

***BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES***

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES

TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page</u>
Management’s Discussion and Analysis (Unaudited)	1-12
Independent Auditor’s Report	13-15
Government-wide Financial Statements:	
Statement of Net Position (Deficit)	16
Statement of Activities and Changes in Net Position (Deficit)	17
Governmental Fund Financial Statements:	
Combined Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position (Deficit) of Governmental Activities	19
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Combined Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position (Deficit)	21
Notes to Financial Statements	22-59
Required Supplementary Information:	
1. Budgetary Comparison Schedule - General Fund	60
2. Schedule of General Fund Revenues and Expenditures - Budget and Actual	61
3. Schedule of Funding Progress - Other Postemployment Benefits Plan	62
4. Schedule of Proportionate Share of Net Pension Assets/Liabilities	63
5. Schedule of Contributions - Pension Plans	64
Other Supplementary Information:	
6. Analysis of Account A431 - School Districts and Other BOCES - General Fund	65
7. Schedule of Project Expenditures - Capital Projects Fund	66
8. Schedule of Investment in Capital Assets, Net of Related Debt	67
9. Combined Balance Sheet - Other Special Revenue Funds	68
10. Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Other Special Revenue Funds	69

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2023

	<u>Page</u>
Additional Reports Required by <i>Government Auditing Standards</i> and the Uniform Guidance	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70-71
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	72-74
Schedule of Expenditures of Federal Awards	75
Notes to Schedule of Expenditures of Federal Awards	76
Schedule of Findings and Questioned Costs	77
Extraclassroom Activity Fund	
Independent Auditor's Report	78-79
Financial Statements	
Statement of Assets and Fund Balance	80
Statement of Cash Receipts and Disbursements	81
Notes to Financial Statements	82
Required Communication with Governance and Management Letter	83-85

This section of the Board of Cooperative Educational Services Albany-Schoharie-Schenectady-Saratoga Counties' (hereinafter referred to as "BOCES") annual financial report presents management's discussion and analysis of financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased by approximately \$6.7 million in 2023 and decreased \$14.6 million in 2022 primarily due to the recording of the change in postemployment benefit obligation and depreciation and amortization expense;
- Revenues increased 18.4% in 2023 and 6.9% in 2022, respectively, as a result of increased charges for services and sales;
- BOCES continued to offer all programs, without reducing services, while maintaining adequate fund reserves.

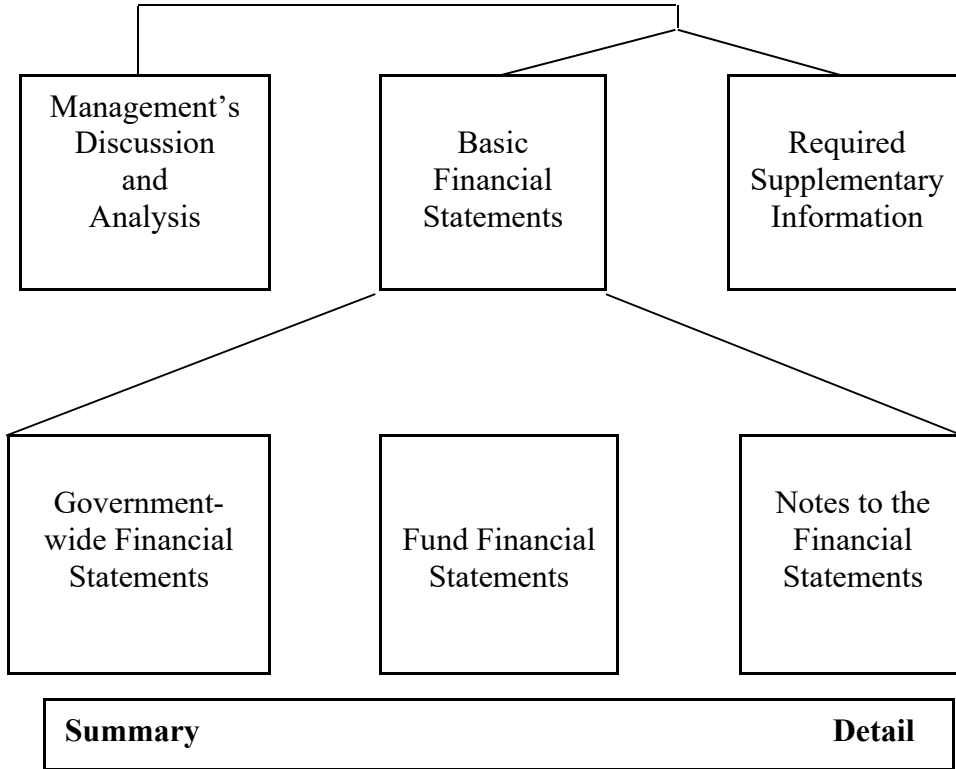
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to BOCES' basic financial statements. BOCES' 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 BOCES:

