>\$ 1,761,747</u>

The general fund has typically been used to liquidate long-term liabilities such as lease liability, compensated absences, net pension liabilities, and total other post-employment benefits obligation.

A) Lease Liability

The BOCES recognizes a lease liability obligation and an intangible lease asset for agreements whereby the BOCES obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The BOCES has entered into such lease agreements for classroom space, vehicles, and other equipment items with interest rates ranging from 0.245% to 1.471%.

Principal and interest expense paid on the BOCES' lease liability amounted to \$1,534,845 and \$160,663, respectively, for the fiscal year ended June 30, 2023.

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The following is a summary of the principal and interest requirements to maturity for the BOCES' leases:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,579,968	\$ 143,781	\$ 1,723,749
2025	1,580,486	126,218	1,706,704
2026	1,522,919	108,559	1,631,478
2027	1,525,529	91,002	1,616,531
2028	1,539,627	73,243	1,612,870
2029-2033	3,264,780	196,060	3,460,840
2034-2035	1,128,026	17,366	1,145,392
	\$ 12,141,335	\$ 756,229	\$ 12,897,564

B) Long-Term Interest

Interest on long-term debt for the year was composed of lease liability interest of \$160,663.

NOTE 11 – PENSION PLANS:

A) Plan Description and Benefits Provided:

Teachers' Retirement System

The BOCES participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. 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. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 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.

Employees' Retirement System

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The BOCES participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System 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 new 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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 report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976, and before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, and before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system on or after July 27, 1976, and before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 and before April 1, 2012

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- i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The BOCES contribution rates for ERS' fiscal year ended March 31, 2023, ranged from 8.30% to 13.10% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The BOCES contribution rate for the TRS' fiscal year ended June 30, 2023 and 2022 for covered payroll was 10.29% and 9.8%, respectively.

The BOCES contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the BOCES' year end were:

	NYSTRS	NYSERS
2023	\$4,806,563	\$2,235,391
2022	\$4,444,349	\$1,790,872
2021	\$4,364,228	\$2,316,328

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

At June 30, 2023, 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, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES proportion of the net pension asset/(liability) was based on a projection of the BOCES 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 ERS and TRS Systems in reports provided to the BOCES.

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (11,534,404)	\$ (4,912,298)
BOCES' portion of the Plan's total net pension asset/(liability)	0.0537884%	0.255997%
Change in proportionate since the prior measurement date	0.0003803%	0.0138080%

For the fiscal year ended June 30, 2023, the BOCES' recognized pension expense of \$4,075,687 and \$6,214,840 for ERS and TRS, respectively. At June 30, 2023 the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,228,504	\$ 5,147,466	\$ 323,930	\$ 98,434
Changes of assumptions	5,601,850	9,529,026	61,911	1,978,812
Net difference between projected and actual earnings on pension plan investments		6,347,154	67,764	
Changes in proportion and difference between the BOCES' contributions and proportionate share of contributions	109,410	1,015,535	65,214	472,627
BOCES' contributions subsequent to the measurement date	558,848	4,806,563		
	<u>\$ 7,498,612</u>	<u>\$ 26,845,744</u>	<u>\$ 518,819</u>	<u>\$ 2,549,873</u>

BOCES contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>ERS</u>	<u>TRS</u>
Plan Year ended:		
2023	\$ -	\$ 3,671,607
2024	1,548,049	1,965,290
2025	(619,987)	(697,499)
2026	2,347,320	12,669,688
2027	3,145,563	1,727,765
Thereafter	-	152,457
	<u>\$ 6,420,945</u>	<u>\$ 19,489,308</u>

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Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrements	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, 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.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns net of

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pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	32%	4.30%	33%	6.50%
International equity	15%	6.85%	16%	7.20%
Global equity			4%	6.90%
Private equity	10%	7.50%	8%	9.90%
Real estate	9%	4.60%	11%	6.20%
Opportunistic/absolute return strategy	3%	5.38%		
Credit	4%	5.43%		
Real assets	3%	5.84%		
Fixed income	23%	1.50%		
Cash	1%	0.00%		
Domestic fixed income securities			16%	1.10%
Global bonds			2%	0.60%
High-yield bonds			1%	3.30%
Private debt			2%	5.30%
Real estate debt			6%	2.40%
Cash equivalents			1%	-0.30%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% 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 asset/(liability).

