

FINANCIAL REPORT
AUDITED
ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
New Paltz, New York
For the Year Ended June 30, 2026

Audited for:

Board of Education

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES



Audited By:

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ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Ulster County Board of Cooperative Educational Services
175 Route 32 North
New Paltz, NY 12561

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ulster County Board of Cooperative Educational Services (the "BOCES") as of and for the year ended June 30, 2026, 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, each major fund, and the aggregate remaining fund information of the BOCES, as of June 30, 2026, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS 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 changes in the BOCES' total OPEB liability and related ratios, schedule of the BOCES' proportionate share of the net pension asset/(liability) and related ratios, schedule of employer contributions, schedule of revenues and expenditures compared to budget – general fund, and notes to the schedule of revenues and expenditures compared to budget – general fund on pages 4 through 11 and 47 through 52 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 accompanying combining nonmajor fund financial statements, and the schedule of indebtedness, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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 combining nonmajor fund financial statements, the schedule of indebtedness, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Analysis of Account A-431-School Districts, the Schedule of Change from Adopted Budget to Final Budget, Capital Project Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2026 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 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.

RBT CPAs, LLP

Hudson, NY

September 16, 2026

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction

The following is a discussion and analysis of the BOCES financial performance for the fiscal year ended June 30, 2026. 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 government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES financial statements, which immediately follow this section.

I. Overview

BOCES-wide Financial Statements

The BOCES-wide 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 and liabilities. 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 statements report the BOCES *net position* and how they have changed. Net position – the difference between the BOCES assets and liabilities – are one way to measure the BOCES financial health or *position*.

- Over time, increases or decreases in the BOCES net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the BOCES overall health, you need to consider additional non-financial factors such as the financial condition of the component school districts and the condition of school buildings and other facilities.

In the BOCES-wide financial statements, the BOCES activities are shown as *governmental activities*. Most of the BOCES basic services are included here, such as regular, occupational, adult, and special education, and administration. Charges to component school districts and other BOCES finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the BOCES funds, focusing on its most significant or “major” funds – not the BOCES as a whole. Funds are accounting devices the BOCES uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The BOCES establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).
- The BOCES currently has two major funds: General Fund and Capital Fund.

The BOCES has two kinds of funds:

- **Governmental Funds:** Most of the BOCES 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 funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES programs. Because this information does not encompass the additional long-term focus of the BOCES-wide statements, separate reconciliation are provided that explain the relationship (or differences) between them.
- **Fiduciary Funds:** The BOCES is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The BOCES excludes these activities, because the resources of these fund are not available to support the BOCES programs.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the BOCES-wide and fund financial statements.

II. Financial Summary

BOCES-WIDE FINANCIAL ANALYSIS

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES'S NET POSITION

	2026	<i>Restated</i> 2025	\$ Change	% Change
Current Assets	\$ 51,316,968	\$ 52,452,718	\$ (1,135,750)	-2.17%
Workers' Compensation Asset	1,888,821	1,698,095	190,726	11.23%
Net Pension Asset	6,303,482	3,005,076	3,298,406	109.76%
Capital Assets, Net	71,450,625	29,914,661	41,535,964	138.85%
Total Assets	130,959,896	87,070,550	43,889,346	50.41%
Deferred Outflows of Resources				
Pensions	10,582,733	10,674,561	(91,828)	-0.86%
Other Postemployment Benefits	7,842,956	584,550	7,258,406	1241.71%
Total Deferred Outflows of Resources	18,425,689	11,259,111	7,166,578	63.65%
Current Liabilities	28,053,725	22,492,624	5,561,101	24.72%
Long-Term Liabilities	148,710,404	113,759,268	34,951,136	30.72%
Total Liabilities	176,764,129	136,251,892	40,512,237	29.73%
Deferred Inflows of Resources				
Lease	1,647,195	2,331,915	(684,720)	-29.36%
Pension	9,874,158	4,607,503	5,266,655	114.31%
Other Postemployment Benefits	39,755,283	54,820,905	(15,065,622)	-27.48%
Total Deferred Inflows of Resources	51,276,636	61,760,323	(10,483,687)	-16.97%
Net Position:				
Net Investment in Capital Assets	41,347,548	26,188,222	15,159,326	57.89%
Restricted	6,485,470	5,170,433	1,315,037	25.43%
Unrestricted	(126,488,198)	(131,041,209)	4,553,011	3.47%
Total Net Position	\$ (78,655,180)	\$ (99,682,554)	\$ 21,027,374	21.09%

By far, the largest component of the BOCES' net position, \$41,347,548 reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The BOCES uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the BOCES' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The assets subject to external restrictions total \$6,485,470. The remaining balance is an unrestricted deficit of \$(126,488,198), primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, certain items are included in the Statement of Net Position. As of June 30, 2026, the BOCES reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the BOCES. Rather these represent the BOCES's share of the calculated excess/shortfall of the respective retirement systems. Please see Note IX of the financial statements for more information on these pension items.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The negative total net position balance of \$(78,655,180), continues to be the result of recognizing the liability for Other Post – Employment Benefits (“OPEB”), without any legal mechanism to set-aside funds for this liability. For the 2025-2026 fiscal year, this liability increased by a net amount of \$14,238,519 to a balance of \$116,220,125.

BOCES-WIDE FINANCIAL ANALYSIS

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES'S CHANGES IN NET POSITION

	2026	%	2025	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 122,195,301	98.62%	\$ 119,623,858	98.60%	\$ 2,571,443	2.15%
Operating Grants	1,712,989	1.38%	1,692,414	1.40%	20,575	1.22%
Total Program Revenue	123,908,290	100.00%	121,316,272	100.00%	2,592,018	2.14%
General Revenues:						
Interest and Earnings	926,812	20.94%	1,106,973	41.96%	(180,161)	-16.28%
Sales of Property and Compensation for Loss	88,171	1.99%	(1,687)	-0.06%	89,858	-5326.50%
Miscellaneous	3,410,051	77.07%	1,532,623	58.10%	1,877,428	122.50%
Total General Revenues	4,425,034	100.00%	2,637,909	100.00%	1,787,125	67.75%
Total Revenues	128,333,324		123,954,181		4,379,143	3.53%
Program Expenses:						
Administration	7,899,789	7.36%	6,675,434	6.22%	1,224,355	18.34%
Occupational Instruction	16,196,970	15.09%	12,908,627	12.03%	3,288,343	25.47%
Instruction for Special Education	32,683,046	30.46%	31,988,513	29.82%	694,533	2.17%
Itinerant Services	1,792,650	1.67%	1,909,414	1.78%	(116,764)	-6.12%
General Instruction	8,034,425	7.49%	7,491,065	6.98%	543,360	7.25%
Instructional Support	9,639,061	8.98%	11,165,343	10.41%	(1,526,282)	-13.67%
Other Services	25,197,834	23.49%	27,076,262	25.24%	(1,878,428)	-6.94%
Other Expenses	(1,935,799)	-1.80%	25,545	0.02%	(1,961,344)	-7678.00%
Cost of Sales	325,433	0.30%	295,354	0.28%	30,079	10.18%
Return of Surplus	7,472,541	6.96%	7,730,262	7.21%	(257,721)	-3.33%
Total Expenses	107,305,950	100.00%	107,265,819	100.00%	40,131	0.04%
Change in Net Position	\$ 21,027,374		\$ 16,688,362			

Selected Governmental Fund Highlights

- The General Fund balance decreased from an illustrative \$16.1 million to approximately \$13.4 million, primarily due to the General Fund Reserve for Encumbrance decreasing from \$12,489,648 to \$9,749,905.
- Capital Projects Fund expenditures increased as construction activity accelerated on building construction, security upgrades, and energy-related improvements.
- Special Aid Fund expenditures increased more significantly compared to revenue in current year causing the fund balance to decrease in the current year.
- Cafeteria Fund net income improved modestly due to stable meal participation and reimbursement rates that more fully covered food and labor costs than in the prior year.
- Miscellaneous Fund increased significantly mainly due to receiving a large donation for a scholarship in the current year in the amount of \$1 million.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

III. Detailed Analysis

Financial Analysis of the Ulster County Board of Cooperative Educational Services

The major changes from 2024-2025 to 2025-2026 are as follows:

Revenues:

- Charges for Services increased by \$2,571,443, This mainly due to an increase in services requested from other BOCES and School Districts compared to the prior year.
- Miscellaneous revenue increased by \$1,877,428 mainly due to an increase in gifts and donations and Ulster BOCES is processing the District Superintendents Annual Dues, Memberships and Meetings for all the BOCES in New York State. compared to the prior year.

Expenses:

- Administration expenses increased by \$1,224,355 mainly due to new lease expense.
- Occupational Instruction increased by \$3,288,343 mainly due to increases in material and supplies, health insurance cost, OPEB and pension expenses.
- Instructional Support expenses decreased by \$1,526,282. This decrease is mainly due to changes in OPEB, compensated absences, and pension expenses.
- Other Services expenses decreased by \$1,878,428. This decrease is mainly due to a decrease in the programs provided along with a decrease in the equipment purchased for other school districts.
- Other Expenses decreased by \$1,961,344 primarily due to the impact of new lease activity and changes in the Workers' Compensation Plan Asset.

Fund Balance Reporting

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

Governmental Funds: The focus of the BOCES' governmental funds is to provide information on near-term revenues, expenditures, and balances of usable resources. Such information is useful in assessing the BOCES's financing for spending at the end of the fiscal year.

The BOCES classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the BOCES that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Note: According to the Office of the State Comptroller, BOCES in New York State will not have committed fund balance to report.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total Governmental Funds

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

As of the end of the current fiscal year, the BOCES' governmental funds, reported combined fund balances of \$29,470,602, a decrease of \$4,475,281 from the prior year. \$22,972,984 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purpose. The BOCES has a nonspendable fund balance of \$1,649,208, consisting of prepaid expenditures in the General Fund and inventory in the Cafeteria Fund. As the BOCES does not have sufficient unassigned fund balance to offset the nonspendable amounts, this results in a negative unassigned fund balance of \$1,637,060. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund unemployment insurance of \$652,242, property loss of \$500,000, for retirement contributions of \$1,770,755, for employee benefit accrued liability reserve of \$738,339, Special Miscellaneous Fund of \$1,029,757 for scholarships, and Capital Fund of \$1,794,377 for career educational instructional equipment.

The summary of the combined fund balances are as follows:

	General Fund	Capital Fund	Non-Major Fund	Total
Nonspendable	\$ 1,637,060	\$ -	\$ 12,148	\$ 1,649,208
Restricted	3,661,336	1,794,377	1,029,757	6,485,470
Assigned	9,749,905	12,858,819	364,260	22,972,984
Unassigned	(1,637,060)	-	-	(1,637,060)

General Fund Budgetary Highlights

During the year, the BOCES revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

IV. Significant Capital Assets and Long-Term Financing

Capital Asset and Debt Administration

Capital Assets: At June 30, 2026, the BOCES had \$42,994,743 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is \$14,496,043.