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of BOCES' budget for the year, details as to amounts due from school districts and other BOCES and special revenue fund activities. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the Board of Cooperative Educational Services' Annual Financial Report



BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
 JUNE 30, 2023

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

Table A-2: Major Features of the Government-wide and Fund Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about BOCES as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of BOCES' assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements report BOCES' *net position (deficit)* and how they have changed. Net position, the difference between the assets and liabilities, is one way to measure the financial health or position of BOCES.

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

Net position (deficit) of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide financial statements are reported utilizing an economic resources management focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position (Deficit):

- Capitalize current outlays for capital assets;
- Report long-term assets including prepaid lease costs and right-to-use assets;
- Report long-term liabilities including debt, compensated absences and other postemployment benefits;
- Report net pension asset and liability following GASB 68;
- Depreciate capital assets and amortize right-to-use assets;
- Calculate revenue and expenses using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net position* invested in capital assets, net of related debt;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are Those assets that do not meet any of the above restrictions.

FUND FINANCIAL STATEMENTS

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

BOCES has one kind of fund:

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

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023

FINANCIAL ANALYSIS OF BOCES AS A WHOLE

BOCES' net position increased \$6.7 million in 2023 to \$443.6 million as detailed in Tables A-3 and A-4.

Table A-3: Condensed Statement of Net Position - Governmental Activities
(in millions)

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Current Assets	\$ 82.4	\$ 78.3	\$ 4.1	5.2%
Capital Assets, Net of Depreciation	31.4	28.8	2.6	9.0%
Leases Receivable	8.1	7.8	0.3	3.8%
Prepaid Lease Costs	-	6.3	(6.3)	(100.0%)
Right-to-Use Assets	102.2	38.0	64.2	168.9%
Net Pension Asset	-	31.3	(31.3)	(100.0%)
Total Assets	<u>224.1</u>	<u>190.5</u>	<u>33.6</u>	17.6%
Deferred Outflows of Resources	<u>78.0</u>	<u>98.0</u>	<u>(20.0)</u>	(20.4%)
Current Liabilities	51.2	48.4	2.8	5.8%
Long-Term Liabilities	<u>443.1</u>	<u>471.6</u>	<u>(28.5)</u>	(6.0%)
Total Liabilities	<u>494.3</u>	<u>520.0</u>	<u>(25.7)</u>	(4.9%)
Deferred Inflows of Resources	<u>251.4</u>	<u>218.8</u>	<u>32.6</u>	14.9%
Net Position				
Investment in Capital Assets, Net of Related Debt	18.4	19.2	(0.8)	(4.2%)
Restricted and Nonspendable	16.9	17.7	(0.8)	(4.5%)
Unrestricted (Deficit)	<u>(478.9)</u>	<u>(487.2)</u>	<u>8.3</u>	(1.7%)
Total Net Position (Deficit)	<u>\$ (443.6)</u>	<u>\$ (450.3)</u>	<u>\$ 6.7</u>	(1.5%)

CHANGES IN NET POSITION

BOCES' total fiscal year revenues totaled \$206.0 and \$174.0 million in 2023 and 2022, respectively, (See Table A-4). Charges to components and charges to non-components and other BOCES accounted for most of BOCES' revenue by contributing 93¢ and 95¢ for every dollar raised in 2023 and 2022, respectively (See Table A-5). The remainder came from state, local and federal aid, fees charged for services, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$189.6 million for fiscal year 2023 as compared to \$179.8 million for fiscal year 2022. These expenses are predominately related to instruction for handicapped and other services in 2023 and 2022, respectively (See Table A-6). BOCES' administrative and business activities accounted for approximately 6.4% and 3.6% in 2023 and 2022, respectively.