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Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the BOCES' proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the BOCES' proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

<u>ERS</u>	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (27,873,707)</u>	<u>\$ (11,534,404)</u>	<u>\$ 2,118,985</u>
<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (45,293,686)</u>	<u>\$ (4,912,298)</u>	<u>\$ 29,048,185</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension (liability)	\$ (232,627,259)	\$ (133,883,474)
Plan fiduciary net position	<u>211,183,223</u>	<u>131,964,582</u>
Employers' net pension liability	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$558,848.

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For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the BOCES, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$5,455,619.

NOTE 12 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The BOCES has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The BOCES is also required to make non-elective contributions of certain termination payments based on collectively bargained agreements, and payments based on certain non-aligned contract agreements. Contributions made by the BOCES and the employees for the fiscal year ended June 30, 2023 totaled \$57,626 and \$2,335,007, respectively.

B) Deferred Compensation Plan:

The BOCES has established a deferred compensation plan in accordance with Internal Revenue Code Section 457 for all eligible employees. The BOCES makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2023 totaled \$423,603.

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description:

The BOCES' defined benefit other post-employment benefits plan (the "Plan") provides OPEB for all permanent full-time general and public safety employees of the BOCES. The plan is a single-employer defined benefit 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 GASB Statement No. 75.

Benefits Provided

The Plan provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The

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specifics of each contract are on file at the BOCES' offices and are available upon request. Benefit terms provide for the BOCES to contribute between 63% and 100% of the premiums for individual and family coverage, and 0% of the premiums for surviving spouses. The BOCES recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments as accrued. For fiscal year 2023, the BOCES contributed an estimated \$1,978,268 the Plan, including \$1,978,268 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the BOCES to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	411
Active employees	896
Total Members	<u>1,307</u>

Total OPEB Liability:

The BOCES' total OPEB liability of \$120,751,580 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases including inflation	2.40%
Discount rate	3.65%
Healthcare cost trend rate	6.4% for 2023, decreasing to an ultimate rate of 3.8% over 55 years

This discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Mortality rates were based on Pub-2010 Mortality Table generationally projected using Scale MP-Ultimate, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

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B) Changes in the Total OPEB Liability:

Balance as of June 30, 2022	<u>\$ 115,878,329</u>
Changes for the fiscal year:	
Service cost	6,088,640
Interest	4,282,920
Change in benefit terms	
Effect of demographic gains or losses	(17,342,251)
Changes of assumptions or other inputs	13,822,210
Benefit payments	<u>(1,978,268)</u>
Net Changes	<u>4,873,251</u>
Balance as of June 30, 2023	<u><u>\$ 120,751,580</u></u>

There were no significant plan changes since the last valuation.

The following assumptions were updated since the last full valuation:

The discount rate was changed from 3.54% at June 30, 2022 to 3.65% at June 30, 2023.

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 (2.65%) or 1-percentage point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 143,354,520</u>	<u>\$ 120,751,580</u>	<u>\$ 102,756,969</u>

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 (5.4%) or 1-percentage point higher (7.4%) than the current healthcare trend rates:

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	<u>1% Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$106,121,625</u>	<u>\$120,751,580</u>	<u>\$139,775,896</u>

C) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30 2023, the BOCES recognized OPEB expense of \$7,955,922. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 32,660,562
Changes of assumptions or other inputs	<u>43,409,181</u>	<u>28,508,069</u>
	<u>\$ 43,409,181</u>	<u>\$ 61,168,631</u>

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

Fiscal Year ended June 30:	
2023	\$ (2,415,638)
2024	(2,415,638)
2025	(2,415,638)
2026	(1,707,629)
2027	(2,485,479)
Thereafter	<u>(6,319,428)</u>
	<u>\$ (17,759,450)</u>

NOTE 14 – RISK MANAGEMENT:

A) General Information:

The BOCES is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

B) Public Entity Risk Pool:

The BOCES participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk retained public entity risk pool for its BOCES property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the BOCES has essentially transferred all related risk to the pool.