The increase in capital assets during the current fiscal year is a result of increased costs due to ongoing capital projects.

Debt: As of June 30, 2026, the BOCES had \$30,103,077 in general obligation and other long-term debt outstanding.

More detailed information about the BOCES' capital assets and long-term debt is presented in the notes to the financial statements.

Pension

At June 30, 2026, the BOCES reported an liability of \$2,255,355 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2025. The TRS net pension asset was measured as of June 30, 2025, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2024. At June 30, 2026 the BOCES reported an asset of \$6,303,482 for its proportionate share of the net pension asset of TRS.

V. Currently Know Factors, Decisions and Conditions

Ulster BOCES continues to be guided by our core mission as a service agency and by our North Star Educational Commitments, which affirm that all learners—adults and students alike—will foster their Unique Self, Contribute to Community, Develop Capacity, and Engage in Continuous Cycles of Inquiry and Learning. These values not only help us chart our own course but also allow us to lead and partner with our districts as we collectively navigate what lies ahead.

Fiscal Landscape, Federal Shifts, and Regionalization

The future of education is being shaped by new fiscal realities, particularly the federal shifts currently underway. These changes are creating uncertainty for districts across New York State and beyond, and their impacts are already being felt in school operations, program funding, and workforce sustainability. Ulster BOCES remains committed to helping districts anticipate, adapt, and thrive in the face of these challenges. Our shared approach must be both innovative and fiscally disciplined—ensuring that every dollar serves students while also safeguarding long-term viability.

As part of this work, Ulster BOCES is proud to be leading the regionalization efforts through NYSED. Over the past year, we convened all eight districts of Ulster County to identify key areas where we can collaborate and share resources to do more and better for students. Together, we identified three shared priorities:

- Expanding programming for both regular and special education students, especially those with outward-facing behavioral and aggressive tendencies.
- Increasing access to Career and Technical Education programming and related activities for all students.
- Providing more sustained professional learning opportunities for educators across our schools.

This regionalization work reflects our deep commitment to equity, access, and collective problem-solving, ensuring that all students, regardless of their district, have robust opportunities to learn, grow, and succeed.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Facilities, Infrastructure, and the Next Phase of Our Campuses

As we enter Year 2 at iPark 87, our focus shifts from opening a new facility to ensuring that every student and every staff member has what they need for meaningful teaching and learning. Through the continued development of our Career Pathways Program model, we are strengthening the structures, supports, learning experiences, and systems that bring the vision of iPark to life. At the same time, we will continue to make thoughtful adjustments and additions to the facility as we learn from its daily use and respond to the evolving needs of our students, staff, and programs.

This year also begins our one-year on-ramp to the opening of the Deeper Learning Lab School at our Port Ewen campus. Designed as a middle and high school campus serving students with special education and therapeutic needs, the DL Lab School represents an opportunity to intentionally design a learning environment around deeper learning, belonging, career-connected experiences, and the unique strengths and needs of every learner. This planning year will allow our teams to design the program, learning experiences, staffing, structures, and physical environment together before opening in September 2027.

NY Inspires and Our Expanding Statewide Role

Ulster BOCES continues to take on an expanding role in New York State's transformation through NY Inspires, helping connect statewide vision and policy with the experiences of students, educators, schools, and communities. Our work is increasingly focused on creating the conditions for ideas to be designed, tested, refined, and informed by the field as New York reimagines what it means for every student to graduate ready for what comes next.

At Ulster BOCES, we remain laser-focused on this work through our eight component school districts. Our role is to ensure that statewide transformation translates into meaningful opportunities locally, supporting districts as they strengthen teaching and learning, develop Portrait competencies, rethink assessment, expand pathways and career-connected learning, and design experiences that allow every learner to develop their unique self, contribute to community, build capacity, and engage in continuous cycles of inquiry.

Meeting Student Needs and Expanding Opportunities

Ulster County continues to see a high rate of special education classifications and an increasing demand for programs that support students with diverse needs. We are expanding both in-district supports and full-day replacement programs, while also addressing rising literacy and numeracy concerns and the growing mental health needs of students. This work requires us to rethink how teaching and learning are delivered—prioritizing personalization, inclusion, and community-based solutions.

Our deepening partnerships with workforce development agencies and local employers are ensuring that students are not just prepared for the future, but actively shaping it. Together, we are building bridges to high-demand careers and contributing to the economic vitality of the region.

Commitment to People and Partnerships

Stability in our labor agreements, ongoing investments in professional learning, and a culture of collaboration with our staff provide a strong foundation for this work. As always, our strength lies in the partnerships we cultivate—with districts, families, industry, higher education, and state leaders.

Looking Ahead

The future of Ulster BOCES is one of possibility and promise. While fiscal constraints and systemic challenges are real, our mission, commitments, and partnerships ensure we are ready to meet them. The completion of iPark 87, the continuation of capital improvements, our leadership in NYSED's transformation, and our ongoing regionalization work mark a new chapter. Together, we will continue to design schools and systems that reflect the brilliance of our students and prepare them for a future filled with opportunity, purpose, and joy.

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Requests for Information

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

Ulster County Board of Cooperative Educational Services

Attn: Amanda Stokes
Assistant Superintendent for Administration & COO
175 Route 32 North
New Paltz, NY 12561

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 32,168,677
Restricted Cash	6,485,470
Accounts Receivable	364,174
Lease Receivable (Note VIII)	1,647,195
State and Federal Aid Receivable	9,000,639
Due From Other Funds (Note V)	1,605
Inventories	12,148
Prepaid Expenses	1,637,060
Workers' Compensation Plan Asset (Note XI)	1,888,821
Net Pension Asset-Proportionate Share (Note IX)	6,303,482
	<u>59,509,271</u>
Capital Assets, not being depreciated	21,624,013
Capital Assets, being depreciated - net	21,370,730
Right to Use Lease Asset - net	28,455,882
Total Capital Assets and Intangible Assets, net (Note VI)	<u>71,450,625</u>
Total Assets	<u>130,959,896</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note IX)	10,582,733
Other Postemployment Benefits (Note X)	7,842,956
Total Deferred Outflows of Resources	<u>18,425,689</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>149,385,585</u>
LIABILITIES	
Accounts Payable	3,736,836
Accrued Liabilities	659,250
Unearned Revenue	973,226
Due to Other Governments	11,430,682
Due to Retirement Systems	3,399,177
Non-Current Liabilities:	
Due and Payable Within One Year:	
Installment Purchase Debt (Note VII)	769,554
Lease Liabilities (Note VII)	1,676,106
Compensated Absences (Note VII)	857,502
Other Postemployment Benefits (Note X)	4,551,392
Due and Payable More Than One Year:	
Installment Debt (Note VII)	877,641
Lease Liabilities (Note VII)	26,779,776
Compensated Absences (Note VII)	7,128,899
Net Pension Liability-Proportionate Share (Note IX)	2,255,355
Other Postemployment Benefits (Note X)	111,668,733
Total Liabilities	<u>176,764,129</u>
DEFERRED INFLOWS OF RESOURCES	
Lease (Note VIII)	1,647,195
Pension (Note IX)	9,874,158
Other Postemployment Benefits (Note X)	39,755,283
Total Deferred Inflows of Resources	<u>51,276,636</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>228,040,765</u>
NET POSITION	
Net Investment in Capital Assets	41,347,548
Restricted	6,485,470
Unrestricted	(126,488,198)
Total Net Position	<u>\$ (78,655,180)</u>

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Position
<u>FUNCTIONS/PROGRAMS</u>					Governmental
					Activities
Primary Government:					
Governmental Activities:					
Administration	\$ (7,899,789)	\$ 6,886,815	\$ 29,174	\$ -	\$ (983,800)
Occupational Instruction	(16,196,970)	14,562,657	409,753	-	(1,224,560)
Instruction for Special Education	(32,683,046)	28,481,773	610,997	-	(3,590,276)
Itinerant Services	(1,792,650)	1,557,607	48,727	-	(186,316)
General Instruction	(8,034,425)	7,148,159	-	-	(886,266)
Instructional Support	(9,639,061)	18,317,880	260,419	-	8,939,238
Other Services	(25,197,834)	22,048,012	108,834	-	(3,040,988)
Other Expenditures	1,935,799	23,191,899	-	-	25,127,698
Cost of Sales	(325,433)	499	245,085	-	(79,849)
Return of Surplus (Note XV)	(7,472,541)	-	-	-	(7,472,541)
Total Primary Government	<u>\$ (107,305,950)</u>	<u>\$ 122,195,301</u>	<u>\$ 1,712,989</u>	<u>\$ -</u>	<u>16,602,340</u>
General Revenues:					
Interest and Earnings					926,812
Sale of Property and Compensation for Loss					88,171
Miscellaneous					3,410,051
Total General Revenues					<u>4,425,034</u>
Change in Net Position					<u>21,027,374</u>
Net Position - Beginning					<u>(101,380,649)</u>
Cumulative Effect and Prior Period Adjustments (XIII)					<u>1,698,095</u>
Net Position - Beginning, as restated					<u>(99,682,554)</u>
Net Position - Ending					<u><u>\$ (78,655,180)</u></u>

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 15,057,905	\$16,600,711	\$ 510,061	\$ 32,168,677
Restricted Cash	3,661,336	1,794,377	1,029,757	6,485,470
Accounts Receivable, Net	64,559	-	-	64,559
State and Federal Aid Receivable	8,206,803	-	793,836	9,000,639
Due From Other Funds	421,451	-	11,775	433,226
Other Receivable	-	-	299,615	299,615
Lease Receivable	1,647,195	-	-	1,647,195
Inventories	-	-	12,148	12,148
Prepaid Expenditures	1,637,060	-	-	1,637,060
Total Assets	<u>\$ 30,696,309</u>	<u>\$18,395,088</u>	<u>\$2,657,192</u>	<u>\$ 51,748,589</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,426,897	\$ 2,291,162	\$ 18,777	\$ 3,736,836
Accrued Liabilities	648,467	-	10,783	659,250
Unearned Revenues	153,359	-	819,867	973,226
Due To School Districts	1,767,504	-	-	1,767,504
Due To Other Funds	13,075	18,344	400,202	431,621
Due To Other Governments	23,989	-	-	23,989
State Aid Due To School Districts	8,206,803	1,432,386	-	9,639,189
Due to Teachers' Retirement Systems	2,770,066	-	(362)	2,769,704
Due to Employees' Retirement Systems	627,713	-	1,760	629,473
Total Liabilities	<u>15,637,873</u>	<u>3,741,892</u>	<u>1,251,027</u>	<u>20,630,792</u>
Deferred Inflow of Resources	<u>1,647,195</u>	<u>-</u>	<u>-</u>	<u>1,647,195</u>
Fund Balances:				
Nonspendable	1,637,060	-	12,148	1,649,208
Restricted	3,661,336	1,794,377	1,029,757	6,485,470
Assigned	9,749,905	12,858,819	364,260	22,972,984
Unassigned	(1,637,060)	-	-	(1,637,060)
Total Fund Balances	<u>13,411,241</u>	<u>14,653,196</u>	<u>1,406,165</u>	<u>29,470,602</u>
Total Liabilities and Fund Balances	<u>\$ 30,696,309</u>	<u>\$18,395,088</u>	<u>\$2,657,192</u>	<u>\$ 51,748,589</u>

