

**BOARD OF COOPERATIVE EDUCATIONAL
SERVICES
GENESEE, LIVINGSTON, STEUBEN
AND WYOMING COUNTIES**

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2023



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
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INDEPENDENT AUDITORS' REPORT

To the Board Members
Board of Cooperative Educational Services
Genesee, Livingston, Steuben and Wyoming Counties, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties, New York, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties, New York, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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*, 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 Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties 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 opinion.

Responsibilities of Management for the Financial Statements

Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's 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 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, 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's 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's 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 BOCES's total OPEB liability and related ratio, schedule of the BOCES's proportionate share of the net pension liability, schedule of BOCES contributions, and budgetary comparison information on pages 4-14 and 49-53 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 Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties' basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023 on our consideration of Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties' internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 14, 2023

Management's Discussion and Analysis

Genesee, Livingston, Steuben and Wyoming BOCES

Fiscal Year Ended June 30, 2023

This section of the Genesee, Livingston, Steuben and Wyoming BOCES' (the BOCES) annual financial report presents its discussion and analysis of the BOCES' financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the BOCES' financial statements, which immediately follow this section.

Financial Highlights

BOCES is governed by education law and other general laws of the State of New York. The governing body is the Board of Cooperative Educational Services. The scope of activities included within the accompanying basic financial statements are those transactions which comprise BOCES' operations and are governed by, or significantly influenced by the Board of Cooperative Educational Services.

Boards of Cooperative Educational Services (BOCES) were established by New York State legislation in 1948 to enable school districts to offer more breadth in their educational programs by sharing teachers. In 1955, legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following 22 school districts in New York's Genesee, Livingston, Steuben and Wyoming counties:

Alexander Central School District	Letchworth Central School District
Attica Central School District	Livonia Central School District
Avon Central School District	Mt. Morris Central School District
Batavia City School District	Oakfield-Alabama Central School District
Byron-Bergen Central School District	Pavilion Central School District
Caledonia-Mumford Central School District	Pembroke Central School District
Dansville Central School District	Perry Central School District
Elba Central School District	Warsaw Central School District
Geneseo Central School District	Wayland-Cohocton Central School District
Keshequa Central School District	Wyoming Central School District
LeRoy Central School District	York Central School District

BOCES programs and services include special education, career and technical education, academic and alternative programs, summer schools, staff development, computer services (management and instructional), educational communication and several management services (such as cooperative bidding, health safety & risk management).

Changes in administrative costs

The net cost to the component districts for the administrative portion of the BOCES budget decreased from the prior year by \$51,727. This is the result of the Capital portion of the budget decreasing (\$339,500), which is, the sixteenth year of a twenty year bond schedule. The Lease/Rental portion of the budget increased a total of \$44,976. This is up 7.39% from the 2022 year due to an increase in lease obligations. The Operating portion increased \$242,797 or up 8.94% from the 2022 year. This increase is due to costs from health insurance premiums and other contractual obligations.

See the following chart for additional details.

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating	\$2,959,834	\$2,717,037	\$242,797	8.94%
Lease/Rental	\$653,784	\$608,808	\$44,976	7.39%
Capital	<u>\$1,959,250</u>	<u>\$2,298,750</u>	<u>\$(339,500)</u>	<u>-14.77%</u>
Total	<u>\$5,572,868</u>	<u>\$5,624,595</u>	<u>\$(51,727)</u>	<u>-0.92%</u>

Changes in Program Services

A BOCES General Fund budget is unique compared to a typical school budget. A typical school budget is endorsed by the Board of Education and presented to the voters for approval. Once the budget is finalized it does not change during the year. This is not the case with a BOCES budget. The BOCES budget is comprised of separate programs called COSERS (short for Cooperative Service Agreement). A component school district can choose whether to participate in any COSER; except the administrative COSER. By regulation all components must pay their share of the administrative COSER. Each year, in April, the component Boards of Education vote on the proposed administrative budget (one vote per Board).

Currently, there are approximately 75 separate COSER programs. Component districts can join a COSER at any point in the year, or they can amend their participation level during the year. They do this by authorizing an Adjustment to BOCES Services form. Once properly authorized, this form is entered into the BOCES financial system and revenue and appropriations are amended by the new service total. So a BOCES budget is constantly changing (usually increasing) throughout the year.

To illustrate see the chart below for the year ended June 30, 2023:

<u>COSER Services</u>	<u>Original Budget</u>	<u>Revised (Final) Budget</u>
Administrative	\$5,747,042	\$5,853,156
Career & Technical Education	\$11,605,988	\$12,487,365
Instruction for Handicapped	\$10,502,361	\$13,595,019
Itinerant Services	\$2,578,571	\$3,249,831
General Instruction	\$5,095,918	\$5,914,672
Instructional Support	\$9,140,647	\$17,990,887
Other Services	<u>\$10,527,833</u>	<u>\$15,856,519</u>
Total Budget	<u>\$55,198,360</u>	<u>\$74,947,450</u>

As noted, the budget increased during the year by \$19,749,090 or 36%. All of this increase was a result of school district service request adjustments. The largest areas of increase were in Career & Technical Education (\$881,376) Instruction for the Handicapped (\$3,092,658), Instructional Support (\$8,850,240) and Other Services (\$5,328,686). These four areas increased by a total of \$18,152,960. This represents 92% of the total budget increase. The other three areas increased by \$1,596,129.

Overview of the Financial Statements

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

- The first two statements are Government-wide financial statements that provide both short-term and long-term information about the BOCES' overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the BOCES, reporting the BOCES' operations in more detail than the Government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the BOCES acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the BOCES' budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Genesee, Livingston, Steuben and Wyoming BOCES' Annual Financial Report

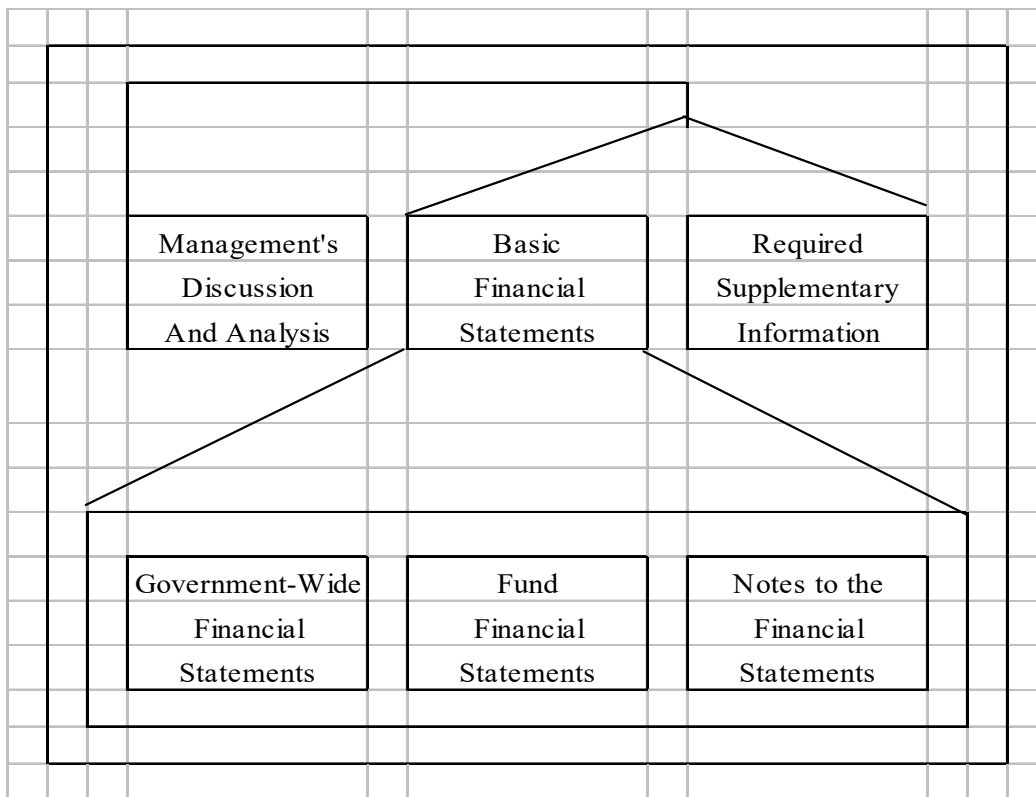


Figure A-2 summarizes the major features of the BOCES' financial statements, including the portion of the BOCES' activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each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

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire BOCES (except fiduciary funds)	The activities of the BOCES are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the BOCES administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The Government-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 expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the BOCES' net position and how they have changed. Net position is the difference between the BOCES' assets and liabilities. To assess the BOCES' overall health, you need to consider non-financial factors such as changes in the BOCES' programs and the condition of school buildings and other facilities.