The BOCES participates in a risk-sharing pool, the Rockland County Schools Cooperative Workers' Compensation Self- Insurance Plan, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

The BOCES pays an annual premium to the pool for its workers' compensation claims coverage. The Plan has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the Plan. Although excess compensation insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan's responsibility for payment of the claim.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan's total liability for unbilled and opened claims at June 30, 2023, is \$16,813,426. Of this total undiscounted liability, \$4,061,715 is associated with the BOCES. During the year ended June 30, 2023, the BOCES' contribution to the Plan was \$1,240,188.

The Plan has issued financial statements for the year ended June 30, 2023. Copies of these statements can be obtained from the BOCES' administrative office. For its health insurance coverage, the BOCES is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for New York State, local government and school district employers and employees. The Plan is considered a self-sustaining risk pool and the BOCES has essentially transferred all risk to the pool.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 – FUND BALANCES – ASSIGNED AND RESTRICTED:

Assigned Unappropriated or Restricted- Encumbered:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2023, the BOCES encumbered the following amounts:

General Fund	
Administration	\$ 79,455
Occupational instruction	724,346
Instruction for special education	1,423,949
Itinerant services	12,898
General instruction	64,356
Instructional support	26,508
Other services	714,326
	<u>\$ 3,045,838</u>

NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A) Litigation:

The BOCES is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the BOCES insurance coverage. However, it is not possible to determine the BOCES potential exposure, if any, at this time.

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 to the Federal and State governments. The BOCES' administration believes that disallowances, if any, would be immaterial.

NOTE 17 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the BOCES through the date of this report and concluded that there were no events which took place that would have a material impact on the financial statements.

SUPPLEMENTARY INFORMATION

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Charges for services	\$ 949,282	\$ 289,030	\$ 289,030	\$ -
Charges to components	130,116,435	113,950,541	109,281,575	(4,668,966)
Charges to other BOCES & non-components	555,440	28,046,842	27,007,814	(1,039,028)
Use of money & property	7,500	996,996	996,996	-
Other unclassified revenues	348,360	406,748	406,748	-
Refund of prior year's expenditures	50,000	859,284	859,284	-
Federal Sources	-	-	1,568,605	1,568,605
TOTAL REVENUES	<u>132,027,017</u>	<u>144,549,441</u>	<u>140,410,052</u>	<u>(4,139,389)</u>
Other Financing Sources				
Transfers from other funds	1,178,364	2,332,425	2,332,425	-
Net use/funding of reserves offset	-	1,568,605	1,392,392	(176,213)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>133,205,381</u>	<u>148,450,471</u>	<u>144,134,869</u>	<u>\$ (4,315,602)</u>
Appropriated Reserves	<u>4,573,399</u>	<u>4,573,399</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES, & APPROPRIATED RESERVES	<u>\$ 137,778,780</u>	<u>\$ 153,023,870</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
Administration	\$ 5,937,932	\$ 7,114,490	\$ 7,122,977	\$ 79,455	\$ (87,942)
Occupational instruction	9,630,304	9,971,170	9,920,721	724,346	(673,897)
Instruction for special education	76,170,470	80,914,118	77,704,365	1,423,949	1,785,804
Itinerant services	4,233,212	4,409,352	3,545,927	12,898	850,527
General instruction	6,105,255	5,225,213	5,131,273	64,356	29,584
Instructional support	16,667,596	20,930,559	20,446,216	26,508	457,835
Other services	15,699,193	18,495,810	17,708,088	714,326	73,396
Internal service	678,379	3,272,686	-	-	3,272,686
Debt service principal	1,534,845	1,534,845	1,534,845	-	-
Debt service interest	264,496	274,163	274,163	-	-
TOTAL EXPENDITURES	136,921,682	152,142,406	143,388,575	3,045,838	5,707,993
Other Financing (Sources) Uses					
Transfers to other funds	857,098	881,464	881,464	-	-
TOTAL OTHER FINANCING SOURCES (USES)	857,098	881,464	881,464	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 137,778,780	\$ 153,023,870	144,270,039	\$ 3,045,838	\$ 5,707,993
Net change in fund balances			(135,170)		
Fund balances - beginning of year			10,941,233		
Fund balances - end of year			<u>\$ 10,806,063</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30,