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 32,168,677	\$ -	\$ -	\$ 32,168,677
Restricted Cash	6,485,470	-	-	6,485,470
Accounts Receivable, Net	64,559	-	-	64,559
State and Federal Aid Receivable	9,000,639	-	-	9,000,639
Due From Other Funds	433,226	-	(431,621)	1,605
Other Receivable	299,615	-	-	299,615
Lease Receivable	1,647,195	-	-	1,647,195
Inventories	12,148	-	-	12,148
Prepaid Expenditures	1,637,060	-	-	1,637,060
Workers' Compensation Plan Asset	-	1,888,821	-	1,888,821
TRS Net Pension Asset-Proportionate Share	-	6,303,482	-	6,303,482
Right to Use Lease Asset	-	28,455,882	-	28,455,882
Capital Assets, net	-	42,994,743	-	42,994,743
Total Assets	51,748,589	79,642,928	(431,621)	130,959,896
Deferred Outflows of Resources - Pension ERS		2,628,344		2,628,344
Deferred Outflows of Resources - Pension TRS	-	7,954,389	-	7,954,389
Deferred Outflows of Resources - OPEB	-	7,842,956	-	7,842,956
Total Assets and Deferred Outflows	\$ 51,748,589	\$ 98,068,617	\$ (431,621)	\$ 149,385,585
LIABILITIES				
Accounts Payable	3,736,836	-	-	3,736,836
Accrued Liabilities	659,250	-	-	659,250
Unearned Revenues	973,226	-	-	973,226
Due To School Districts	1,767,504	-	-	1,767,504
Due To Other Funds	431,621	-	(431,621)	-
Due To Other Governments	23,989	-	-	23,989
State Aid Due To School Districts	9,639,189	-	-	9,639,189
Due to Teachers' Retirement Systems	2,769,704	-	-	2,769,704
Due to Employees' Retirement Systems	629,473	-	-	629,473
Compensated Absences	-	7,986,401	-	7,986,401
Installment Purchase Debt	-	1,647,195	-	1,647,195
Lease Liabilities	-	28,455,882	-	28,455,882
ERS Net Pension Liability-Proportionate Share	-	2,255,355	-	2,255,355
Other Postemployment Benefits	-	116,220,125	-	116,220,125
Total Liabilities	20,630,792	156,564,958	(431,621)	176,764,129
Deferred Inflows of Resources - Lease	1,647,195	-	-	1,647,195
Deferred Inflows of Resources - Pension ERS	-	4,105,777	-	4,105,777
Deferred Inflows of Resources - Pension TRS	-	5,768,381	-	5,768,381
Deferred Inflows of Resources - OPEB	-	39,755,283	-	39,755,283
Total Liabilities and Deferred Inflows	22,277,987	206,194,399	(431,621)	228,040,765
Total Fund Balances/Net Position	29,470,602	(108,125,782)	-	(78,655,180)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 51,748,589	\$ 98,068,617	\$ (431,621)	\$ 149,385,585

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:				
Charges for Services	\$ 519,442	\$ -	\$ 186,150	\$ 705,592
Charges to Components	82,983,640	9,015,689	1,687,206	93,686,535
Charges to Other BOCES	27,802,674	-	-	27,802,674
Interest and Earnings	841,023	46,906	38,883	926,812
Sale of Property and Compensation for Loss	88,171	-	-	88,171
Miscellaneous	2,270,364	-	1,139,687	3,410,051
State Aid	-	-	1,093,992	1,093,992
Federal Aid	-	-	605,898	605,898
Surplus Foods (Federal Aid)	-	-	13,099	13,099
Food Sales	-	-	499	499
Total Revenues	114,505,314	9,062,595	4,765,414	128,333,323
Expenditures:				
Administration	8,428,957	-	68,552	8,497,509
Occupational Instruction	17,277,002	-	962,812	18,239,814
Instruction for Special Education	34,089,533	-	1,435,685	35,525,218
Itinerant Services	1,840,235	-	114,496	1,954,731
General Instruction	8,796,380	-	-	8,796,380
Instructional Support	11,038,105	-	611,917	11,650,022
Other Services	26,960,914	-	255,731	27,216,645
Other Expenditures	28,539,480	-	34,535	28,574,015
Cost of Sales	-	-	342,001	342,001
Capital Outlay	-	12,962,430	-	12,962,430
Total Expenditures	136,970,606	12,962,430	3,825,729	153,758,765
Excess/(Deficiency) of Revenues				
Over Expenditures	(22,465,292)	(3,899,835)	939,685	(25,425,442)
Other Financing Sources/(Uses):				
Proceeds from Installment Purchase Agreements	98,363	-	-	98,363
Proceeds from Lease Agreements	28,324,339	-	-	28,324,339
Operating Transfers In	99,687	1,087,778	140,000	1,327,465
Return of Surplus	(7,472,541)	-	-	(7,472,541)
Operating Transfers Out	(1,227,778)	-	(99,687)	(1,327,465)
Total Other Financing Sources/(Uses)	19,822,070	1,087,778	40,313	20,950,161
Change in Fund Balances	(2,643,222)	(2,812,057)	979,998	(4,475,281)
Fund Balances - Beginning	16,054,463	17,465,253	426,167	33,945,883
Fund Balances - Ending	\$ 13,411,241	\$ 14,653,196	\$ 1,406,165	\$ 29,470,602

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Charges for Services	\$ 705,592	\$ -	\$ -	\$ -	\$ -	\$ 705,592
Charges to Components	93,686,535	-	-	-	-	93,686,535
Charges to Other BOCES	27,802,674	-	-	-	-	27,802,674
Interest and Earnings	926,812	-	-	-	-	926,812
Sale of Property and Compensation for Loss	88,171	-	-	-	-	88,171
Miscellaneous	3,410,051	-	-	-	-	3,410,051
State Aid	1,093,992	-	-	-	-	1,093,992
Federal Aid	605,898	-	-	-	-	605,898
Surplus Food (Federal Aid)	13,099	-	-	-	-	13,099
Food Sales	499	-	-	-	-	499
Total Revenues	128,333,323	-	-	-	-	128,333,323
Expenditures:						
Administration	8,497,509	(475,723)	(121,997)	-	-	7,899,789
Occupational Instruction	18,239,814	(1,660,950)	(381,894)	-	-	16,196,970
Instruction for Special Education	35,525,218	(2,699,571)	(142,601)	-	-	32,683,046
Itinerant Services	1,954,731	(162,081)	-	-	-	1,792,650
General Instruction	8,796,380	(878,279)	116,324	-	-	8,034,425
Instructional Support	11,650,022	(749,038)	(474,882)	(787,041)	-	9,639,061
Other Services	27,216,645	(1,515,643)	(503,168)	-	-	25,197,834
Other Expenditures	28,574,015	(2,185,475)	-	(28,324,339)	-	(1,935,799)
Cost of Sales	342,001	(16,568)	-	-	-	325,433
Capital Outlay	12,962,430	-	(12,962,430)	-	-	-
Total Expenditures	153,758,765	(10,343,328)	(14,470,648)	(29,111,380)	-	99,833,409
Excess/(Deficiency) of Revenues Over Expenditures	(25,425,442)	10,343,328	14,470,648	29,111,380	-	28,499,914
Other Financing Sources/(Uses)						
Proceeds from Installment Purchase Agreements	98,363	-	-	(98,363)	-	-
Proceeds from Lease Agreements	28,324,339	-	-	(28,324,339)	-	-
Return of Surplus (Note XIV)	(7,472,541)	-	-	-	-	(7,472,541)
Operating Transfers In	1,327,465	-	-	-	(1,327,465)	-
Operating Transfers Out	(1,327,465)	-	-	-	1,327,465	-
Total Other Financing Sources/(Uses)	20,950,161	-	-	(28,422,702)	-	(7,472,541)
Change in Fund Balances	\$ (4,475,281)	\$ 10,343,328	\$ 14,470,648	\$ 688,678	\$ -	\$ 21,027,373

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 17,494</u>
Total Assets	<u>17,494</u>
LIABILITIES	
Due to Other Funds	1,605
Other Liabilities	<u>12,995</u>
Total Liabilities	<u>14,600</u>
NET POSITION	
Individuals, Organizations and Other Governments	<u>2,894</u>
Total Net Position	<u><u>\$ 2,894</u></u>

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Fund
ADDITIONS	
Contributions	\$ 2,689
Interest	199
Total Additions	2,888
DEDUCTIONS	
Unclassified	7,210
Total Deductions	7,210
Change in Fiduciary Net Position	(4,322)
Net Position - Beginning of Year	7,216
Net Position - End of Year	\$ 2,894

See accompanying notes to basic financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ulster County Board of Cooperative Educational Services (“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.

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

A. Financial 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 consisting of 11 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to, public school education within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The Board of Cooperative Educational Services was established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, legislation was passed allowing Boards of Cooperative Educational Services to provide vocational and special education. The Boards of Cooperative Educational Services are voluntary, cooperative associations of school districts in a geographic area that share planning, services, and programs to provide educational and support activities more economically, efficiently, and equitably than could be provided locally. The BOCES provides instructional support programs and services to the following eight school districts in New York’s Ulster County:

1. Ellenville Central School District
2. Highland Central School District
3. Kingston City School District
4. New Paltz Central School District
5. Onteora Central School District
6. Rondout Valley Central School District
7. Saugerties Central School District
8. Wallkill Central School District

BOCES’ programs and services include administration, special education, transportation, adult education, vocational education, academic and alternative programs, summer school, staff development computer services (management and instructional), educational communication, cooperative purchasing and the Mid-Hudson Regional Information Center, which provides computer services and support to three other BOCES and their component units in addition to the above eight school districts.

The financial reporting entity consists of the following, as defined by the GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statements 39, 61 and 80.

--The primary government, which is the BOCES;

--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 general purpose financial statements to be misleading or incomplete.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Financial Reporting Entity - continued

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. 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, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities included in the BOCES' reporting entity.