In the Government-wide financial statements, the BOCES' activities are shown as governmental activities. Most of the BOCES' basic services are included here, such as regular and special education and administration. Grants and charges to component and non-component units finance 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.
- The BOCES' establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (such as Federal grants).

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 can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information reported on the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position explains the relationship (or differences) between them.
- **Fiduciary Funds:** The BOCES is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and 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 from the Government-wide financial statements because it cannot use these assets to finance its operations.

Net Position

The BOCES' combined net position were less on June 30, 2023, than they were the year before, decreasing by 8% to \$11,062,591 as shown in table below.

	<u>Governmental Activities</u>		<u>Total Dollar Change</u>	<u>Total % Change</u>
	<u>2023</u>	<u>2022</u>		
<u>ASSETS:</u>				
Current and Other Assets	\$ 33,890,940	\$ 44,437,953	\$ (10,547,013)	-23.73%
Capital Assets	22,408,936	24,342,671	(1,933,735)	-7.94%
Total Assets	\$ 56,299,876	\$ 68,780,624	\$ (12,480,748)	-18.15%
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Deferred Outflows of Resources	\$ 10,923,855	\$ 11,316,077	\$ (392,222)	-3.47%
<u>LIABILITIES:</u>				
Long-Term Debt Obligations	\$ 24,185,996	\$ 25,092,175	\$ (906,179)	-3.61%
Other Liabilities	27,593,326	21,924,380	5,668,946	25.86%
Total Liabilities	\$ 51,779,322	\$ 47,016,555	\$ 4,762,767	10.13%
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred Inflows of Resources	\$ 4,381,818	\$ 20,996,384	\$ (16,614,566)	-79.13%
<u>NET POSITION:</u>				
Net Investment in Capital Assets	\$ 12,051,054	\$ 11,820,957	\$ 230,097	1.95%
<u>Restricted For:</u>				
Unemployment Insurance Reserve	795,952	810,740	(14,788)	-1.82%
Employee Benefits Accrued				
Liability Reserve	959,434	961,730	(2,296)	-0.24%
Other Purposes	778,295	883,546	(105,251)	-11.91%
Unrestricted	(3,522,144)	(2,393,211)	(1,128,933)	47.17%
Total Net Position	\$ 11,062,591	\$ 12,083,762	\$ (1,021,171)	-8.45%

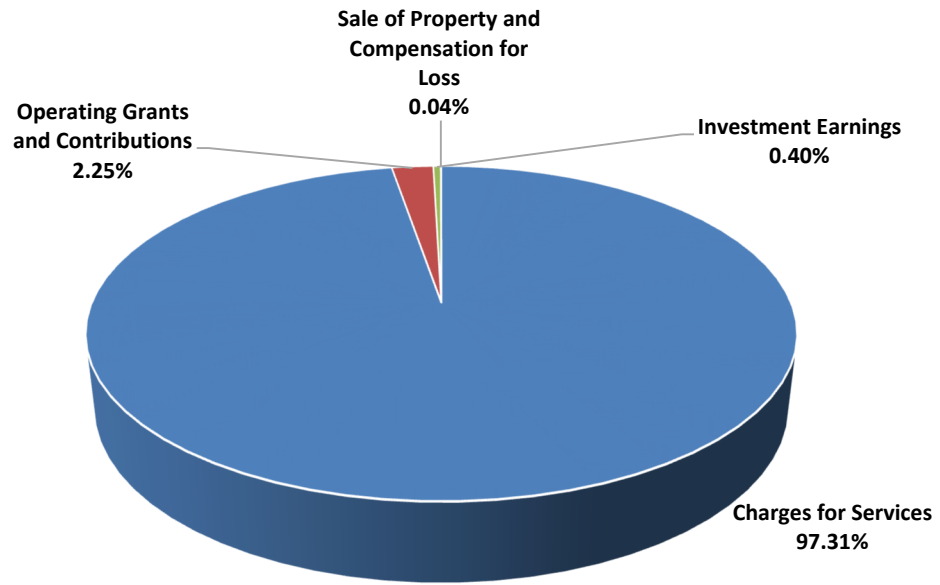
Changes in Net Position

The BOCES' total revenue decreased to \$74,317,532.

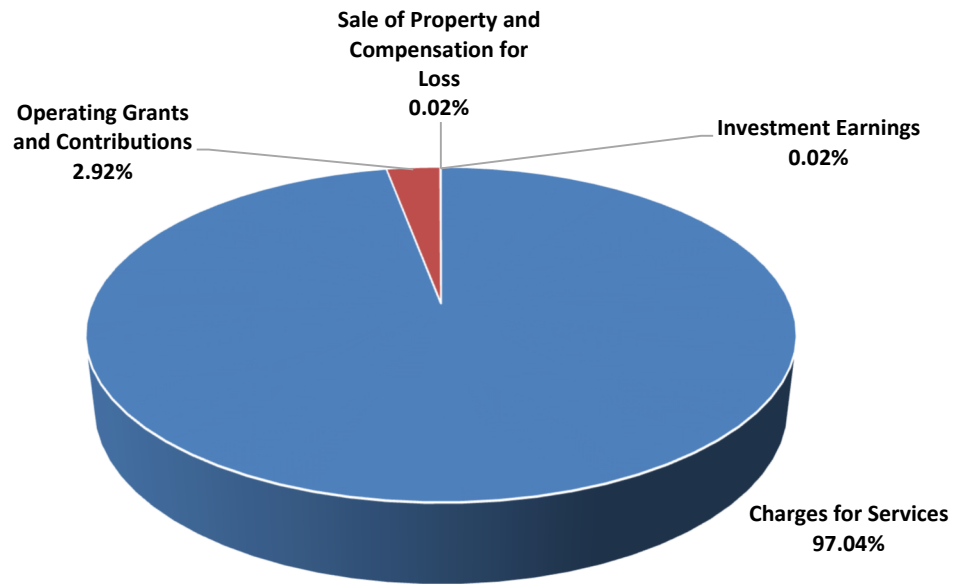
The total cost of all the programs and services increased to \$75,338,703.

	<u>Governmental Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>% Change</u>
REVENUES:				
<u>Program -</u>				
Charges for Service	\$ 72,321,379	\$ 72,810,760	\$ (489,381)	-0.67%
Operating Grants & Contributions	1,673,427	2,188,014	(514,587)	-23.52%
Total Program	\$ 73,994,806	\$ 74,998,774	\$ (1,003,968)	-1.34%
<u>General -</u>				
Investment Earnings	\$ 299,594	\$ 12,412	\$ 287,182	2313.74%
Sale of Property and Compensation for Loss	23,132	21,046	2,086	9.91%
Total General	\$ 322,726	\$ 33,458	\$ 289,268	864.57%
TOTAL REVENUES	\$ 74,317,532	\$ 75,032,232	\$ (714,700)	-0.95%
EXPENSES:				
Administration	\$ 3,393,177	\$ 3,406,445	\$ (13,268)	-0.39%
Career and Tech Education	15,271,546	14,346,702	924,844	6.45%
Instruction for the Handicapped	13,154,582	11,885,587	1,268,995	10.68%
Itinerant Services	2,843,855	2,463,658	380,197	15.43%
General Instruction	5,546,826	5,854,718	(307,892)	-5.26%
Instructional Support	18,800,086	20,179,881	(1,379,795)	-6.84%
Other Services	15,005,095	13,429,363	1,575,732	11.73%
School Lunch	781,725	900,655	(118,930)	-13.20%
Interest Expense	541,811	-	541,811	100.00%
TOTAL EXPENSES	\$ 75,338,703	\$ 72,467,009	\$ 2,871,694	3.96%
CHANGE IN NET POSITION	\$ (1,021,171)	\$ 2,565,223		
NET POSITION, BEGINNING OF YEAR	12,083,762	9,518,539		
NET POSITION, END OF YEAR	\$ 11,062,591	\$ 12,083,762		