	NYSERS Pension Plan								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' proportion of the net pension asset/(liability)	0.0537884%	0.0534081%	0.0531247%	0.0529506%	0.0497058%	0.0497169%	0.0422949%	0.041399%	0.0548775%
BOCES' proportionate share of the net pension asset/(liability)	\$ (11,534,404)	\$ 4,365,888	\$ (52,898)	\$ (14,021,623)	\$ (3,521,810)	\$ (1,604,586)	\$ (3,974,120)	\$ (6,644,680)	\$ (1,853,895)
BOCES' covered payroll	\$ 18,803,270	\$ 17,316,323	\$ 16,332,294	\$ 16,551,019	\$ 16,013,000	\$ 15,084,000	\$ 14,032,000	\$ 10,802,000	\$ 10,798,000
BOCES' proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	61.34%	25.21%	0.32%	84.72%	21.99%	10.64%	28.32%	61.51%	17.17%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
	NYSTRS Pension Plan								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' proportion of the net pension asset/(liability)	0.255997%	0.269805%	0.267172%	0.275719%	0.267450%	0.263166%	0.258729%	0.255007%	0.256032%
BOCES' proportionate share of the net pension asset/(liability)	\$ (4,912,298)	\$ 46,754,694	\$ 7,382,688	\$ 7,163,207	\$ 4,836,199	\$ 2,000,323	\$ (2,771,097)	\$ (26,487,068)	\$ (28,520,333)
BOCES' covered payroll	\$ 46,140,122	\$ 46,627,866	\$ 46,375,769	\$ 46,008,000	\$ 43,565,000	\$ 41,703,000	\$ 39,925,000	\$ 38,305,000	\$ 37,820,000
BOCES' proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.65%	100.27%	15.92%	15.57%	11.10%	4.80%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Notes to Required Supplementary Information:

The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

Employees' Retirement System

The discounted rate remained at 5.90% as reflected in 2022 and 2023 above

Teachers' Retirement System

The discounted rate remained at 6.95% as reflected in 2022 and 2023 above

This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOCES' PENSION CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,235,391	\$ 1,790,872	\$ 2,316,328	\$ 2,148,220	\$ 2,096,587	\$ 1,948,166	\$ 1,658,000	\$ 1,863,000	\$ 2,117,000
Contributions in relation to the contractually required contribution	<u>2,235,391</u>	<u>1,790,872</u>	<u>2,316,328</u>	<u>2,148,220</u>	<u>2,096,587</u>	<u>1,948,166</u>	<u>1,658,000</u>	<u>1,863,000</u>	<u>2,117,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 19,007,086	\$ 17,714,480	\$ 16,604,611	\$ 17,071,577	\$ 16,013,000	\$ 15,084,000	\$ 14,032,000	\$ 10,802,000	\$ 10,798,000
Contributions as a percentage of covered payroll	11.76%	10.11%	13.95%	12.58%	13.09%	12.92%	11.82%	17.25%	19.61%
NYSTRS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,806,563	\$ 4,444,349	\$ 4,364,228	\$ 4,017,795	\$ 4,886,071	\$ 4,269,000	\$ 4,888,000	\$ 5,294,000	\$ 6,715,000
Contributions in relation to the contractually required contribution	<u>4,806,563</u>	<u>4,444,349</u>	<u>4,364,228</u>	<u>4,017,795</u>	<u>4,886,071</u>	<u>4,269,000</u>	<u>4,888,000</u>	<u>5,294,000</u>	<u>6,715,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 47,158,728	\$ 46,140,122	\$ 46,627,866	\$ 46,375,769	\$ 46,008,000	\$ 43,561,000	\$ 41,703,000	\$ 39,925,000	\$ 38,305,000
Contributions as a percentage of covered payroll	10.19%	9.63%	9.36%	8.66%	10.62%	9.80%	11.72%	13.26%	17.53%

Note to Required Supplementary Information:

This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE BOCES' TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