B. 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 taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the BOCES governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Financial Statements

The accounts of the BOCES are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The BOCES maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the BOCES-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the BOCES-wide presentation

Fund Categories

The fund statements provide information about the BOCES' funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Fund Financial Statements – Continued

Fund Categories - continued

The BOCES reports the following major governmental funds:

- a. General Fund - This is the BOCES primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- b. Capital Projects Fund - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The BOCES reports the following non-major governmental funds:

- a. Special Aid Fund – The Special Aid Fund is used to account for special operating projects and programs supported in whole, or in part, with Federal funds or State or Local grants.
- b. School Lunch Fund - The School Lunch Fund is used to account for transactions of lunch, breakfast, and milk programs.
- c. Miscellaneous Special Revenue Fund – The Miscellaneous Special Revenue Fund used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

The BOCES reports the following fiduciary funds:

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

- a. Custodial Funds- the Extraclassroom Activity Fund of the BOCES represents a fund of the students of the BOCES. The Board of Education exercises general oversight of this fund. The Extraclassroom Activity Fund is independent of the BOCES with respect to its financial transactions and designation of student management and the cash and investment balances reported in the custodial fund of the BOCES. Separate audited financial statements (cash basis) of the Extraclassroom Activity Fund can be found at the BOCES' business office, located at 175 Route 32; New Paltz, New York 12561.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The governmental fund 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 365 days after the end of the fiscal year.

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

Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Cash Equivalents and Investments - 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 date of acquisition. New York State law governs the BOCES' investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

Cash equivalents also include investing in a short-term, highly liquid, pooled investment designed specifically for the public sector.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The BOCES does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the BOCES does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the BOCES' deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the BOCES's name. The BOCES's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The BOCES does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Accounts Receivable - An allowance for uncollectible accounts has been provided for certain amounts which may not be collectible within 365 days.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the BOCES. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

Due From/To Other Funds - During the course of its operations, the BOCES has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2026, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid Expenses/Expenditures - Prepaid items represent payments 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 in 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 when the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

Other Assets/Restricted Assets - Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the BOCES-wide financial statements and their use is limited by applicable bond covenants.

In the BOCES-wide financial statements, bond issuance costs are expenses in the year incurred. In the fund statements these same costs are expenditures in the period of issuance.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the BOCES-wide financial statements. Capital assets are defined by the BOCES as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Land and construction-in-progress are not depreciated. Other property, plant, and equipment of the BOCES are depreciated using the straight-line method over estimated useful lives ranging from 5 to 50 years.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 1,000	50 years
Building Improvements	1,000	20 years
Site Improvements	1,000	20 years
Furniture and Equipment	1,000	5 - 15 years

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Lessee - The BOCES is a lessee for various non-cancellable leases of land, buildings, equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the BOCES recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Net Position. For all other leases, the BOCES recognizes a lease liability and an intangible right-to-use leased asset in the Statement of Net Position.

At the commencement of a lease, the BOCES initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the BOCES is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the BOCES to determine the following:

- Discount rate: The BOCES generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the BOCES's bonds are not actively traded, the BOCES determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.
- Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either a BOCES or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the BOCES and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.
- Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the BOCES is reasonably certain to exercise.

The BOCES monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Subscription-Based Information Technology Arrangements ("SBITAs") - These arrangements represent the right to use another party's information technology and the related liability for that right of use. BOCES' arrangements are all with commercial entities. The right to use subscription asset is determined based on the present value of the expected SBITA payments plus any prepayments and any initial implementation costs. The asset is amortized over the shorter of the useful life of the asset or the SBITA term.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Unearned Revenues - Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the BOCES before it has legal claim to them, as when grant 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 unearned revenues is removed and revenues are recorded.

Deferred Outflows 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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset and differences during the measurement period between the BOCES' contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the BOCES' contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to OPEB reported in the BOCES-wide Statement of Net Position. This item represents the effect of the net changes of assumptions or other inputs.

Deferred Inflows of Resources - 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, therefore, will not be recognized as an inflow of resources (revenue) until that time. The BOCES has three items that qualify for reporting in this category. The first item is related to OPEB reported in the BOCES-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The second is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension liability and differences during the measurement period between the BOCES' contributions and its proportionate share of total contributions to the pension systems not reducing pension expense. The final item is related to the right of use assets, and liabilities from assets leased by the BOCES.

Accrued Liabilities and Long-Term Obligations - Payables, accrued liabilities, and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as liabilities in the fund 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.

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.

Compensated Absences - 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.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, Board approved terms and conditions of employment, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Consistent with GASB Statement 101, *Compensated Absences*, an accrual for accumulated vacation and sick leave is included in the compensated absences liability 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 statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are recorded on a pay-as-you-go basis.

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

In addition to providing pension benefits, the BOCES provides health insurance coverage and survivor benefits for retired employees and their survivors. 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. Some costs of providing post-retirement benefits are shared between the BOCES and the retired employee. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer from other funds to the General Fund in the year paid.

The BOCES pays between 65 and 100 percent of the cost of premiums to an insurance company that provides health care insurance. The BOCES recognized the cost of providing benefits for fiscal year 2026, by recording \$3,634,310, its share of insurance premiums for 267 currently enrolled retirees as an expenditure, in 2026.

The BOCES recognized the cost of providing benefits by recording its share of insurance premiums for currently enrolled retirees as a charge to the accrual for post-employment benefits and treats these amounts as an advance from Component Districts and accordingly records it as additional Due to School Districts.

Net Pension Liability (Asset) - The net pension liability (asset) represents the BOCES's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net Position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the BOCES or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the BOCES is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Equity Classifications:

1. BOCES-Wide Statements:

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

- a. Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

1. BOCES-Wide Statements – continued:

b. Restricted Net Position – reports net position when constraints placed on the position 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.

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

2. Fund Statements:

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

a. Non-Spendable – includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

b. Restricted – 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 established the following restricted reserve fund balances:

i. Unemployment Insurance Reserve - According to General Municipal Law §6-m, this reserve fund 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.

ii. Retirement Contributions Reserve - According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

iii. Career Education Instructional Equipment Reserve- According to Education Law §1950[4][ee], must be used to pay all or part of the costs of the replacement and purchase of advanced technology equipment used in instructional programs conducted by BOCES. A separate bank account is required. The reserve may be established by resolution of the BOCES governing board and approval by the boards of education of a majority of the school districts participating in the instructional program of the BOCES. The reserve is funded by proceeds from the sale of career educational instructional equipment and such other funds as may be legally appropriated. In the event this reserve is liquidated, moneys must be allocated to the school districts participating in the instructional programs of the BOCES.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

b. Restricted – Continued

iv. Liability Claims and Property Loss - According to 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 only by school districts, except city school districts with a population greater than 125,000.

v. Employee Benefits Accrued Liability - According to General Municipal Law §6-p, this reserve 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 appropriations and such other reserves and funds that may be legally appropriated.

Restricted fund balance includes the following:

General Fund Reserves:

Teachers Retirement	\$ 600,000
Employee Retirement	1,170,755
Employee Benefits Accrued Liability	738,339
Property Loss Reserve	500,000
Unemployment Insurance	652,242
	<u>3,661,336</u>

Capital Fund Reserve:

Career Education Instructional Equipment	<u>1,794,377</u>
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Special Miscellaneous Fund Reserve:

Scholarships	1,029,757
Total Reserves	<u>\$ 6,485,470</u>

c. Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES's highest level of decision making BOCES, i.e., the Board of Education. The BOCES has no committed fund balances as of June 30, 2026.

d. Assigned – Includes amounts that are constrained by the BOCES' intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance. Encumbrances reported in the General Fund amounted to \$9,749,905. All encumbrances of the Special Aid Fund and Capital Fund are classified as Assigned Fund Balance. Encumbrances reported in the Special Aid Fund amounted to \$25,591 and Capital Fund is \$4,208,622.

e. Unassigned – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the BOCES. In funds other than the General Fund, this classification should only be used to report a deficit balance.

3. Order of Use of Fund Balance:

The BOCES' policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

G. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 16, 2026.

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES-WIDE STATEMENTS

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

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

Total fund balances of the BOCESs governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and 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, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 85,648,999
Accumulated Depreciation	(42,654,256)
Capital Assets, Net	<u>\$ 42,994,743</u>

- (2) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Right to Use Lease Asset, Net	<u>\$ 28,455,882</u>
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- (3) The governmental funds do not include non-current assets. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

TRS Net Pension Asset	\$ 6,303,482
Workers' Compensation Plan Asset	1,888,821
	<u>\$ 8,192,303</u>

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES-WIDE STATEMENTS – CONTINUED

A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities - continued:

- (4) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 18,425,689</u>
Deferred Inflows of Resources	<u>\$ 49,629,441</u>

- (5) The governmental funds do not report long-term liabilities because they are not a use of current financial resources. However, they are reported in the statement of Net Position because they represent economic liabilities.

Installment Debt Liabilities	\$ 1,647,195
Lease Liabilities	28,455,882
Compensated Absences	7,986,401
ERS Net Pension Liability	2,255,355
Other Postemployment Benefits	116,220,125
	<u>\$ 156,564,958</u>

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- 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 use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, 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.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

	<u>Total Revenues</u>
Total revenues reported in the Statement of Activities	<u>\$ 128,333,323</u>

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES-WIDE STATEMENTS – CONTINUED

Total Expenditures/Expenses

Total expenditures reported in governmental funds \$ 153,758,765

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences increased during the year. 383,832

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the BOCES. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense was less than the amount of financial resources used during the year. (8,099,799)

In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the BOCES's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than financial resources expended during the year. (2,641,651)

The Workers' Compensation Plan Asset is reported in the Government-Wide Financial Statements as it represents a long-term asset of the government. However, the plan asset is not reported as fund balance in the governmental funds because it does not represent resources that are currently available for appropriation or expenditure. 190,725

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$3,824,683 was less than capital expenditures of \$18,594,471 in the current year. (14,769,788)

The loss on disposal of capital assets is recognized as an expense in the Statement of Activity. This amount is not reported in the governmental fund statements because the disposal does not represent a current financial resource use and, therefore, is not recognized as an expenditure. 273,745

Repayment of lease principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position. This is the amount of principal payments reducing expenditures. (1,435,458)

The annual amortized cost of the Intangible Right To Use Lease Assets is reported in the Statement of Activities. This is the amount of annual amortization expense. 1,435,458

Lease proceeds to enter into agreement for the use of space and equipment are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and allocated over their estimated useful lives as amortization expenses in the Statement of Activities. This is the amount by which amortization expense was less than the lease payments. (28,500,774)

The annual amortized cost of Subscription Based Information Technology Asset is reported in the Statement of Activities. This is the amount of annual amortization expense. 25,395

Repayment of subscription-based information technology arrangements (SBITAs) is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position. This is the amount of principal payments reducing expenditures. (3,958)

Repayment of installment purchase debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. (783,083)

Total expenses reported in the Statement of Activities \$ 99,833,409

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

III. STEWARDSHIP. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

Section 1950 of the Education Law requires adoption of a final budget by no later than May 15 of the ensuing year.

The BOCES administration prepares a proposed administrative capital, and program budget, as applicable, for approval by members of the BOCES' board for the General Fund.

Appropriations for educational services are adopted at the program level.

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 unanimously by its voting component school boards.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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. The following supplemental appropriations occurred during the year.