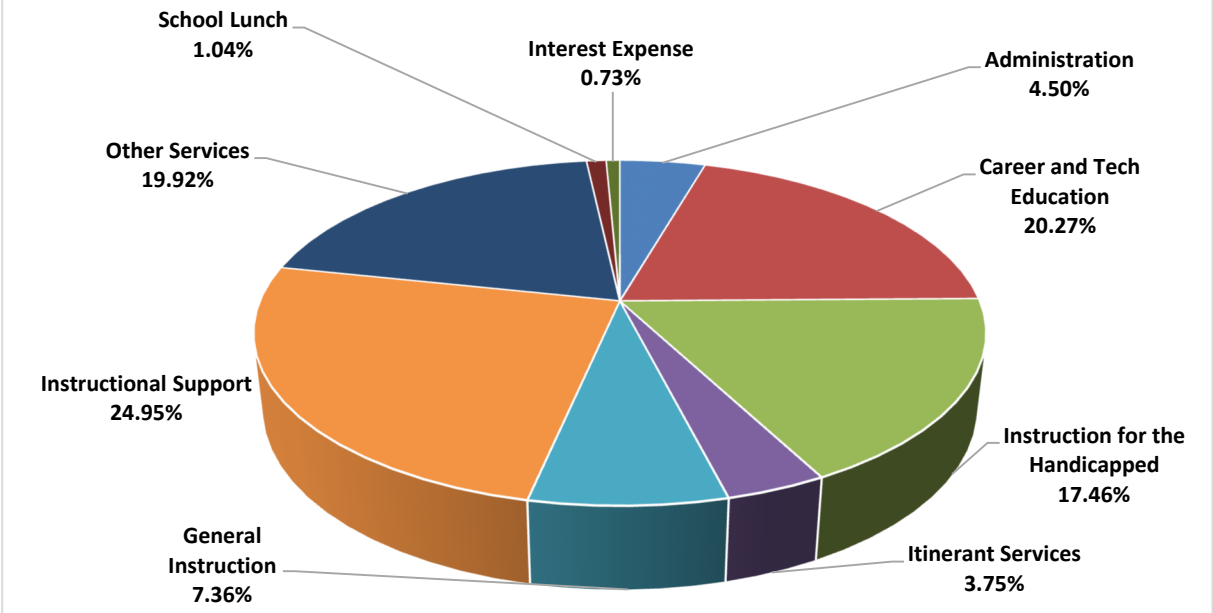
Revenues 2022-23



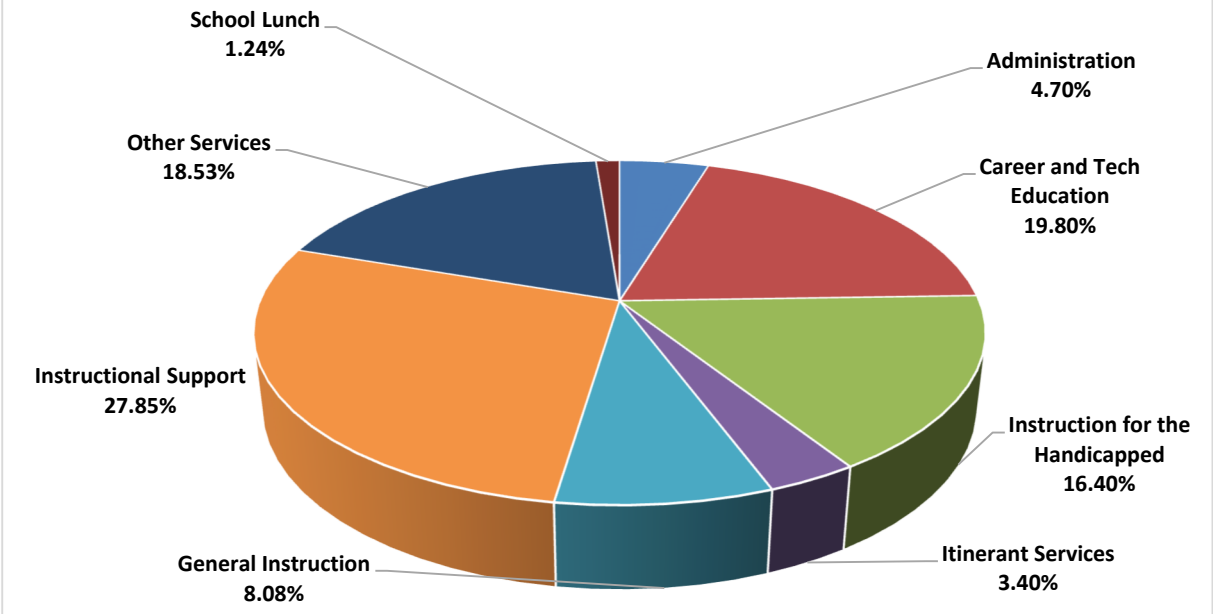
Revenues 2021-22



Expenses 2022-23



Expenses 2021-22



Financial Analysis of the BOCES Funds

The financial performance of the BOCES as a whole is reflected in its governmental funds. As the BOCES completed the year, its governmental funds reported combined fund balances of \$6,327,927 which is more than last year's ending fund balance of \$6,202,245. A summary of the General Fund balance classifications is Shown below:

<u>General Fund Balances:</u>	<u>2023</u>	<u>2022</u>	<u>Total Variance</u>
Restricted	\$ 2,468,649	\$ 2,590,519	\$ (121,870)
Assigned	2,692,354	2,560,044	132,310
Total General Fund Balances	\$ 5,161,003	\$ 5,150,563	\$ 10,440

Governmental Activities

This section presents the cost of nine major BOCES activities: administration, occupational instruction, instruction for the handicapped, itinerant services, general instruction, instructional support, other services, school lunch and capital outlay. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

	<u>Total Cost of Services</u>			<u>Net Cost (Income) From Services</u>		
	<u>2023</u>	<u>2022</u>	<u>% Change</u>	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Administration	\$ 3,393,177	\$ 3,406,445	-0.39%	\$ 1,284,095	\$ 2,258,779	-43.15%
Career and Tech Education	15,271,546	14,346,702	6.45%	(1,430,144)	(593,079)	141.14%
Instruction for the Handicapped	13,154,582	11,885,587	10.68%	(649,910)	112,755	-676.39%
Itinerant Services	2,843,855	2,463,658	15.43%	(289,642)	263,425	-209.95%
General Instruction	5,546,826	5,854,718	-5.26%	(222,125)	252,026	-188.14%
Instructional Support	18,800,086	20,179,881	-6.84%	3,160	205,364	-98.46%
Other Services	15,005,095	13,429,363	11.73%	42,495	69,125	-38.52%
School Lunch	781,725	900,655	-13.20%	(109,784)	(36,630)	199.71%
Interest Expense	541,811	-	100.00%	27,958	-	100.00%
Total	\$ 75,338,703	\$ 72,467,009	118.60%	\$ (1,343,897)	\$ 2,531,765	-813.77%

	<u>2023</u>		
	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Equity</u>
General Fund	\$ 73,694,564	\$ 69,003,929	\$ 5,161,003
Special Aid Fund	\$ 4,493,111	\$ 4,290,402	\$ 1,092,321
School Lunch Fund	\$ 671,941	\$ 711,857	\$ 9,301
Miscellaneous Special Revenue Fund	\$ 21,045	\$ 21,510	\$ 63,134
Capital Projects Fund	\$ 206,918	\$ 206,918	\$ 2,168

	<u>2022</u>		
	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Equity</u>
General Fund	\$ 73,256,290	\$ 68,490,317	\$ 5,150,563
Special Aid Fund	\$ 4,914,704	\$ 5,056,342	\$ 889,612
School Lunch Fund	\$ 864,025	\$ 711,035	\$ 96,303
Miscellaneous Special Revenue Fund	\$ 21,642	\$ 15,311	\$ 63,599
Capital Projects Fund	\$ 60,593	\$ 60,593	\$ 2,168

Capital Assets

Capital Assets

In the past, the BOCES hired an independent third party vendor to provide current and updated appraisal information on fixed assets. The intent was to have this information compliant with GASB Statement No. 34 standards, which was accomplished. BOCES established a threshold for fixed asset depreciation at a minimum of \$5,000 per item or asset. A written report was provided by the third party which details their work. In addition, on-line updating of the data will be made available.

	<u>2023</u>	<u>2022</u>
<u>Capital Assets:</u>		
Land	\$ 137,000	\$ 137,000
Buildings and Improvements	18,330,717	20,160,317
Machinery and Equipment	1,915,575	1,668,368
Total Capital Assets	<u>\$ 20,383,292</u>	<u>\$ 21,965,685</u>
<u>Lease Assets:</u>		
Buildings	\$ 2,025,644	\$ 2,376,986
Grand Total	<u>\$ 22,408,936</u>	<u>\$ 24,342,671</u>

Long-Term Debt

At year end, the BOCES had \$24,185,996 in general obligation bonds and other long-term debt as follows:

<u>Type</u>	<u>2023</u>	<u>2022</u>
Refunding Bond	\$ 6,950,000	\$ 8,485,000
Lease Liability	2,025,644	2,376,986
Compensated Absences	1,390,960	1,301,961
Net Pension Liability	6,088,086	-
OPEB	7,731,306	9,760,433
Total Long-Term Obligations	<u>\$ 24,185,996</u>	<u>\$ 21,924,380</u>

Factors Bearing on the BOCES' Future

There are several factors which may have an impact on the BOCES future. They include:

1. Potential legislative changes are always a factor that must be dealt with. One item is the possibility of further state aid reductions. These reductions will have a negative impact on schools and could limit the services provided by BOCES to the districts.
2. Legislation has imposed a property tax cap on school districts other than the Big 5 city school districts and property tax rebates to homeowners in school districts whose budget is at or below the tax levy limit. The amount of taxes a school district may levy shall not exceed the tax levy limit, which is the lesser of a 2% increase in the previous year's tax levy or the inflation factor. This legislation will have an impact on schools and the services provided by BOCES to the districts.