TOTAL OPEB LIABILITY	2023	2022	2021	2020	2019	2018
Service cost	\$ 6,088,640	\$ 9,430,110	\$ 5,629,523	\$ 4,841,962	\$ 5,571,110	\$ 6,007,884
Interest	4,282,920	3,122,260	2,723,926	3,406,965	3,369,397	3,180,896
Changes of demographic gains and losses	(17,342,251)		(18,580,375)	-	(9,621,107)	-
Changes of benefit terms	-	-	-	52,799	-	-
Differences between expected and actual experience	-	-	-	-	-	(68,856)
Changes of assumptions or other inputs	13,822,210	(30,406,765)	30,361,632	19,459,808	(10,911,199)	-
Benefit payments	(1,978,268)	(2,757,737)	(2,524,814)	(2,738,148)	(2,567,303)	(2,234,689)
NET CHANGE IN TOTAL OPEB LIABILITY	4,873,251	(20,612,132)	17,609,892	25,023,386	(14,159,102)	6,885,235
TOTAL OPEB LIABILITY - BEGINNING	115,878,329	136,490,461	118,880,569	93,857,183	108,016,285	101,131,050
TOTAL OPEB LIABILITY - ENDING	\$ 120,751,580	\$ 115,878,329	\$ 136,490,461	\$ 118,880,569	\$ 93,857,183	\$ 108,016,285
COVERED-EMPLOYEE PAYROLL	\$ 58,579,413	\$ 60,900,504	\$ 60,900,504	\$ 42,412,725	\$ 42,412,725	\$ 53,985,523
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	206.13%	190.27%	224.12%	280.29%	221.29%	200.08%

NOTES TO SCHEDULE:*Trust Assets*

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2023	3.65%
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
OTHER SUPPLEMENTARY INFORMATION
ANALYSIS OF ACCOUNT A431 AND A431-80 SCHOOL DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

July 1, 2022 - Debit (Credit) Balance		\$ 21,601,178
DEBITS		
Billings to School Districts	141,997,383	
Refund of Prior Year Surplus to Districts	2,625,662	
Encumbrances - End of Year	<u>3,045,838</u>	
TOTAL DEBITS		<u>147,668,883</u>
SUBTOTAL		<u>169,270,061</u>
CREDITS		
Collections from School Districts	142,826,251	
Revenues in Excess of Expenditures	4,180,433	
Encumbrances - Beginning of Year	<u>4,573,399</u>	
TOTAL CREDITS		<u>151,580,083</u>
June 30, 2023 - Debit (Credit) Balance		<u><u>\$ 17,689,978</u></u>

BREAKDOWN OF A431 AND A380 DEBIT BALANCE

Receivables from Districts-A431		\$ 23,397,972
Surplus Payable to Districts-Credit		<u>5,707,994</u>
Net Receivable from Districts - Debit		<u><u>\$ 17,689,978</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Project Name	Total Authorized Budget	Expenditures and Transfers to Date				Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023	
		Prior Years Expenses	Current Year Expenses	Current Year Transfers	Total		General Fund Transfers	Other Financing Sources	State Aid		
Student Lifeskills Building	\$ 279,821	\$ 47,165	\$ 31,702	\$ -	\$ 78,867	\$ 200,954	\$ 200,954	\$ -	\$ 78,867	\$ 279,821	\$ 200,954
Renovations - Building 4	397,240	325,000	72,240		397,240	-	397,240			397,240	-
Perimeter Fence 2022-2023	270,906	-	270,906		270,906	-	270,906			270,906	-
CTEC/P-Tech School	185,100	-	47,538		47,538	137,562	185,100			185,100	137,562
Lease agreements	1,836,580	1,745,197	91,383		1,836,580	-		1,836,580		1,836,580	-
Total All Projects	\$ 2,969,647	\$ 2,117,362	\$ 513,769	\$ -	\$ 2,631,131	\$ 338,516	\$ 1,054,200	\$ 1,836,580	\$ 78,867	\$ 2,969,647	\$ 338,516

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 133,205,381
Add: Prior year's encumbrances		<u>4,573,399</u>
Original Budget		137,778,780
Budget Revisions:		
Board resolutions to accept changes in service contracts	<u>\$ 15,245,090</u>	
Total budget revisions		<u>15,245,090</u>
Final Budget		<u><u>\$ 153,023,870</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital assets, net		\$ 26,548,690
Intangible lease assets, net		11,859,263
 Deduct:		
Accounts payable	\$ 33,138	
Short-term portion of lease liability	1,579,968	
Long-term portion of lease liability	<u>10,561,367</u>	<u>12,174,473</u>
 Net investment in capital assets		 <u><u>\$ 26,233,480</u></u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Board of Cooperative Educational Services of Rockland County

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 and each major fund of the Board of Cooperative Educational Services of Rockland County (the "BOCES"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated November 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BOCES' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of the BOCES' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BOCES' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 9, 2023