Adopted Budget	\$ 105,349,630
Additions:	
Encumbrances from Prior Year	<u>12,489,648</u>
Original Budget	117,839,278
Budget Amendments - Other	<u>8,031,350</u>
Final Budget	<u><u>\$ 125,870,628</u></u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Individual capital project funds that require borrowing have budgets established as approved by a special referendum of the BOCES' voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until completion of the projects.

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 restrictions or 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.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

IV. CASH AND CASH EQUIVALENTS

At June 30, 2026, the carrying amount of the BOCES's deposits (cash, certificates of deposit, interest-bearing savings accounts and a pooled investment) was \$38,671,503 and the bank balance was \$39,115,819. The BOCES's deposits at June 30, 2026, and during the year then ended, were covered by allowable securities, covered by FDIC Insurance or by pledged collateral held by the BOCES's agent bank in the BOCES's name.

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2026 were as follows:

<u>Funds</u>	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General	\$ 421,451	\$ 13,075
Capital Projects	-	18,344
Special Aid	11,775	399,629
School Lunch	-	573
	<u>433,226</u>	<u>431,621</u>
Custodial	-	1,605
TOTAL	<u>\$ 433,226</u>	<u>\$ 433,226</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2026 were as follows:

<u>Funds</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General	\$ 99,687	\$ 1,227,778
Capital Projects	1,087,778	-
Special Aid	-	80,829
School Lunch	140,000	18,858
	<u>1,327,465</u>	<u>1,327,465</u>
TOTAL	<u>\$ 1,327,465</u>	<u>\$ 1,327,465</u>

The BOCES typically records from the General Fund to the Capital Projects Fund to cover expenditures until financing is completed and to the School Lunch Fund based on the approved budget. The Special Aid Fund transferred funds to the Capital Projects Fund for a portion of a grant received for a specific project recorded in that fund.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

VI. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Construction in Progress	\$ 13,102,450	\$ 12,962,430	\$ (252,870)	\$ (4,187,997)	\$ 21,624,013
Total capital assets, not being depreciated	<u>13,102,450</u>	<u>12,962,430</u>	<u>(252,870)</u>	<u>(4,187,997)</u>	<u>21,624,013</u>
Capital assets, being depreciated:					
Land Improvements	1,150,475	5,700	-	-	1,156,175
Buildings and Improvements	18,523,792	183,429	-	3,230,771	21,937,992
Furniture and Equipment	35,078,464	5,442,912	(547,783)	957,226	40,930,819
Total capital assets being depreciated	<u>54,752,731</u>	<u>5,632,041</u>	<u>(547,783)</u>	<u>4,187,997</u>	<u>64,024,986</u>
Accumulated depreciation for:					
Land Improvements	(663,612)	(45,441)	-	-	(709,053)
Buildings and Improvements	(12,962,555)	(423,108)	-	-	(13,385,663)
Furniture and Equipment	(25,730,314)	(3,356,134)	526,908	-	(28,559,540)
Total accumulated depreciation	<u>(39,356,481)</u>	<u>(3,824,683)</u>	<u>526,908</u>	<u>-</u>	<u>(42,654,256)</u>
Total capital assets, being depreciated, net	<u>15,396,250</u>	<u>1,807,358</u>	<u>(20,875)</u>	<u>4,187,997</u>	<u>21,370,730</u>
Right-To Use Assets:					
Right to Use Lease Asset	2,720,351	28,500,774	-	-	31,221,125
Less Accumulated Amortization	(1,329,785)	(1,435,458)	-	-	(2,765,243)
Total Right to Use Lease Asset, net	<u>1,390,566</u>	<u>27,065,316</u>	<u>-</u>	<u>-</u>	<u>28,455,882</u>
Right to Use Subscription Asset	121,865	-	-	-	121,865
Less Accumulated Amortization	(96,470)	(25,395)	-	-	(121,865)
Total Right to Use Subscription Asset, net	<u>25,395</u>	<u>(25,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 29,914,661</u>	<u>\$ 41,809,709</u>	<u>\$ (273,745)</u>	<u>\$ -</u>	<u>\$ 71,450,625</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Administration	\$ 258,166
Occupational Instruction	808,156
Instruction for Special Education	301,767
General Instruction	333,130
Instructional Support	1,058,672
Other Services	1,064,792
Total Depreciation Expense	<u>\$ 3,824,683</u>

Amortization expense of \$1,460,853 was charged to Governmental Activities – Instructional Support.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

VII. LONG-TERM DEBT

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

Governmental Activities	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Installment Purchase Debt	\$ 2,331,915	\$ 98,363	\$ (783,083)	\$ 1,647,195	\$ 769,554
Lease Liabilities	1,390,566	28,500,774	(1,435,458)	28,455,882	1,676,106
Subscription Liabilities	3,958	-	(3,958)	-	-
Other liabilities:					
Compensated Absences	7,602,569	383,832	-	7,986,401	857,502
ERS Pension Liability- Proportionate Share	6,766,358	-	(4,511,003)	2,255,355	-
Other Postemployment Benefits	101,981,606	14,238,519	-	116,220,125	4,551,392
Total long-term liabilities	<u>\$ 120,076,972</u>	<u>\$ 43,221,488</u>	<u>\$ (6,733,502)</u>	<u>\$ 156,564,958</u>	<u>\$ 7,854,554</u>

Installment Purchase Debt - The BOCES borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future users receiving the benefit of the capital assets. These long-term liabilities are backed by the full faith and credit of the BOCES. The provision for payments will be in the General Fund's future budgets for capital indebtedness.

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately.

Each governmental fund's liability for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other post-employment benefit obligations is liquidated by the General Fund.

Lease Liabilities

The BOCES leases a building from Kingston City School District. In July 2018, the BOCES entered into a lease agreement for a building lease in the amount of \$670,000. The right-of-use asset is being amortized over a period of 120 months. For purposes of discounting future payments on the 2018 lease, the BOCES used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. A minimum semiannual payment in the amount of \$35,000 is due, plus additional charges for extra space usage and excluding applicable taxes except the first year where one payment of \$40,000 was due.

The BOCES leases a commercial office space from 104 Center LLC. In April 2019, the BOCES entered into a lease agreement for a commercial office space in the amount of \$83,472. Then extended it for additional five years in 2025 in the amount of \$103,823. The right-of-use asset is being amortized over a period of 120 months. For purposes of discounting future payments on the 2019 lease, the BOCES used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. A minimum monthly payment in the amount of \$1,739 is due, plus additional charges for extra space usage and excluding applicable taxes.

The BOCES leases a classroom from Saugerties Central School District. In July 2022, the BOCES entered into a lease agreement for a classroom in the amount of \$770,196. BOCES extended it for additional five years in 2025 in the amount of \$850,354. The right-of-use asset is being amortized over a period of 120 months. For purposes of discounting future payments on the 2022 lease, the BOCES used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. A minimum semiannual payments are due.

The BOCES leases educational space from iPark 87 Commercial LLC. In September 2025, the BOCES entered into a lease agreement for approximately 100,000 rentable square feet for educational use, classrooms, laboratories, training facilities, kitchen space and administrative offices in the amount of \$28,324,339 for ten years with an expected ten-year renewal. The right-of-use asset is being amortized over a period of 240 months. For the purpose of discounting future payments on the 2025 lease, the BOCES used a blended interest rate (3%) on its financing agreements to determine an appropriate discount rate.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

VII. LONG-TERM DEBT - CONTINUED

Subscription Liabilities

The liability is based on the present value of the expected SBITA contract expected payments. The Contracts do not include a specified rate, however, the BOCES has determined that the long-term bond rate used for its OPEB liability calculation is an appropriate rate, which is 4.21%.

The following is a summary of the maturity of installment purchase debt:

	Principal	Interest	Total
2027	\$ 769,554	\$ 64,884	\$ 834,438
2028	492,684	32,995	525,679
2029	325,859	11,582	337,441
2030	59,098	896	59,994
Total	<u>\$ 1,647,195</u>	<u>\$ 110,357</u>	<u>\$ 1,757,552</u>

The following is a summary of the maturity of the lease liability:

	Principal	Interest	Total
2027	\$ 1,676,106	\$ 1,398,386	\$ 3,074,492
2028	1,609,310	1,349,984	2,959,294
2029	1,612,061	1,297,319	2,909,380
2030	1,595,043	1,240,981	2,836,024
2031	1,598,443	1,185,461	2,783,904
2032-2036	7,302,066	5,178,103	12,480,169
2037-2041	7,125,194	3,524,307	10,649,501
2042-2046	5,937,659	1,080,667	7,018,326
Total	<u>\$ 28,455,882</u>	<u>\$ 16,255,208</u>	<u>\$ 44,711,090</u>

VIII. LEASE RECEIVABLES

The BOCES as lessor has the following lease receivable at year end:

Receivable
balance at
year end

The BOCES participates in arrangements where component districts of the BOCES obtain the use of equipment from the BOCES. Title on these purchases remain with the BOCES. BOCES records a receivable from the component district in an amount equivalent to the terms of the installment purchase contract liability incurred by the BOCES. These equipment purchases are primarily copiers and information technology equipment and have a typical life of five years. The interest rates on these transactions range from 2.09% to 3.50%. The leases do not contain renewal options.

\$1,647,195

Total lease receivable at year end \$1,647,195

Annual requirements to recognize long-term receivables and related interest are as follows:

	Principal	Interest	Total
2027	\$ 769,554	\$ 64,884	\$ 834,438
2028	492,684	32,995	525,679
2029	325,859	11,582	337,441
2030	59,098	896	59,994
Total	<u>\$ 1,647,195</u>	<u>\$ 110,357</u>	<u>\$ 1,757,552</u>

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS

Plan Description

The BOCES participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The BOCES also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees.

Plan Year Ended	ERS		TRS	
2026	\$	2,192,479	\$	2,154,607
2025	\$	1,846,662	\$	2,113,311
2024	\$	1,390,503	\$	1,876,938

At June 30, 2026, the BOCES reported the following for its proportionate share of the net pension asset/(liability) for ERS and TRS:

	ERS		TRS	
Measurement Date	March 31, 2026		June 30, 2025	
Net Pension (asset)/liability	\$	2,255,355	\$	(6,303,482)
School District's proportion of the net pension (asset)/liability	0.03997620%		0.10645900%	

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS - CONTINUED

The net pension (asset)/liability was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS and the total pension liability used to calculate the net pension (asset)/liability was determined by actuarial valuations as of those dates. The BOCES's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The BOCES's proportion of the net pension asset for TRS was based on the BOCES's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2026, the BOCES recognized pension expense in the BOCES-wide financial statements of \$1,988,315 (\$2,608,119 for ERS and \$(619,804) for TRS). Pension expenditures of \$2,283,029 for ERS and \$2,153,482 for TRS were recorded in the fund financial statements and were charged to the General and School Lunch Funds.