3. Potential increases in the employee benefit area. BOCES remains concerned about future healthcare premiums. Higher office co-pays and higher prescription co-pays have been instituted to help in this area. Contributions to the Teachers' and Employees' Retirement Systems are other factors to take into consideration.
4. A major factor to consider for future budget planning and management is the completed capital project. A public referendum occurred on December 6, 2005. A total of 2,546 votes were cast with 1,768 being in favor of the project. The bond schedule was authorized in March 2008 and as of June 30, 2010, the project was complete. The total project budget is \$39,952,321 and in 2023-2024 we will be entering the seventeenth year of a 20 year bond schedule.
5. During 2022-2023 the Genesee Valley BOCES had an actuarial study done in accordance with the Government Accounting Standards Board (GASB) 75. This standard requires the reporting of liabilities for "other post-employment benefits", primarily health care benefits. This is not a new liability and the actuarial study estimated the actual long-term cost for these benefits to be \$7,731,306.
6. During 2006-2007 a Career and Technical Education Equipment Reserve Fund was proposed and ultimately approved by the Boards of Education of the Genesee Valley BOCES region. During 2022-2023 the Equipment Reserve fund was funded at \$309,884 of which \$206,918 was spent on planned equipment needs. It is anticipated that \$25,000 of this Equipment Reserve fund will be funded in 2023-2024.
7. The Minimum Wage Act, Article 19 of the New York State Labor Law, increased the minimum wage on December 31, 2022 to \$14.20 per hour. Potential legislation on continuing to increase the minimum wage and the limited workforce due to the COVID-19 pandemic may have an impact on schools and the services provided by BOCES to the districts.
8. Executive Orders and regulatory changes due to the COVID-19 pandemic has caused a transformation of practicing social distancing and virtual learning, which has led to an increase in resources. Without knowing the future economic forecast, the potential negative impact on schools could limit the services provided by BOCES to districts.

Contacting the BOCES' Financial Management

This financial report is designed to provide the BOCES' customers and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Genesee, Livingston, Steuben and Wyoming BOCES, 80 Munson Street, LeRoy, New York.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES

Statement of Net Position

June 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,469,418
Accounts receivable	16,400,432
Inventories	21,090
Capital Assets:	
Land	137,000
Other capital assets (net of depreciation)	22,271,936
TOTAL ASSETS	<u>\$ 56,299,876</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources	<u>\$ 10,923,855</u>
LIABILITIES	
Accounts payable	\$ 4,303,193
Accrued liabilities	804,717
Unearned revenue	1,312,773
Due to other governments	46,026
State aid due to districts	15,409,711
Due to school districts	571,084
Revenue anticipation notes	3,000,000
Due to teachers' retirement system	1,421,046
Due to employees' retirement system	368,377
Other liabilities	356,399
Long-Term Obligations:	
Due in one year	2,078,456
Due in more than one year	22,107,540
TOTAL LIABILITIES	<u>\$ 51,779,322</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources	<u>\$ 4,381,818</u>
NET POSITION	
Net investment in capital assets	\$ 12,051,054
Restricted For:	
Unemployment reserve	795,952
Accrued benefit liability reserve	959,434
Other purposes	778,295
Unrestricted	(3,522,144)
TOTAL NET POSITION	<u>\$ 11,062,591</u>

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Statement of Activities and Changes in Net Position
For Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
<u>Primary Government -</u>				
Administration	\$ 3,393,177	\$ 4,677,272	\$ -	\$ 1,284,095
Career & tech education	15,271,546	13,334,155	507,247	(1,430,144)
Instruction for the handicapped	13,154,582	12,504,672	-	(649,910)
Itinerant services	2,843,855	2,554,213	-	(289,642)
General instruction	5,546,826	5,324,701	-	(222,125)
Instructional support	18,800,086	18,068,952	734,294	3,160
Other services	15,005,095	15,047,590	-	42,495
School lunch	781,725	240,055	431,886	(109,784)
Interest expense	541,811	569,769	-	27,958
Total Primary Government	<u>\$ 75,338,703</u>	<u>\$ 72,321,379</u>	<u>\$ 1,673,427</u>	<u>\$ (1,343,897)</u>
General Revenues:				
Interest and Earnings				\$ 299,594
Sale of property and compensation for loss				23,132
Total General Revenues				<u>\$ 322,726</u>
Changes in Net Position				\$ (1,021,171)
Net Position, Beginning of Year				<u>12,083,762</u>
Net Position, End of Year				<u>\$ 11,062,591</u>

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Total NonMajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 15,392,980	\$ 2,076,438	\$ 17,469,418
Due from other funds	11,024	18,140	29,164
Receivables	15,455,740	944,692	16,400,432
Inventories	-	21,090	21,090
TOTAL ASSETS	<u>\$ 30,859,744</u>	<u>\$ 3,060,360</u>	<u>\$ 33,920,104</u>
LIABILITIES AND FUND BALANCE			
<u>Liabilities</u> -			
Accounts payable	\$ 4,126,719	\$ 176,474	\$ 4,303,193
Accrued liabilities	546,179	128,225	674,404
Notes payable - revenue anticipation notes	3,000,000	-	3,000,000
Due to other funds	15,000	14,164	29,164
Due to other governments	145	45,881	46,026
State aid due to districts	15,409,711	-	15,409,711
Due to districts	523,998	47,086	571,084
Due to TRS	1,282,979	138,067	1,421,046
Due to ERS	337,611	30,766	368,377
Other liabilities	356,399	-	356,399
Compensated Absences	100,000	-	100,000
Unearned revenues	-	1,312,773	1,312,773
TOTAL LIABILITIES	<u>\$ 25,698,741</u>	<u>\$ 1,893,436</u>	<u>\$ 27,592,177</u>
<u>Fund Balances</u> -			
Nonspendable	\$ -	\$ 21,090	\$ 21,090
Restricted	2,468,649	65,302	2,533,951
Assigned	2,692,354	1,092,321	3,784,675
Unassigned	-	(11,789)	(11,789)
TOTAL FUND BALANCE	<u>\$ 5,161,003</u>	<u>\$ 1,166,924</u>	<u>\$ 6,327,927</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,859,744</u>	<u>\$ 3,060,360</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,408,936
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(130,313)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds Payable	(6,950,000)
Leases	(2,025,644)
OPEB	(7,731,306)
Compensated absences	(1,290,960)
Deferred Outflow of Resources - pension	10,661,347
Deferred Outflow of Resources - OPEB	262,508
Net Pension Liability	(6,088,086)
Deferred Inflow of Resources - advance refunding	(1,383,331)
Deferred Inflow of Resources - pension	(1,058,638)
Deferred Inflow of Resources - OPEB	(1,939,849)
Net Position of Governmental Activities	<u>\$ 11,062,591</u>

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2023

	General Fund	Total NonMajor Funds	Total Governmental Funds
REVENUES			
Charges for services	\$ 30,954	\$ 1,921,561	\$ 1,952,515
Charges to components	69,770,300	420,120	70,190,420
Chargest to non-components and other BOCES	2,209,656	4,811	2,214,467
Interest and earnings	252,593	28,712	281,305
Sale of property and compensation for loss	23,132	-	23,132
Miscellaneous	1,382,233	900,174	2,282,407
Interfund revenues	25,696	206,918	232,614
Sales (school lunch)	-	237,292	237,292
State sources	-	435,092	435,092
Federal sources	-	1,238,335	1,238,335
TOTAL REVENUES	\$ 73,694,564	\$ 5,393,015	\$ 79,087,579
EXPENDITURES			
Administration	\$ 3,115,931	\$ -	\$ 3,115,931
Career and tech education	11,362,145	2,465,457	13,827,602
Instruction for the handicapped	12,093,460	415,780	12,509,240
Itinerant services	2,812,717	-	2,812,717
General instruction	5,239,808	47,771	5,287,579
Instructional support	17,333,772	1,361,394	18,695,166
Other services	14,589,162	21,510	14,610,672
Cost of sales	-	383,684	383,684
Other expenses	-	328,173	328,173
Capital outlay	-	206,918	206,918
Administration - debt service principal	1,886,342	-	1,886,342
Administration - debt service interest	570,592	-	570,592
TOTAL EXPENDITURES	\$ 69,003,929	\$ 5,230,687	\$ 74,234,616
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,690,635	\$ 162,328	\$ 4,852,963
OTHER CHANGES IN FUND BALANCE			
Surplus to be distributed	(4,558,325)	(47,086)	(4,605,411)
Net unemployment reserve transactions	(14,788)	-	(14,788)
Net capital reserve transactions	(104,994)	-	(104,994)
Net insurance reserve transactions	208	-	208
Net change in employee benefit accrued liability reserve	(2,296)	-	(2,296)
FUND BALANCE, BEGINNING OF YEAR	5,150,563	\$ 1,051,682	6,202,245
FUND BALANCE, END OF YEAR	\$ 5,161,003	\$ 1,166,924	\$ 6,327,927