Net position increased by \$6.7 million and decreased \$14.6 million in 2023 and 2022, respectively.

**Table A-4: Changes in Net Position from Operating Results
(in millions)**

	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services and Sales	\$ 192.5	\$ 165.1	\$ 27.4	16.6%
Operating Grants and General Revenues	<u>13.5</u>	<u>8.9</u>	<u>4.6</u>	51.7%
Total Revenues	<u>206.0</u>	<u>174.0</u>	<u>32.0</u>	18.4%
Expenses				
Administration	12.1	6.4	5.7	89.1%
Occupational Education	21.7	23.9	(2.2)	(9.2%)
Instruction for Handicapped	32.3	32.1	0.2	0.6%
Itinerant Services	4.5	4.3	0.2	4.7%
General Instruction	10.9	12.5	(1.6)	(12.8%)
Instructional Support	17.2	16.6	0.6	3.6%
Other Services	76.2	73.7	2.5	3.4%
Debt Service - Interest - Unallocated	0.7	0.7	-	0.0%
Depreciation and Amortization - Unallocated	<u>14.0</u>	<u>9.6</u>	<u>4.4</u>	45.8%
Total Expenses	<u>189.6</u>	<u>179.8</u>	<u>9.8</u>	5.5%
Change in Net Position	16.4	(5.8)	22.2	382.8%
Surplus Net of Holdback	(6.4)	(7.9)	1.5	19.0%
Change in Reserves and Encumbrances	<u>(3.3)</u>	<u>(0.9)</u>	<u>(2.4)</u>	(266.7%)
Change in Net Position	<u>\$ 6.7</u>	<u>\$ (14.6)</u>	<u>\$ 21.3</u>	145.9%