At June 30, 2026, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,290,646	\$ 3,304,430	\$ 4,595,076
Changes of assumptions	387,145	2,495,352	2,882,497
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and difference between the BOCES' contributions and proportionate share of contributions	321,080	-	321,080
BOCES' contributions subsequent to the measurement date	629,473	2,154,607	2,784,080
Total	<u>\$ 2,628,344</u>	<u>\$ 7,954,389</u>	<u>\$ 10,582,733</u>
	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	-	67,962	67,962
Net difference between projected and actual earnings on pension plan investments	4,043,975	4,923,004	8,966,979
Changes in proportion and difference between the BOCES' contributions and proportionate share of contributions	61,802	777,415	839,217
Total	<u>\$ 4,105,777</u>	<u>\$ 5,768,381</u>	<u>\$ 9,874,158</u>

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS - CONTINUED

Deferred outflows of resources resulting from the BOCES' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	ERS	TRS
2026	\$ -	\$ 2,931,841
2027	979,097	(1,540,157)
2028	(1,389,489)	(1,562,389)
2029	(797,514)	(385,004)
2030	(899,000)	481,656
Thereafter	-	105,454
Total	<u>\$ (2,106,906)</u>	<u>\$ 31,401</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as of April 1, 2025 and June 30, 2024 respectively, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	ERS March 31, 2026	TRS June 30, 2025
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	5.20%	2.04%-5.80%
Cost of Living Adjustments	1.5% annually	1.4% annually
Decrement Tables	April 1, 2020 - March 31, 2025 System's Experience Study	July 1, 2019 June 30, 2024 System's Experience Study
Inflation Rate	2.90%	2.50%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS - CONTINUED

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

Measurement Date	ERS		TRS	
	March 31, 2026		June 30, 2025	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	25%	3.29%	33%	6.70%
International Equity	14%	5.85%	15%	7.40%
Private Equity	15%	7.00%	9%	9.80%
Real Estate Equity	12%	5.20%	11%	6.50%
Domestic Fixed Income	0%	0.00%	16%	2.60%
Global Bonds	0%	0.00%	2%	2.40%
High Yield Bonds	0%	0.00%	1%	4.70%
Global Equity	0%	0.00%	4%	7.00%
Private Debt	0%	0.00%	2%	6.10%
Real Estate Debt	0%	0.00%	6%	3.80%
Opportunistic/Absolute Return Strategy	3%	5.13%	0%	0.00%
Credit	4%	5.10%	0%	0.00%
Real Assets	4%	5.54%	0%	0.00%
Fixed Income	22%	1.75%	0%	0.00%
Cash Equivalents	1%	0.25%	1%	0.60%
Total	100%		100%	

The discount rate used to calculate the total pension liability was 5.90% 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the BOCES' proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the BOCES' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease	Current Assumption	1% Increase
ERS	4.90%	5.90%	6.90%
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$ 15,403,454	\$ 2,255,355	\$ (8,737,039)
	1% Decrease	Current Assumption	1% Increase
TRS	5.95%	6.95%	7.95%
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$ 12,112,221	\$ (6,303,482)	\$ (21,799,338)

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS - CONTINUED

The components of the collective net pension liability as of the March 31, 2026 ERS measurement date and the June 30, 2025 TRS measurement date were as follows:

Measurement Date	(Dollars in Thousands)	
	ERS	TRS
	March 31, 2026	June 30, 2025
Employers' total pension liability	\$ 253,773,040	\$ 148,272,069
Plan net position	248,131,290	154,193,125
Employers' net pension (asset)/liability	<u>\$ 5,641,750</u>	<u>\$ (5,921,056)</u>
Ratio of plan net position to the		
employers' total pension (asset)/liability	97.78%	103.99%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2026 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the BOCES to TRS. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2026 were \$627,713 to ERS and \$2,770,066 to TRS and were recorded in the General Fund.

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS ("OPEB")

Plan Description

The BOCES provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the BOCES may vary according to length of service. The cost of providing post-employment health care benefits is shared between the BOCES and the retired employee as noted below. Substantially all of the BOCES' employees may become eligible for those benefits if they reach normal retirement age while working for the BOCES. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2026, the following employees were covered by the benefit terms:

Active Employees	475
Retirees	267
Total Employees Covered by Benefit Terms	<u>742</u>

The BOCES' total OPEB liability of \$116,220,125 was measured as of June 30, 2026 and was determined by an actuarial valuation dated June 30, 2024.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

The total OPEB liability as of the June 30, 2026 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.60%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	4.32%
Healthcare Cost Trend Rates	6.75% decreasing to 4.04% over 50 years
Retiree's Share of Benefit Related Costs	Varies depending on age, date of retirement and bargaining unit

The discount rate was based on the Municipal Bond 20 Year GO Index.

Mortality rates were based on recent mortality tables published by SOA (Pub-2010). Headcount weighted table projected fully generationally using MP-2021.

The actuarial assumptions used in the June 30, 2024 valuation were based on the NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2021 with the exception of mortality rates.

The BOCES' change in the total OPEB liability for the year ended June 30, 2026 is as follows:

	Year Ended June 30, 2026
Service Cost	\$ 5,187,638
Interest	5,046,665
Differences Between Expected and Actual Experience	797,465
Changes in Assumptions or Other Inputs	7,758,143
Benefit Payments	(4,551,392)
Net Changes in Total OPEB Liability	14,238,519
Total OPEB liability - Beginning	101,981,606
Total OPEB liability - Ending	116,220,125
Current Portion	4,551,392
Long-term Portion	\$ 111,668,733

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's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.32%) or 1 percentage point higher (5.32%) than the current discount rate:

	1% Decrease 3.32%	Discount Rate 4.32%	1% Increase 5.32%
Total OPEB Liability	\$ 134,832,201	\$ 116,220,125	\$ 101,186,092

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the BOCES, as well as what the BOCES’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 97,666,537	\$ 116,220,125	\$ 140,166,516

For the year ended June 30, 2026, the BOCES recognized additional OPEB benefit of \$8,085,509 in the BOCES-wide financial statements. At June 30, 2026, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,054,581	\$ (13,190,634)
Changes of Assumptions or other inputs	6,788,375	(26,564,649)
Total	\$ 7,842,956	\$ (39,755,283)

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

Year Ending June 30,	Amount
2027	\$ (10,736,805)
2028	(10,736,805)
2029	(5,994,491)
2030	(3,385,055)
2031	(3,198,073)
Thereafter	2,138,902
Total	\$ (31,912,327)

XI. RISK MANAGEMENT

A. General:

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 two years.

B. Consortiums and Self-Insurance Plans:

The BOCES participates in the Dutchess Educational Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 28 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.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

XI. RISK MANAGEMENT – CONTINUED

C. Consortiums and Self-Insurance Plans – continued:

The BOCES participates in the “Orange-Ulster County Schools Cooperative Self-Insurance Plan for Workers’ Compensation” (Pool), a risk-sharing pool, 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’ share of the liability for unbilled and open claims is \$670,172 as of June 30, 2025. The BOCES’ share of Fund Balance in the pool as of June 30, 2025, was \$1,888,821.

XII. CONTINGENCIES

Contingencies

The BOCES participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the BOCES’ compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the BOCES anticipates such amounts, if any, to be immaterial.

The BOCES is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the BOCES which may be disallowed cannot be determined at this time, although the BOCES anticipates such amounts, if any, to be immaterial.

XIII. CUMULATIVE EFFECT AND ENTITY-WIDE PRIOR PERIOD ADJUSTMENTS

During 2026, the BOCES added the Orange-Ulster BOCES Workers’ Compensation plan asset to the entity wide financial statement. Increasing entity-wide net position by 1,698,095.

	Net Position
As of June 30, 2025, as previously reported	\$ (101,380,649)
To Add Prior Year Workers' Compensation Plan Asset	1,698,095
As of June 30, 2026, as restated	<u>\$ (99,682,554)</u>

XIV. NEW ACCOUNTING STANDARDS

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The statement addresses application issues related to Management’s Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires leases, intangible right-to-use assets, and subscription based information technology arrangements to be disclosed separately in the capital assets note disclosures. Additionally, this statement mandates the separate disclosure of all other intangible assets by major class, excluding the aforementioned types. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

In December 2025, GASB issued statement No 105, *Subsequent Events*. This statement addresses inconsistencies in how governments evaluate and report events that happen after their fiscal year-end. The requirements of this statement are effective for fiscal years beginning after June 15, 2026.

Management has not estimated the potential impact of these statements, if any, on the BOCES’ financial statements.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

XV. RETURN OF SURPLUS - 2026

General Fund:

The fund equity in the General Fund was decreased by the return of surplus for the year ended June 30, 2026:

Excess of Revenues over (Expenditures) - 2026	\$ (4,829,319)
Decrease in:	
Reserve of Encumbrances	(2,739,743)
Reserve for Unemployment	(53,479)
Increase in:	
Reserve for EBLAR	150,000
Return of Surplus - 2025	<u><u>\$ (7,472,541)</u></u>

**REQUIRED
SUPPLEMENTARY
INFORMATION**

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF CHANGES IN THE BOCES' TOTAL OPEB LIABILITY AND RELATED RATIOS

<u>Total OPEB Liability</u>	6/30/26	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
Service Cost	\$ 5,187,638	\$ 6,477,408	\$ 6,350,692	\$ 6,510,006	\$ 9,189,035	\$ 7,786,854	\$ 5,268,979	\$ 2,934,042	\$ 3,037,131
Interest	5,046,665	5,417,892	5,067,222	4,755,624	3,478,758	3,752,566	4,535,016	3,997,255	3,640,290
Change of Benefit Terms	-	-	-	(118,596)	-	-	-	156,170	-
Differences Between Expected and Actual Experience	797,465	(13,403,174)	172,879	(9,214,308)	903,036	(18,633,994)	(601,487)	8,863,642	-
Changes in Assumptions or Other Inputs	7,758,143	(16,469,488)	(1,481,754)	(9,826,531)	(34,099,241)	444,284	32,318,699	11,024,335	(5,150,646)
Benefit Payments	(4,551,392)	(4,463,266)	(4,017,643)	(3,182,356)	(3,837,835)	(3,160,684)	(3,709,497)	(3,084,963)	(2,657,664)
Net Change in Total OPEB Liability	14,238,519	(22,440,628)	6,091,396	(11,076,161)	(24,366,247)	(9,810,974)	37,811,710	23,890,481	(1,130,889)
Total OPEB Liability - Beginning	101,981,606	124,422,234	118,330,838	129,406,999	153,773,246	163,584,220	125,772,510	101,882,029	103,012,918
Total OPEB Liability - Ending (a)	\$ 116,220,125	\$ 101,981,606	\$ 124,422,234	\$ 118,330,838	\$ 129,406,999	\$ 153,773,246	\$ 163,584,220	\$ 125,772,510	\$ 101,882,029
<u>Plan Fiduciary Net Position</u>									
Contributions - Employer	\$ 4,551,392	\$ 4,463,266	\$ 4,017,643	\$ 3,182,356	\$ 3,837,835	\$ 3,160,684	\$ 3,709,497	\$ 3,084,963	\$ 2,657,664
Benefit Payments	(4,551,392)	(4,463,266)	(4,017,643)	(3,182,356)	(3,837,835)	(3,160,684)	(3,709,497)	(3,084,963)	(2,657,664)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 116,220,125	\$ 101,981,606	\$ 124,422,234	\$ 118,330,838	\$ 129,406,999	\$ 153,773,246	\$ 163,584,220	\$ 125,772,510	\$ 101,882,029
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 37,787,808	\$ 31,542,164	\$ 31,352,103	\$ 27,247,278	\$ 25,955,888	\$ 21,493,170	\$ 23,365,367	\$ 18,829,582	\$ 22,181,854
Total OPEB Liability as a percentage of covered payroll	307.6%	323.3%	396.9%	434.3%	498.6%	715.5%	700.1%	668.0%	459.3%

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

4.32%	4.81%	4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%
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* Medical and prescription drug trend rates have been updated based on the 2024 Getzen model, with an initial trend rate of 6.75% from 2024 to 2025, followed by 6.50% for 2025 to 2026, and decreasing to an ultimate rate of 4.04% by 2075

* Percentage of employees electing DEHIC health plans at retirement has been increased from 70% to 100%

* Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021

* Actual spouse health coverage election is used for existing retirees instead of assuming that 70% of male and 45% of female retirees elected health coverage for their spouses.