(See accompanying notes to financial statements)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2023

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ 125,682

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

Capital Outlay	\$ 206,918	
Additions to Assets, Net	262,218	
Depreciation	<u>(2,402,871)</u>	(1,933,735)

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

Debt Repayments	1,886,342
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 28,781

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 179,855

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

Teachers' Retirement System	(484,147)
Employees' Retirement System	(1,011,617)

Portion of deferred (inflow) / outflow recognized in long term debt 276,667

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

Compensated Absences	<u>(88,999)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (1,021,171)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 85,781
TOTAL ASSETS	<u>\$ 85,781</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 85,781
TOTAL NET POSITION	<u>\$ 85,781</u>

The notes to the financial statements are an integral part of this statement.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For Year Ended June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Miscellaneous	<u>\$ 199,169</u>
TOTAL ADDITIONS	<u>\$ 199,169</u>
 DEDUCTIONS	
Student Activity	<u>\$ 201,881</u>
TOTAL DEDUCTIONS	<u>\$ 201,881</u>
Change in net position	\$ (2,712)
NET POSITION - BEGINNING	<u>88,493</u>
NET POSITION - ENDING	<u><u>\$ 85,781</u></u>

The notes to the financial statements are an integral part of this statement.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE LIVINGSTON STEUBEN AND WYOMING COUNTIES

Notes To The Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies:

The financial statements of the Board of Cooperative Educational Services of Genesee, Livingston, Steuben and Wyoming Counties, New York (the BOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the BOCES's accounting policies are described below.

A. Reporting Entity

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

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Boards of Cooperative Educational Services were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following 22 school districts:

Alexander	Dansville	Livonia	Warsaw
Attica	Elba	Mount Morris	Wayland-Cohocton
Avon	Geneseo	Oakfield-Alabama	Wyoming
Batavia	Keshequa	Pavilion	York
Byron-Bergen	LeRoy	Pembroke	
Caledonia-Mumford	Letchworth	Perry	

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

(I.) (Continued)

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

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the BOCES represent funds of the students of the BOCES. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the BOCES with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the BOCES's business office. The BOCES accounts for assets held as an agency for various student organizations in an agency fund.

B. Basis of Presentation

1. BOCES-wide Financial Statements

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

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

2. Fund Statements

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

The BOCES reports the following governmental funds:

(I.) (Continued)

a. **Major Governmental Funds**

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

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

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities.

School Lunch Fund - Used to account for transactions of the BOCES' lunch, breakfast and milk programs.

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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

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

C. **Measurement Focus, Basis of Accounting**

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 or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

(I.) (Continued)

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

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

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

D. Restricted Resources

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

E. Interfund Transactions

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

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

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

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

(I.) (Continued)

F. Estimates

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

G. Cash and Cash Equivalents

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

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

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

H. Receivables

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

In addition, the BOCES will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

I. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which 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 items represent payments made by the BOCES for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

(I.) (Continued)

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

J. Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	SL	25-50 Years
Machinery and Equipment	\$ 5,000	SL	5-20 Years

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

K. Right To Use Assets

The BOCES-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 10 years based on the contract terms and/or estimated replacement of the assets.

L. Unearned Revenue

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

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

(I.) (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Vested Employee Benefits

1. Compensated Absences

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

O. Other Benefits

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

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

P. Short-Term Debt

The BOCES may issue Revenue Anticipation Notes (RAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

Q. Accrued Liabilities and Long-Term Obligations

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

(I.) (Continued)

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.

R. 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, constructions or improvements of those assets.
- b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. On the statement of net assets, the following balances represent restricted for other purposes:

	<u>Total</u>
Capital Projects	\$ 1,898
Retirement Contribution - ERS	350,000
Retirement Contribution - TRS	125,000
Insurance	25,007
CTE Capital Reserve	213,256
Scholarships	<u>63,134</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 778,295</u>

- c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$3,522,144 at year end is the result of full implantation of GASB #75 regarding retiree health obligations.

2. Fund Statements

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

- a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes \$21,090 of inventory in the school lunch fund.

(I.) (Continued)

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

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

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

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

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

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

(I.) (Continued)

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

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

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Capital Reserves	\$ 213,256
Unemployment Insurance	795,952
Retirement Contribution	350,000
Teachers Retirement Contribution	125,000
Insurance	25,007
Employee Benefit Accrued Liability	959,434
<u>Capital Fund -</u>	
Other	2,168
<u>Miscellaneous Revenue Fund -</u>	
Scholarships	63,134
Total Restricted Fund Balance	<u>\$ 2,533,951</u>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board. The BOCES has no committed fund balances as of June 30, 2023.

(I.) (Continued)

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

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 2,692,354
Special Aid Fund - Year End Equity	1,092,321
Total Assigned Fund Balance	<u><u>\$ 3,784,675</u></u>

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

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

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

S. **New Accounting Standards**

The BOCES has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the BOCES implemented the following new standards issued by GASB:

GASB has issued Statement No. 91, *Conduit Debt Obligations*.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraph 11b*.

GASB has issued Statement No. 96, *Subscription Based Information Technology*.

GASB has issued Statement No. 99, *Omnibus 2022 (leases, PPPs, and SBITAs)*.

(I.) (Continued)

T. Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting for Changes and Error Corrections-an Amendment of GASB Statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

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

II. Changes in Accounting Principles

For the year ended June 30, 2023, the BOCES implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. The implementation of the statement changes the reporting for SBITAs. There was no financial statement impact for the implementation of the Statement.

III. Stewardship, Compliance and Accountability:

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

A. Budgetary Information

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

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

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

A tentative administrative budget is provided to the component BOCES' for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards.

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

(III.) (Continued)

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

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

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 reservations 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.

IV. Cash and Cash Equivalents

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

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

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

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

Uncollateralized	\$	-
Collateralized within Trust Department or Agent		<u>9,907,877</u>
Total	\$	<u><u>9,907,877</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$2,533,951 within the governmental funds and \$85,781 in the fiduciary funds.

V. Investment Pool

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

Total investments of the cooperative as of year end are \$7,233,385, which consisted of \$2,162,782 in repurchase agreements, \$4,164,260 in U.S. Treasury Securities, \$172,878 in FDIC insured deposits and \$733,465 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General Fund	\$ 7,233,385	\$ 7,233,385	NY CLASS

VI. Receivables

Receivables at June 30, 2023 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
Accounts Receivable	\$ 46,029	\$ 628,552	\$ 674,581
Due From State and Federal	15,409,711	316,140	15,725,851
Total Receivables	\$ 15,455,740	\$ 944,692	\$ 16,400,432

BOCES management has deemed the amounts to be fully collectible.

VII. Interfund Receivables and Payables

Interfund Receivables and Payables at June 30, 2023 were as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 11,024	\$ 15,000
Nonmajor Funds	18,140	14,164
Total	\$ 29,164	\$ 29,164

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

VIII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/23</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 137,000	\$ -	\$ -	\$ 137,000
<i>Total Nondepreciable</i>	<u>\$ 137,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,000</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 53,527,930	\$ -	\$ -	\$ 53,527,930
Machinery and equipment	4,862,959	469,136	56,764	5,275,331
<i>Total Depreciated Assets</i>	<u>\$ 58,390,889</u>	<u>\$ 469,136</u>	<u>\$ 56,764</u>	<u>\$ 58,803,261</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 33,367,613	\$ 1,829,600	\$ -	\$ 35,197,213
Machinery and equipment	3,194,591	221,929	56,764	3,359,756
<i>Total Accumulated Depreciation</i>	<u>\$ 36,562,204</u>	<u>\$ 2,051,529</u>	<u>\$ 56,764</u>	<u>\$ 38,556,969</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 21,828,685</u>	<u>\$ (1,582,393)</u>	<u>\$ -</u>	<u>\$ 20,246,292</u>
Total Capital Assets	<u>\$ 21,965,685</u>	<u>\$ (1,582,393)</u>	<u>\$ -</u>	<u>\$ 20,383,292</u>