Table A-5: Detail of Revenues

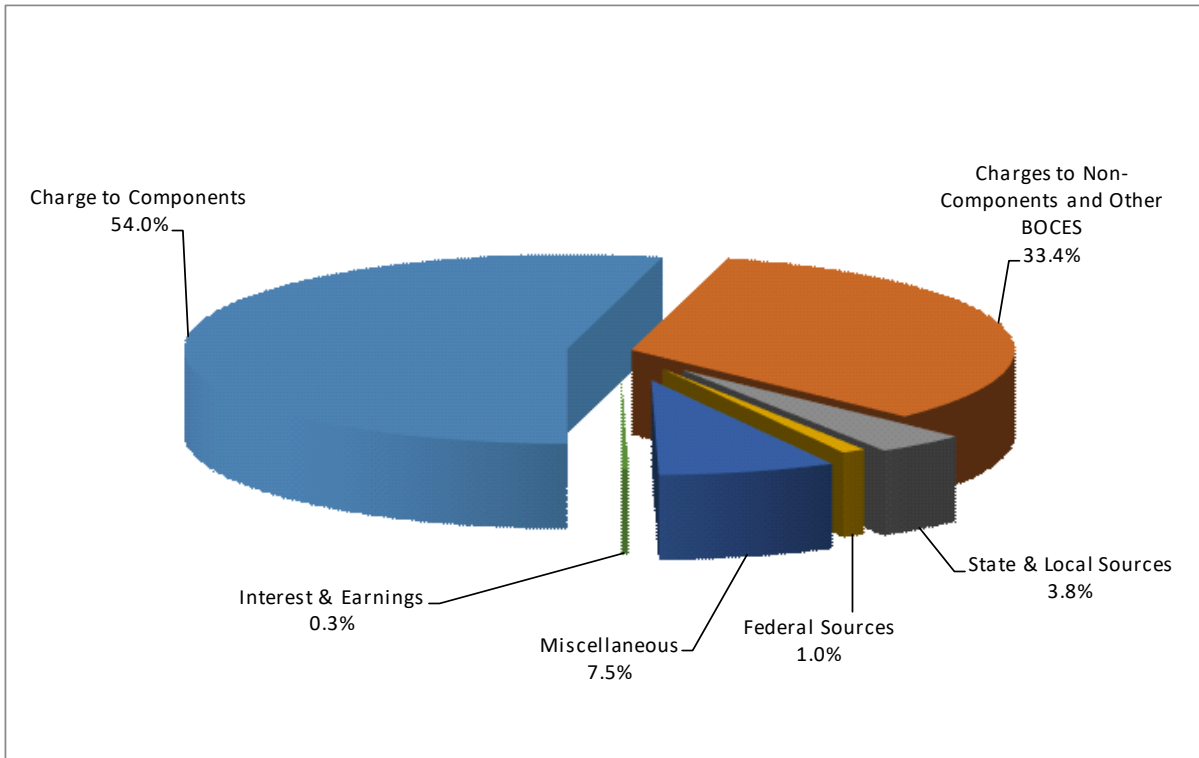
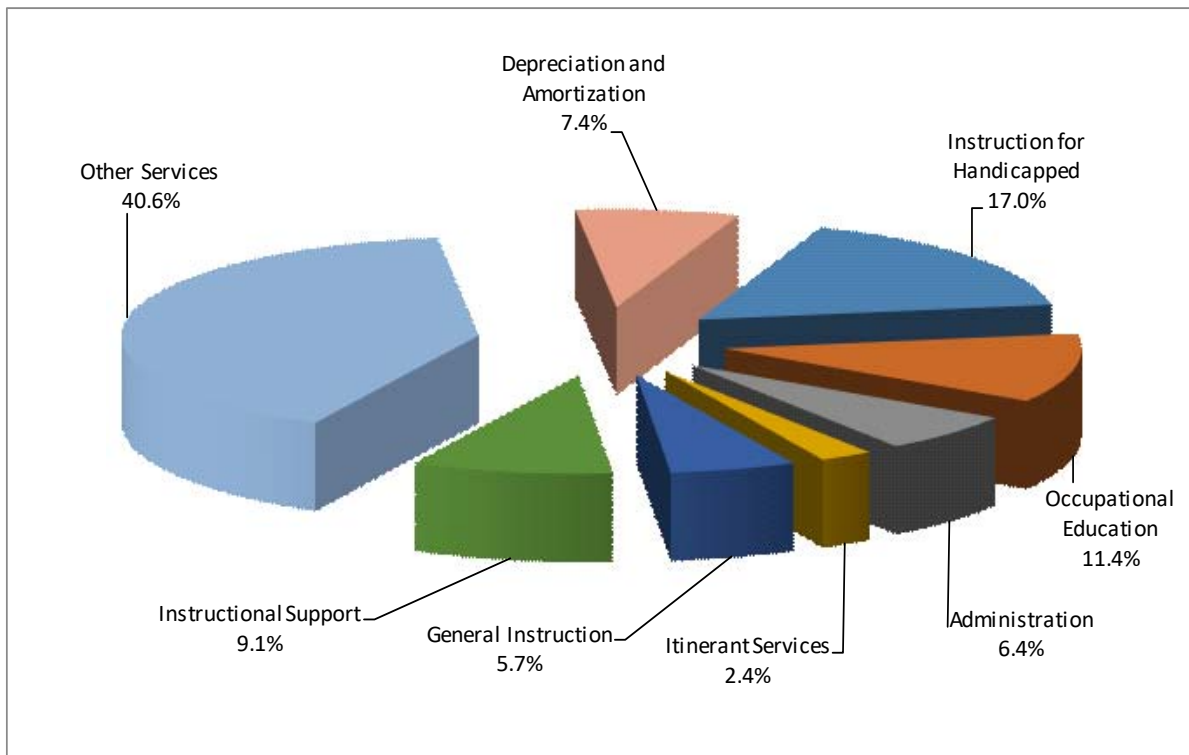


Table A-6: Detail of Expenses - BOCES Programs



BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023

GOVERNMENT-WIDE ACTIVITIES

Table A-7 presents the cost of seven major BOCES activities: administration, occupational education, instruction for handicapped, itinerant services, general instruction, instructional support and other services. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental support provided for special programs). The net cost shows the financial burden placed on BOCES' components by each of these functions.