* Medicare Part B trend rates have been updated based on the actual rate from 2024 to 2025 followed by projected Part B premium increases shown in the 2024 Medicare Trustees report, and decreasing to an ultimate rate of 4.04% by 2075

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL
SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF NET PENSION ASSET/(LIABILITY) AND RELATED RATIOS

Plan Year Ended	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employees Retirement System										
The BOCES' proportion of the net pension liability (asset)	0.0399762%	0.0394638%	0.0378497%	0.0346888%	0.0315434%	0.0298496%	0.0295859%	0.0286542%	0.0299486%	0.0307674%
The BOCES' proportion of the net pension liability (asset)	\$ 2,255,355	\$ 6,766,358	\$ 5,573,006	\$ 7,438,682	\$ (2,578,545)	\$ 29,772	\$ 7,834,514	\$ 2,030,240	\$ 966,575	\$ 2,890,974
The BOCES' covered employee payroll	\$ 15,706,214	\$ 14,791,232	\$ 13,523,296	\$ 11,861,043	\$ 10,881,361	\$ 10,810,102	\$ 10,869,776	\$ 10,263,585	\$ 9,710,930	\$ 9,764,937
The BOCES' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.36%	45.75%	41.21%	62.72%	-23.70%	0.28%	72.08%	19.78%	9.95%	29.61%
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Teachers Retirement System										
The BOCES' proportion of the net pension liability (asset)	0.106459%	0.100720%	0.093877%	0.091843%	0.083872%	0.078514%	0.071952%	0.068960%	0.072561%	0.069331%
The BOCES' proportion of the net pension liability (asset)	\$ (6,303,482)	\$ (3,005,706)	\$ 1,073,559	\$ 1,762,362	\$ (14,534,244)	\$ 2,169,557	\$ (1,869,329)	\$ (1,246,977)	\$ (551,533)	\$ 742,567
The BOCES' covered employee payroll	\$ 21,813,644	\$ 20,079,465	\$ 18,110,523	\$ 17,025,112	\$ 14,826,145	\$ 13,907,320	\$ 12,771,910	\$ 12,771,910	\$ 11,356,028	\$ 12,667,043
The BOCES' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-28.90%	-14.97%	5.93%	10.35%	-98.03%	15.60%	-14.64%	-9.76%	-4.86%	5.86%
Plan fiduciary net position as a percentage of the total pension liability	103.99%	102.10%	99.17%	98.57%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employees Retirement System										
Contractually Required Contribution	\$ 2,192,479	\$ 1,846,662	\$ 1,390,503	\$ 1,158,989	\$ 1,597,647	\$ 1,457,947	\$ 1,393,435	\$ 1,390,473	\$ 1,409,874	\$ 1,433,181
Contributions in relation to the contractually required contribution	\$ 2,192,479	\$ 1,846,662	\$ 1,390,503	\$ 1,158,989	\$ 1,597,647	\$ 1,457,947	\$ 1,393,435	\$ 1,390,473	\$ 1,409,874	\$ 1,433,181
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The BOCES' Covered Employee Payroll	\$ 15,706,214	\$ 14,791,232	\$ 13,523,296	\$ 11,861,043	\$ 10,881,361	\$ 10,810,102	\$ 10,869,776	\$ 10,263,585	\$ 9,710,930	\$ 9,764,937
Contributions as a percentage of a covered employee payroll	13.96%	12.48%	10.28%	9.77%	14.68%	13.49%	12.82%	13.55%	14.52%	14.68%

Fiscal Year Ended	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Teachers Retirement System										
Contractually Required Contribution	\$ 2,154,607	\$ 2,113,311	\$ 1,876,938	\$ 1,784,100	\$ 1,594,478	\$ 1,356,671	\$ 1,180,713	\$ 1,275,465	\$ 1,100,814	\$ 1,347,621
Contributions in relation to the contractually required contribution	\$ 2,154,607	\$ 2,113,311	\$ 1,876,938	\$ 1,784,100	\$ 1,594,478	\$ 1,356,671	\$ 1,180,713	\$ 1,275,465	\$ 1,100,814	\$ 1,347,621
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The BOCES' Covered Employee Payroll	\$ 23,303,306	\$ 21,813,644	\$ 20,079,465	\$ 17,025,112	\$ 14,826,145	\$ 13,907,320	\$ 12,771,910	\$ 12,771,910	\$ 11,356,028	\$ 12,667,043
Contributions as a percentage of a covered employee payroll	9.25%	9.69%	9.35%	10.48%	10.75%	9.76%	9.24%	9.99%	9.69%	10.64%

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - over (under)	Actual Amounts	Year End	Variance with Final Budget - over (under)
	Original	Final	Final Budget	GAAP Basis	Encumbrances	Actual & Encumbrances
Revenues:						
Administration - 001	\$ 10,211,022	\$ 10,266,022	\$ 55,000	\$ 10,823,157	\$ -	\$ 557,135
Occupational - 100-199	16,036,155	20,462,876	4,426,721	16,189,133	-	(4,273,743)
Instruction for the Handicapped - 200-299	33,686,013	37,387,933	3,701,920	34,848,808	-	(2,539,125)
Itinerant Services - 300-399	1,885,000	2,381,138	496,138	2,195,459	-	(185,679)
General Instruction - 400-499	7,673,607	9,596,247	1,922,640	8,714,958	-	(881,289)
Instructional Support - 500-599	8,744,088	12,873,133	4,129,045	12,070,051	-	(803,082)
Other Services - 600-699	27,113,745	32,903,279	5,789,534	29,646,664	-	(3,256,615)
Internal Services - 700-799	-	-	-	28,324,339	-	28,324,339
Total Revenues	105,349,630	125,870,628	20,520,998	142,812,569	-	16,941,941
Expenditures:						
Administration - 001	10,211,022	10,266,022	55,000	9,316,735	55,000	(894,287)
Occupational - 100-199	16,036,155	20,462,876	4,426,721	17,465,227	2,630,791	(366,858)
Instruction for the Handicapped - 200-299	33,686,013	37,387,933	3,701,920	34,214,092	2,852,881	(320,960)
Itinerant Services - 300-399	1,885,000	2,381,138	496,138	1,852,017	385,873	(143,248)
General Instruction - 400-499	7,673,607	9,596,247	1,922,640	8,811,821	337,565	(446,861)
Instructional Support - 500-599	8,744,088	12,873,133	4,129,045	11,038,105	1,008,445	(826,583)
Other Services - 600-699	27,113,745	32,903,279	5,789,534	26,960,914	2,479,350	(3,463,015)
Internal Services - 700-799	-	-	-	28,324,339	-	28,324,339
Total Expenditures	105,349,630	125,870,628	20,520,998	137,983,250	9,749,905	21,862,527
Excess/(Deficiency) of Budgetary Excess Revenues Over Expenditures	-	-	-	4,829,319	(9,749,905)	(4,920,586)
Return of Surplus	-	-	-	(7,472,541)		
Excess of Revenues (Expenditures)	\$ -	\$ -	\$ -	\$ (2,643,222)		

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

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	<u>General Fund over/(under)</u>
BUDGETARY REVENUES	
Differences-original budget to final budget:	
The increase from the original budget to the final budget was primarily attributable to additional service requests received from the BOCES's component districts for Occupational Services. Based on increased demand from participating districts, the BOCES revised its budget to reflect the additional services anticipated to be provided during the fiscal year.	\$ 4,426,721
The increase from the original budget to the final budget was primarily attributable to additional service requests received from the BOCES's component districts for Handicapped Services. The additional requests resulted in an increase in anticipated program activity and related revenues and expenditures, which was incorporated into the final budget.	3,701,920
The increase from the original budget to the final budget was primarily attributable to additional service requests received from the BOCES's component districts for General Instruction Services. The final budget was revised to reflect the additional services requested by participating districts and the corresponding anticipated financial activity.	1,922,640
The increase from the original budget to the final budget was primarily attributable to additional service requests received from the BOCES's component districts for Instructional Support Services. The additional requests increased the level of services expected to be provided during the fiscal year, resulting in corresponding adjustments to the final budget.	4,129,045
The increase from the original budget to the final budget was attributable to additional service requests received from the BOCES's component districts, as well as additional miscellaneous revenue anticipated from participating districts. The final budget was adjusted to reflect the increased level of activity and the related revenues and expenditures associated with these additional services.	5,789,534
Differences-final budget to actual:	
The variance between the final budget and actual amounts is primarily attributable to the timing of expenditures and the treatment of encumbrances. The original budget does not include outstanding encumbrances carried forward from the prior fiscal year. However, the final budget includes these prior-year encumbrances, which represent commitments established in the prior year that remained outstanding at the beginning of the current fiscal year.	\$ 557,135
The variance between the final budget and actual amounts is primarily attributable to the timing of expenditures and the treatment of encumbrances. The original budget does not include outstanding encumbrances carried forward from the prior fiscal year. However, the final budget includes these prior-year encumbrances, which represent commitments established in the prior year that remained outstanding at the beginning of the current fiscal year.	(4,273,743)
The variance between the final budget and actual amounts is primarily attributable to the timing of expenditures and the treatment of encumbrances. The original budget does not include outstanding encumbrances carried forward from the prior fiscal year. However, the final budget includes these prior-year encumbrances, which represent commitments established in the prior year that remained outstanding at the beginning of the current fiscal year.	(2,539,125)
The variance between the final budget and actual amounts is primarily attributable to the timing of expenditures and the treatment of encumbrances. The original budget does not include outstanding encumbrances carried forward from the prior fiscal year. However, the final budget includes these prior-year encumbrances, which represent commitments established in the prior year that remained outstanding at the beginning of the current fiscal year.	(881,289)
The variance between the final budget and actual amounts is primarily attributable to the timing of expenditures and the treatment of encumbrances. The original budget does not include outstanding encumbrances carried forward from the prior fiscal year. However, the final budget includes these prior-year encumbrances, which represent commitments established in the prior year that remained outstanding at the beginning of the current fiscal year.	(803,082)
The variance between the final budget and actual amounts is primarily attributable to the timing of expenditures and the treatment of encumbrances. The original budget does not include outstanding encumbrances carried forward from the prior fiscal year. However, the final budget includes these prior-year encumbrances, which represent commitments established in the prior year that remained outstanding at the beginning of the current fiscal year.	(3,256,615)
The variance between the final budget and actual amounts is primarily attributable to the revenue for the installment purchase agreements and the iPark lease, which were not included in the original budget.	28,324,339