B. Lease Assets

A summary of the lease asset activity during the year ended June 30, 2023 is as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
<u>Lease Assets:</u>				
Buildings	\$ 3,633,473	\$ -	\$ -	\$ 3,633,473
<i>Total Lease Assets</i>	<u>\$ 3,633,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,633,473</u>
<u>Less Accumulated Amortization -</u>				
Buildings	\$ 1,256,487	\$ 351,342	\$ -	\$ 1,607,829
<i>Total Accumulated Amortization</i>	<u>\$ 1,256,487</u>	<u>\$ 351,342</u>	<u>\$ -</u>	<u>\$ 1,607,829</u>
<i>Total Lease Assets, Net</i>	<u>\$ 2,376,986</u>	<u>\$ (351,342)</u>	<u>\$ -</u>	<u>\$ 2,025,644</u>

C. Other capital assets (net of depreciation and amortization):

Depreciated Capital Assets (net)	\$ 20,246,292
Amortized Lease Assets (net)	2,025,644
Total Other Capital Assets (net)	<u>\$ 22,271,936</u>

(VIII.) (Continued)

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

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Administration	\$ 22,528	\$ 351,342	\$ 373,870
Career and Tech Education	1,471,493	-	1,471,493
Instruction for the Handicapped	323,418	-	323,418
Itinerant Services	27,963	-	27,963
General Instruction	153,188	-	153,188
Instructional Support	31,366	-	31,366
Other Services	21,573	-	21,573
Total Depreciation/Amortization Expense	\$ 2,051,529	\$ 351,342	\$ 2,402,871

IX. **Short-Term Debt**

Transactions in short-term debt for the year are summarized below:

	<u>Original</u>		<u>Interest</u>	<u>Balance</u>		<u>Deletions</u>	<u>Balance</u>
	<u>Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>7/1/2022</u>	<u>Additions</u>		<u>6/30/23</u>
RAN	\$ 3,000,000	2023	3.03%	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -
RAN	\$ 3,000,000	2024	4.75%	-	3,000,000	-	3,000,000
				\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000

Interest on short-term debt for the year totaled \$90,900.

X. **Long-Term Debt Obligations**

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

<u>Governmental Activities:</u>	<u>Balance</u>		<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>7/1/22</u>	<u>Additions</u>		<u>6/30/23</u>	<u>One Year</u>
<u>Bonds and Notes Payable -</u>					
Refunding Bonds	\$ 8,485,000	\$ -	\$ 1,535,000	\$ 6,950,000	\$ 1,610,000
Lease liability	2,376,986	-	351,342	2,025,644	368,456
Total Bonds and Notes Payable	\$ 10,861,986	\$ -	\$ 1,886,342	\$ 8,975,644	\$ 1,978,456
<u>Other Liabilities -</u>					
Net Pension Liability	\$ -	\$ 6,088,086	\$ -	\$ 6,088,086	\$ -
OPEB	9,760,433	-	2,029,127	7,731,306	-
Compensated Absences	1,301,961	88,999	-	1,390,960	100,000
Total Other Liabilities	\$ 11,062,394	\$ 6,177,085	\$ 2,029,127	\$ 15,210,352	\$ 100,000
Total Long-Term Obligations	\$ 21,924,380	\$ 6,177,085	\$ 3,915,469	\$ 24,185,996	\$ 2,078,456

Additions and deletions are shown net.

(X.) (Continued)

Existing serial and statutory bond obligations:

<u>Purpose</u>	<u>Issued Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 6/30/23</u>
Refunding Bonds	2016	2027	2.00%-5.00%	<u>\$ 6,950,000</u>
Leases	2019	2028	2.50%	<u>\$ 2,025,644</u>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,610,000	\$ 347,500	\$ 368,456	\$ 46,464
2025	1,690,000	267,000	386,167	37,051
2026	1,780,000	182,500	404,494	27,188
2027	1,870,000	93,500	423,456	16,860
2028	-	-	443,071	6,051
Total	<u>\$ 6,950,000</u>	<u>\$ 890,500</u>	<u>\$ 2,025,644</u>	<u>\$ 133,614</u>

Interest on long-term debt for June 30, 2023 was composed of:

Interest paid	\$ 479,692
<u>Less: interest accrued in the prior year</u>	<u>(159,094)</u>
<u>Plus: interest accrued in the current year</u>	<u>130,313</u>
Total Interest Expense	<u>\$ 450,911</u>

In prior years, the BOCES' defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the BOCES' financial statements. \$9,185,000 of bonds outstanding are considered defeased.

XI. Deferred Inflows/Outflows of Resources

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 10,661,347	\$ 1,058,638
Bonds	-	1,383,331
OPEB	262,508	1,939,849
Total	<u>\$ 10,923,855</u>	<u>\$ 4,381,818</u>

XII. Pension Plans

A. General Information

The BOCES participates in the New York State Teacher's Retirement System (TRS) and the New York State and Local Employee's Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

A ten member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

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

(XII.) (Continued)

The BOCES share of the required contributions, based on covered payroll paid for the BOCES' year ended June 30, 2023:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 845,704	\$ 1,421,046

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

At June 30, 2023, the BOCES reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES proportion of the net pension asset/(liability) was based on a projection of the BOCES long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the BOCES.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ (4,739,685)	(1,348,401)
District's portion of the Plan's total net pension asset/(liability)	0.022103%	0.070270%

For the year ended June 30, 2023, the BOCES recognized pension expenses of \$845,703 for ERS and \$1,728,151 for TRS. At June 30, 2023 the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expensed and actual experience	\$ 504,813	\$ 1,412,954	\$ 133,108	\$ 27,020
Changes of assumptions	2,301,897	2,615,671	25,440	543,174
Net difference between projected and actual earnings on pension plan investments	-	1,742,262	27,845	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	235,954	234,739	44,630	257,421
Subtotal	\$ 3,042,664	\$ 6,005,626	\$ 231,023	\$ 827,615
District's contributions subsequent to the measurement date	368,377	1,244,680	-	-
Grand Total	\$ 3,411,041	\$ 7,250,306	\$ 231,023	\$ 827,615

(XII.) (Continued)

BOCES' contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 1,019,378
2024	694,645	544,425
2025	(199,725)	(211,209)
2026	1,004,963	3,420,709
2027	1,311,758	409,767
Thereafter	-	(5,059)
Total	\$ 2,811,641	\$ 5,178,011

E. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized as follows:

(XII.) (Continued)

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
<u>Asset Type -</u>		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Opportunistic portfolios	5.38%	0.00%
Real assets	5.84%	0.00%
Bonds and mortgages	0.00%	0.60%
Cash	0.00%	-0.30%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	0.00%	1.10%
Global fixed income securities	0.00%	0.00%
Short-term	0.00%	0.00%
Credit	5.43%	0.00%

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.4% for TRS.

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

F. Discount Rate

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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (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 assumption :

(XII.) (Continued)

	1% Decrease	Current Assumption	1% Increase
ERS	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (11,453,785)	\$ (4,739,685)	\$ 870,727
	1% Decrease	Current Assumption	1% Increase
TRS	<u>(5.95%)</u>	<u>(6.95%)</u>	<u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (12,432,893)	\$ (1,348,401)	\$ 7,973,583

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474
Plan net position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	90.78%	98.60%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$368,377.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,421,046.

XIII. Postemployment Benefits

A. General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	159
Active Employees	<u>400</u>
Total	<u><u>559</u></u>

B. Total OPEB Liability

The BOCES’ total OPEB liability of \$7,731,306 was measured as of March 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.78%
Salary Increases	3.53%
Discount Rate	3.78%
Healthcare Cost Trend Rates	Initial rate of 5.50% decreasing to an ultimate rate of 4.00% for 2070 and later years
Retirees' Share of Benefit-Related Costs	Varies between 10% and 100% depending on contract

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2021.

(XIII.) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 9,760,433
<u>Changes for the Year -</u>	
Service cost	\$ 173,670
Interest	268,037
Differences between expected and actual experience	(988,817)
Changes in assumptions or other inputs	(1,019,191)
Benefit payments	(462,826)
Net Changes	<u>\$ (2,029,127)</u>
Balance at June 30, 2023	<u>\$ 7,731,306</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.83 percent in 2022 to 3.78 percent in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the BOCES, as well as what the BOCES’ total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.78 percent) or 1-percentage-point higher (4.78 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	(2.78%)	Rate	(4.78%)
		(3.78%)	
Total OPEB Liability	\$ 8,639,528	\$ 7,731,306	\$ 6,968,545

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the BOCES, as well as what the BOCES’ total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare	1% Increase
	(4.50%	Cost Trend Rates	(6.50%
	Increasing	(5.50%	Increasing
	to 3.00%)	Increasing	Increasing
		to 4.00%)	to 5.00%)
Total OPEB Liability	\$ 6,822,297	\$ 7,731,306	\$ 8,833,431

(XIII.) (Continued)

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

For the year ended June 30, 2023, the BOCES recognized OPEB expense of \$285,979. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 142,228	\$ 872,511
Changes of assumptions	4,573	1,067,338
Subtotal	\$ 146,801	\$ 1,939,849
Contributions after measurement date	115,707	-
Total	<u>\$ 262,508</u>	<u>\$ 1,939,849</u>

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

<u>Year</u>	
2024	\$ (268,898)
2025	(241,929)
2026	(241,929)
2027	(241,929)
2028	(241,929)
Thereafter	<u>(556,434)</u>
Total	<u>\$ (1,793,048)</u>

XIV. Risk Management

A. General Information

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

(XIV.) (Continued)

B. Health Plan

The BOCES incurs costs related to the Genesee Valley Area Health Care Plan (Plan) sponsored by the Genesee Valley Board of Cooperative Educational Services (BOCES) and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plan may be offered to any component district of the BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than 60 days prior to the end of the Plan year. Plan members include sixteen districts with the BOCES bearing an equal proportionate share of the Plan's assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement, signed by all participants, all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2023, the BOCES incurred premiums or contribution expenditures totaling \$6,118,622.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2022, revealed that the Plan is fully funded.

C. Workers' Compensation

The BOCES incurs costs related to the Genesee Valley Workers' Compensation Plan (Plan) sponsored by the Genesee Valley Board of Cooperative Educational Services and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Genesee Valley BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

(XIV.) (Continued)

Plan membership is currently comprised of BOCES and eleven districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2023, the BOCES incurred premiums or contribution expenditures totaling \$151,185.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2022, revealed that the Plan is fully funded.

D. Unemployment

BOCES employees are entitled to coverage under the New York State Unemployment Insurance Law. The BOCES has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The BOCES has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2022-23 fiscal year totaled \$30,770. The balance of the fund at June 30, 2023 was \$795,952 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2023, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

There is no pending litigation against BOCES as of the date of this report.

B. Grants

The BOCES' has received grants, which are subject to audit by agencies of the State and Federal Governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the BOCES' administration believes disallowances, if any, will be immaterial.

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Schedule of Changes in BOCES' Total OPEB Liability and Related Ratio
For Year Ended June 30, 2023

TOTAL OPEB LIABILITY						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 173,670	\$ 123,815	\$ 124,835	\$ 111,131	\$ 103,064	\$ 95,038
Interest	268,037	218,875	222,183	201,336	201,035	197,242
Changes in benefit terms	-	-	733,803	-	-	-
Differences between expected and actual experiences	(988,817)	497,798	(87,678)	2,216,465	427,056	51,164
Changes of assumptions or other inputs	(1,019,191)	(598,293)	141,742	1,027,762	(312,251)	133,081
Benefit payments	(462,826)	(450,797)	(464,215)	(143,017)	(106,290)	(102,015)
Net Change in Total OPEB Liability	\$ (2,029,127)	\$ (208,602)	\$ 670,670	\$ 3,413,677	\$ 312,614	\$ 374,510
Total OPEB Liability - Beginning	\$ 9,760,433	\$ 9,969,035	\$ 9,298,365	\$ 5,884,688	\$ 5,572,074	\$ 5,197,564
Total OPEB Liability - Ending	\$ 7,731,306	\$ 9,760,433	\$ 9,969,035	\$ 9,298,365	\$ 5,884,688	\$ 5,572,074
 Covered Employee Payroll	 \$ 19,957,514	 \$ 19,293,807	 \$ 18,327,420	 \$ 18,261,547	 \$ 17,667,905	 \$ 17,667,905
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 38.74%	 50.59%	 54.39%	 50.92%	 33.31%	 31.54%

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

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Schedule of the BOCES' Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0221%	0.0222%	0.0224%	0.0230%	0.0232%	0.0240%	0.0256%	0.0300%	0.0270%
Proportionate share of the net pension liability (assets)	\$ 4,739,685	\$ (1,815,160)	\$ 22,285	\$ 6,085,267	\$ 1,646,314	\$ 783,314	\$ 2,401,634	\$ 4,372,648	\$ 915,173
Covered-employee payroll	\$ 7,669,388	\$ 7,143,948	\$ 7,543,541	\$ 7,391,609	\$ 7,175,529	\$ 7,166,932	\$ 7,182,035	\$ 7,681,983	\$ 7,251,224
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	61.800%	-25.408%	0.295%	82.327%	22.943%	10.930%	33.439%	56.921%	12.621%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0703%	0.0657%	0.0628%	0.0722%	0.0722%	0.0730%	0.0716%	0.0700%	0.0750%
Proportionate share of the net pension liability (assets)	\$ (1,348,401)	\$ (11,387,467)	\$ (1,885,776)	\$ (1,834,420)	\$ (1,304,789)	\$ (557,354)	\$ 767,389	\$ (7,464,090)	\$ (8,355,320)
Covered-employee payroll	\$ 12,096,016	\$ 12,449,357	\$ 11,197,943	\$ 12,470,147	\$ 11,841,738	\$ 12,603,966	\$ 11,764,861	\$ 11,834,934	\$ 10,794,529
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-11.147%	-91.470%	-16.840%	-14.710%	-11.019%	-4.422%	6.523%	-63.068%	-77.403%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

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

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Schedule of BOCES Contributions
For Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 845,704	\$ 1,097,376	\$ 1,053,976	\$ 1,025,393	\$ 1,011,834	\$ 1,031,765	\$ 1,050,253	\$ 1,167,980	\$ 1,365,113
Contributions in relation to the contractually required contribution	<u>(845,704)</u>	<u>(1,097,376)</u>	<u>(1,053,976)</u>	<u>(1,025,393)</u>	<u>(1,011,834)</u>	<u>(1,031,765)</u>	<u>(1,050,253)</u>	<u>(1,167,980)</u>	<u>(1,365,113)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,669,388	\$ 7,143,948	\$ 7,543,541	\$ 7,391,609	\$ 7,175,529	\$ 7,166,932	\$ 7,182,035	\$ 7,681,983	\$ 7,251,224
Contributions as a percentage of covered-employee payroll	11.03%	15.36%	13.97%	13.87%	4.09%	14.40%	14.62%	15.20%	18.83%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,421,046	\$ 1,388,724	\$ 1,203,282	\$ 1,161,533	\$ 1,251,647	\$ 1,280,025	\$ 1,466,044	\$ 1,562,545	\$ 1,993,231
Contributions in relation to the contractually required contribution	<u>(1,421,046)</u>	<u>(1,388,724)</u>	<u>(1,026,274)</u>	<u>(1,161,533)</u>	<u>(1,251,647)</u>	<u>(1,280,025)</u>	<u>(1,466,044)</u>	<u>(1,562,545)</u>	<u>(1,993,231)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 12,096,016	\$ 12,449,357	\$ 11,197,943	\$ 12,470,147	\$ 11,841,738	\$ 12,603,966	\$ 11,764,861	\$ 11,834,934	\$ 10,794,529
Contributions as a percentage of covered-employee payroll	11.75%	11.15%	10.75% #	9.31%	10.57%	10.16%	12.46%	13.20%	18.47%

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

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2023

<u>REVENUES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 5,866,366	\$ 5,853,154	\$ 5,928,645	\$ 75,491
Career and Tech Education 100-199	12,793,411	12,487,366	11,921,304	(566,062)
Instruction for Handicapped 200-299	10,884,211	13,595,013	13,426,965	(168,048)
Itinerant 300-399	2,677,766	3,249,833	3,205,093	(44,740)
General Instruction 400-499	5,378,755	5,914,671	5,714,047	(200,624)
Instructional Support 500-599	9,595,662	17,990,881	17,801,435	(189,446)
Other Services 600-699	<u>10,562,233</u>	<u>15,856,532</u>	<u>15,697,075</u>	<u>(159,457)</u>
TOTAL REVENUES	<u>\$ 57,758,404</u>	<u>\$ 74,947,450</u>	<u>\$ 73,694,564</u>	<u>\$ (1,252,886)</u>

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2023

<u>EXPENDITURES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 5,866,366	\$ 5,853,154	\$ 5,572,865	\$ 62,785	\$ 217,504
Career and Tech Education 100-199	12,793,411	12,487,366	11,362,145	1,276,046	(150,825)
Instruction for Handicapped 200-299	10,884,211	13,595,013	12,093,460	552,154	949,399
Itinerant 300-399	2,677,766	3,249,833	2,812,717	36,747	400,369
General Instruction 400-499	5,378,755	5,914,671	5,239,808	229,793	445,070
Instructional Support 500-599	9,595,662	17,990,881	17,333,772	415,978	241,131
Other Services 600-699	<u>10,562,233</u>	<u>15,856,532</u>	<u>14,589,162</u>	<u>118,851</u>	<u>1,148,519</u>
TOTAL EXPENDITURES	<u>\$ 57,758,404</u>	<u>\$ 74,947,450</u>	<u>\$ 69,003,929</u>	<u>\$ 2,692,354</u>	<u>\$ 3,251,167</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,690,635</u>		