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

BUDGETARY EXPENDITURES

Differences-original budget to final budget:

The increase was primarily due to additional service requests received from component districts for Occupational Services. The final budget was adjusted to reflect the increased level of services and related financial activity.	4,426,721
The increase was primarily due to additional service requests received from component districts for Handicapped Services. The final budget was revised to account for the additional services requested and the related revenues and expenditures.	3,701,920
The increase was primarily due to additional service requests received from component districts for General Instruction Services. The final budget was adjusted to reflect the additional services anticipated to be provided.	1,922,640
The increase was primarily due to additional service requests received from component districts for Instructional Support Services. The final budget was revised to reflect the increased level of anticipated services and related activity.	4,129,045
The increase was primarily due to additional service requests received from component districts, as well as additional miscellaneous revenue from participating districts. The final budget was adjusted to reflect the additional activity and related financial impact.	5,789,534

Differences-final budget to actual:

Actual Administration expenditures were lower than the amounts anticipated in the final budget. The variance was primarily attributable to lower-than-budgeted operating costs and expenditures during the fiscal year. Certain planned expenditures were not incurred at the level originally anticipated, resulting in favorable budget-to-actual results for Administration.	(894,287)
Actual Instructional Support expenditures were lower than the amounts anticipated in the final budget. The variance was primarily attributable to lower-than-anticipated expenditures for services and other operating costs within the program. As a result, the BOCES did not utilize the full amount budgeted for Instructional Support Services during the fiscal year.	(826,583)
Actual expenditures for Other Services were lower than the amounts anticipated in the final budget. The favorable variance was primarily due to lower-than-anticipated expenditures associated with the services provided during the fiscal year. The BOCES's actual level of expenditures was below the amounts included in the final budget, resulting in the favorable variance.	(3,463,016)
The variance between the final budget and actual amounts is primarily attributable to the expense for the installment purchase agreements and the iPark lease, which were not included in the original budget.	28,324,339

**SUPPLEMENTARY
INFORMATION**

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2026

	Special Aid Fund	School Lunch Fund	Miscellaneous Fund	Total Non-Major Funds
ASSETS				
Cash and Cash Equivalents	\$ 376,344	\$ 133,717	\$ -	\$ 510,061
Restricted Cash	-	-	1,029,757	1,029,757
State and Federal Aid Receivable	777,447	16,389	-	793,836
Due From Other Funds	11,775	-	-	11,775
Other Receivable	299,615	-	-	299,615
Inventories	-	12,148	-	12,148
Total Assets	<u>\$ 1,465,181</u>	<u>\$ 162,254</u>	<u>\$ 1,029,757</u>	<u>2,657,192</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 18,777	\$ -	\$ -	\$ 18,777
Accrued Liabilities	10,674	109	-	10,783
Unearned Revenues	819,867	-	-	819,867
Due To Other Funds	399,629	573	-	400,202
Due to Teachers' Retirement System	(362)	-	-	(362)
Due to Employees' Retirement System	1,760	-	-	1,760
Total Liabilities	<u>1,250,345</u>	<u>682</u>	<u>-</u>	<u>1,251,027</u>
Fund Balances:				
Nonspendable	-	12,148	-	12,148
Restricted	-	-	1,029,757	1,029,757
Assigned	214,836	149,424	-	364,260
Total Fund Balances	<u>214,836</u>	<u>161,572</u>	<u>1,029,757</u>	<u>1,406,165</u>
Total Liabilities and Fund Balances	<u>\$ 1,465,181</u>	<u>\$ 162,254</u>	<u>\$ 1,029,757</u>	<u>\$ 2,657,192</u>

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Special Aid Fund	School Lunch Fund	Miscellaneous Fund	Total Non-Major Funds
Revenues:				
Charges for Services	\$ 186,150	\$ -	\$ -	\$ 186,150
Charges to Components	1,687,206	-	-	1,687,206
Interest and Earnings	35,625	3,258	-	38,883
Miscellaneous	133,637	-	1,006,050	1,139,687
State Aid	1,089,117	4,875	-	1,093,992
Federal Aid	378,787	227,111	-	605,898
Surplus Food (Federal Aid)	-	13,099	-	13,099
Food Sales	-	499	-	499
Total Revenues	3,510,522	248,842	1,006,050	4,765,414
Expenditures:				
Administration	68,552	-	-	68,552
Occupational Instructions	962,812	-	-	962,812
Instruction for Special Education	1,435,685	-	-	1,435,685
Itinerant Services	114,496	-	-	114,496
Instructional Support	611,917	-	-	611,917
Other Services	255,731	-	-	255,731
Other Expenditures	-	-	34,535	34,535
Cost of Sales	-	342,001	-	342,001
Total Expenditures	3,449,193	342,001	34,535	3,825,729
Excess/(Deficiency) of Revenues Over Expenditures	61,329	(93,159)	971,515	939,685
Other Financing Sources/(Uses):				
Operating Transfers In	-	140,000	-	140,000
Operating Transfers Out	(80,829)	(18,858)	-	(99,687)
Total Other Financing Sources/(Uses)	(80,829)	121,142	-	40,313
Change in Fund Balances	(19,500)	27,983	971,515	979,998
Fund Balances - Beginning	234,336	133,589	58,242	426,167
Fund Balances - Ending	\$ 214,836	\$ 161,572	\$ 1,029,757	\$ 1,406,165

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2026

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Refinanced During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Due Within the Next Year
<u>INSTALLMENT PURCHASE DEBT</u>										
Installment Purchase Debt	2023	27	1.00%	\$ 2,331,915	\$ 98,363	\$ 783,083	\$ -	\$ 1,647,195	\$ 98,537	\$ 769,554
TOTAL INSTALLMENT PURCHASE DEBT				2,331,915	98,363	783,083	-	1,647,195	98,537	769,554
<u>LEASE LIABILITIES</u>										
Leases				1,390,566	28,500,774	1,435,458	-	28,455,882	149,721	1,676,106
TOTAL LEASE LIABILITIES				1,390,566	28,500,774	1,435,458	-	28,455,882	149,721	1,676,106
<u>SUBSCRIPTION LIABILITIES</u>										
SBITA				3,958	-	3,958	-	-	-	-
TOTAL SUBSCRIPTION LIABILITIES				3,958	-	3,958	-	-	-	-
TOTAL INDEBTEDNESS				\$ 3,726,439	\$ 28,599,137	\$ 2,222,499	\$ -	\$ 30,103,077	\$ 248,258	\$ 2,445,660

OTHER INFORMATION

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ANALYSIS OF ACCOUNT A431 – SCHOOL DISTRICTS**

July 1, 2025 - Debit (Credit) Balance \$ (61,219)

Debits:

Billings to School Districts	110,780,888	
Refund of Balances Due School Districts - Paid	8,462,015	
Encumbrances - June 30, 2026	<u>9,749,905</u>	
Total Debits		<u>128,992,808</u>

Credits:

Collections from School Districts	(113,380,124)	
Revenues in Excess of Expenditures	(4,829,319)	
Encumbrances - June 30, 2025	(12,489,648)	
Other Adjustments	<u>(2)</u>	
Total Credits		<u>(130,699,093)</u>

June 30, 2026 - Debit (Credit) Balance \$ (1,767,504)

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2026

Original Adopted Budget	<u>\$ 105,349,630</u>
June 30, 2025, Carryover	
Encumbrances	<u>12,489,648</u>
Other Revisions (Authorization):	
Additional Contractual Services to Components and Non-Components	<u>8,031,350</u>
Total Revisions	<u>20,520,998</u>
	<u><u>\$ 125,870,628</u></u>

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2026

Project	Expenditures and Transfers to Date					Methods of Financing				Fund Balance (Deficit) at June 30, 2026
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Interfund Transfers	Totals	
Major Capital Projects										
Agency Wide Capital Project	\$ 52,990,226	12,053,077	\$ 12,248,279	\$ 24,301,356	\$ 28,688,870	\$ -	\$ 30,421,083	\$ -	\$ 30,421,083	\$ 6,119,727
Non-Major Capital Projects										
CAE Roof Rehabilitation	971,000	3,800	640,351	644,151	326,849	-	-	-	-	(644,151)
Career & Tech Bld. - HVAC	3,514,175	49,370	-	49,370	3,464,805	-	6,665,637	887,778	7,553,415	7,504,045
Career Academy at iPark	1,000,000	-	73,800	73,800	926,200	-	-	-	-	(73,800)
Gasoline Tank Replacement	99,893	99,893	-	99,893	-	-	325,268	-	325,268	225,375
Authorized Capital Reserve Purchase	1,908,222	547,510	-	547,510	1,360,712	-	1,869,510	200,000	2,069,510	1,522,000
Total	\$ 60,483,516	\$ 12,753,650	\$ 12,962,430	\$ 25,716,080	\$ 34,767,436	\$ -	\$ 39,281,498	\$ 1,087,778	\$ 40,369,276	\$ 14,653,196

ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2026

Capital Assets, net		\$	42,994,743
Additions:			
Right to Use Lease Asset	<u>28,455,882</u>		28,455,882
Deductions:			
Short-term Portion of Installment Purchase Debt	(769,554)		
Long-term Portion of Installment Purchase Debt	(877,641)		
Short-term Portion of Lease Liabilities	(1,676,106)		
Long-term Portion of Lease Liabilities	<u>(26,779,776)</u>		
			<u>(30,103,077)</u>
Net Investment in Capital Assets		\$	<u><u>41,347,548</u></u>

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Board of Education
Ulster County Board of Cooperative Educational Services
175 Route 32 North
New Paltz, NY 12561

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ulster County Board of Cooperative Educational Services (the "BOCES") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated September 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

RBT CPAs, LLP

Hudson, NY

September 16, 2026

**ULSTER COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2026**

A. INTERNAL CONTROL FINDINGS

None Noted

B. COMPLIANCE FINDINGS

None Noted