Note to Required Supplementary Information:

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

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue Funds</u>				Total
	Capital Projects Fund	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 34,448	\$ 1,833,685	\$ 145,171	\$ 63,134	\$ 2,076,438
Due from other funds	-	-	18,140	-	18,140
Receivables	-	883,017	61,675	-	944,692
Inventories	-	-	21,090	-	21,090
TOTAL ASSETS	<u>\$ 34,448</u>	<u>\$ 2,716,702</u>	<u>\$ 246,076</u>	<u>\$ 63,134</u>	<u>\$ 3,060,360</u>
LIABILITIES AND FUND BALANCE					
<u>Liabilities -</u>					
Accounts payable	\$ 32,280	\$ 132,568	\$ 11,626	\$ -	\$ 176,474
Accrued liabilities	-	105,622	22,603	-	128,225
Due to other funds	-	14,164	-	-	14,164
Due to other governments	-	45,813	68	-	45,881
Due to districts	-	-	47,086	-	47,086
Due to TRS	-	138,067	-	-	138,067
Due to ERS	-	16,284	14,482	-	30,766
Unearned revenues	-	1,171,863	140,910	-	1,312,773
TOTAL LIABILITIES	<u>\$ 32,280</u>	<u>\$ 1,624,381</u>	<u>\$ 236,775</u>	<u>\$ -</u>	<u>\$ 1,893,436</u>
<u>Fund Balances -</u>					
Nonspendable	\$ -	\$ -	\$ 21,090	\$ -	\$ 21,090
Restricted	2,168	-	-	63,134	65,302
Assigned	-	1,092,321	-	-	1,092,321
Unassigned	-	-	(11,789)	-	(11,789)
TOTAL FUND BALANCE	<u>\$ 2,168</u>	<u>\$ 1,092,321</u>	<u>\$ 9,301</u>	<u>\$ 63,134</u>	<u>\$ 1,166,924</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,448</u>	<u>\$ 2,716,702</u>	<u>\$ 246,076</u>	<u>\$ 63,134</u>	<u>\$ 3,060,360</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2023

	Capital Projects <u>Fund</u>	Special Revenue Funds			Total Nonmajor Governmental <u>Funds</u>
		Special Aid <u>Fund</u>	School Lunch <u>Fund</u>	Miscellaneous Special Revenue <u>Fund</u>	
REVENUES					
Charges for services	\$ -	\$ 1,921,561	\$ -	\$ -	\$ 1,921,561
Charges to components	-	420,120	-	-	420,120
Chargest to non-components and other BOCES	-	4,811	-	-	4,811
Interest and earnings	-	28,405	-	307	28,712
Miscellaneous	-	876,673	2,763	20,738	900,174
Interfund revenues	206,918	-	-	-	206,918
Sales (school lunch)	-	-	237,292	-	237,292
State sources	-	424,683	10,409	-	435,092
Federal sources	-	816,858	421,477	-	1,238,335
TOTAL REVENUES	\$ 206,918	\$ 4,493,111	\$ 671,941	\$ 21,045	\$ 5,393,015
EXPENDITURES					
Career and tech education	\$ -	\$ 2,465,457	\$ -	\$ -	\$ 2,465,457
Instruction for the handicapped	-	415,780	-	-	415,780
General instruction	-	47,771	-	-	47,771
Instructional support	-	1,361,394	-	-	1,361,394
Other services	-	-	-	21,510	21,510
Cost of sales	-	-	383,684	-	383,684
Other expenses	-	-	328,173	-	328,173
Capital outlay	206,918	-	-	-	206,918
TOTAL EXPENDITURES	\$ 206,918	\$ 4,290,402	\$ 711,857	\$ 21,510	\$ 5,230,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 202,709	\$ (39,916)	\$ (465)	\$ 162,328
OTHER CHANGES IN FUND BALANCE					
Surplus to be distributed	-	-	(47,086)	-	(47,086)
FUND BALANCE, BEGINNING OF YEAR	2,168	889,612	96,303	63,599	1,051,682
FUND BALANCE, END OF YEAR	\$ 2,168	\$ 1,092,321	\$ 9,301	\$ 63,134	\$ 1,166,924

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Analysis of Account A431 - School Districts
For Year Ended June 30, 2023**

	2023
July 1, 2022 - DEBIT (CREDIT) BALANCE	\$ 1,439,849
 DEBITS:	
Billings to school districts	\$ 71,979,956
Refund of balances made to school districts	3,982,475
Encumbrances - June 30, 2023	2,692,354
Total Debits	\$ 78,654,785
TOTAL	\$ 80,094,634
 CREDITS:	
Collections from school districts	\$ 73,367,953
Adjustment - credits to school districts - revenues in excess of expenditures	4,690,635
Encumbrances - June 30, 2022	2,560,044
Total Credits	\$ 80,618,632
June 30, 2023 - DEBIT (CREDIT) BALANCE	\$ (523,998)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
SCHEDULE OF CAPITAL PROJECTS FUND
PROJECT EXPENDITURES AND FINANCING RESOURCES
For Year Ended June 30, 2023**

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balance</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>Total</u>	
CTE Reserve	\$ 206,918	\$ 206,918	\$ -	\$ 206,918	\$ 206,918	\$ -	\$ -	\$ 206,918	\$ 206,918	\$ -
Renovation	39,952,321	39,952,321	39,707,004	-	39,707,004	245,317	38,165,000	1,542,274	39,707,274	270
Energy Management	1,200,000	1,205,000	1,218,932	-	1,218,932	(13,932)	-	1,220,459	1,220,459	1,527
Telecommunication	-	-	-	-	-	-	-	-	-	371
TOTAL	\$ 41,359,239	\$ 41,364,239	\$ 40,925,936	\$ 206,918	\$ 41,132,854	\$ 231,385	\$ 38,165,000	\$ 2,969,651	\$ 41,134,651	\$ 2,168

(See Independent Auditors' Report)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
Net Investment in Capital Assets/Right to Use Assets
For Year Ended June 30, 2023

Capital assets/right to use assets, net		\$ 22,408,936
Add:		
Unspent bond proceeds	\$ 270	
	<u>270</u>	270
Deduct:		
Short-term portion of bonds payable	\$ 1,610,000	
Long-term portion of bonds payable	5,340,000	
Leases	2,024,821	
Deferred inflow - amortized gain on advanced refunding	<u>1,383,331</u>	
		<u>10,358,152</u>
Net investment in Capital Assts/Right to Use Assets		<u><u>\$ 12,051,054</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GENESEE, LIVINGSTON, STEUBEN AND WYOMING COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2023**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
<u>Student Financial Assistance Program Cluster -</u>			
Federal Pell Grant Program	84.063	N/A	\$ 357,452
Federal Direct Student Loans	84.268	N/A	507,564
Total Student Financial Assistance Program Cluster			\$ 865,016
COVID-19-Education Stabilization Fund	84.425E	N/A	100,248
COVID-19-Education Stabilization Fund	84.425F	N/A	163,129
<u>Passed Through NYS Education Department -</u>			
VATEA - Basic Grant	84.048	8000-23-0051	160,982
Total U.S. Department of Education			\$ 1,289,375
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Passed Through Health Research, Inc. -</u>			
Strengthening Public Health Systems and Services	93.421	6700-01	\$ 32,790
<u>Passed through Livingston County -</u>			
Epidemiology and Laboratory Capacity (ELC) COVID-19	93.323	6811-01	14,307
Total U.S. Department of Health and Human Services			\$ 47,097
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Passed Through New York State Department of Homeland Security and Emergency Services -</u>			
Federal Emergency Disaster Assistance	97.036	037-U9NXY-00	\$ 82,457
Total U.S. Department of Homeland Security			\$ 82,457
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>			
<u>Child Nutrition Cluster -</u>			
National School Lunch Program - COVID	10.555	NY703C16	\$ 249,917
National School Lunch Program - Supply chain assistance	10.555	NY703C16	47,708
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	NY703C16	59,477
National School Breakfast Program - COVID	10.553	NY703C16	64,375
Total Child Nutrition Cluster			\$ 421,477
<u>Passed Through NYS Department of Health -</u>			
<u>SNAP Cluster -</u>			
SNAP - Creating Healthy Schools and Communities	10.561	C36065GG	\$ 272,252
Total SNAP Cluster			\$ 272,252
Total U.S. Department of Agriculture			\$ 693,729
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,112,658



BUSINESS
ADVISORS
AND CPAS

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Board Members
Board of Cooperative Educational Services
Genesee, Livingston, Steuben and Wyoming Counties, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services Genesee, Livingston, Steuben and Wyoming Counties as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES's basic financial statements, and have issued our report thereon dated September 14, 2023.

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) as a basis for designing 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.

Compliance and Other Matters

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

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 14, 2023