Table A-7: Net Cost of Governmental Activities
(in millions)

Category	2023		2022	
	Total Cost	(Net Cost) Surplus	Total Cost	(Net Cost) Surplus
Administration	\$ 12.1	\$ 2.3	\$ 6.4	\$ 1.7
Occupational Education	21.7	-	23.9	(2.6)
Instruction for Handicapped	32.3	4.0	32.1	2.7
Itinerant Services	4.5	-	4.3	0.4
General Instruction	10.9	0.6	12.5	0.7
Instructional Support	17.2	14.1	16.6	3.4
Other Services	76.2	10.2	73.7	(1.9)
Debt Service - Interest - Unallocated	0.7	(0.7)	0.7	(0.7)
Depreciation & Amortization - Unallocated	14.0	(14.0)	9.6	(9.6)
Total	<u>\$ 189.6</u>	<u>\$ 16.5</u>	<u>\$ 179.8</u>	<u>\$ (5.9)</u>

- The cost of all governmental activities was \$189.6 million and \$179.8 million in 2023 and 2022, respectively. (Statement of Activities Expenses column)
- The users of BOCES' programs (\$192.5 million and \$165.1 million in 2023 and 2022, respectively) financed a majority of the cost. (Statement of Activities Charges for Services, Sales and Interest and Earnings column)
- The federal, state and local governments subsidized certain programs with grants and contributions (\$13.5 million and \$8.9 million in 2023 and 2022, respectively). (Statement of Activities Operating Grants and Contributions column)

FINANCIAL ANALYSIS OF BOCES' FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the government-wide financial statements. BOCES' governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

The General fund balance increased by approximately \$562 thousand and decreased \$2.8 million in 2023 and 2022, respectively.

No other significant variances are reflected in the governmental fund financial statements for 2023 and 2022.

BUDGETARY HIGHLIGHTS

Over the course of the year, BOCES revised its budget several times. These budget amendments fall into two categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances and encumbrances carried over from the prior year.
- Changes made to account for significant increases in purchased services from component, noncomponent and other BOCES.

BOCES had a number of significant budget amendments during the year ended June 30, 2023 to provide additional services as requested by components and others. The larger increases related to the Northeast Regional Information Center ("NERIC") instructional services, NERIC administration and comprehensive skills program.

No other budgetary variances are considered to be significant during fiscal year 2023.

NONCURRENT ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table reflects the total gross and net cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal years 2023 and 2022.

Table A-8: Capital Assets
(in millions)

<u>Category</u>	<u>2023</u>	<u>2022</u>
Land Improvements *	\$ -	\$ -
Building and Improvements	9.0	9.1
Machinery and Equipment	93.0	83.3
Vehicles	2.0	1.3
Work in Progress	-	6.3
Total Gross Cost	<u>104.0</u>	<u>100.0</u>
Less: Accumulated Depreciation	<u>(72.6)</u>	<u>(71.2)</u>
Net Cost	<u>\$ 31.4</u>	<u>\$ 28.8</u>

* Less than .1

Right-to-Use Assets and Lease Liabilities

At year-end June 30, 2023 and 2022, respectively, BOCES had \$102.2 and \$38.0 million in right-to-use assets representing facility leases. Lease liabilities were \$93.6 and \$36.5 million at year end June 30, 2023 and 2022, respectively. More detailed information is presented in Note 8 to the financial statements.

Prepaid Purchased Service Contracts

At year-end June 30, 2023 and 2022, BOCES had \$11.8 and \$15.6 million in deferred inflows of resources related to prepaid equipment lease arrangements. More detailed information is presented in Note 8 to the financial statements.

Long-term Debt

At year-end June 30, 2023 and 2022, BOCES had \$12.9 and \$12.6 million in installment purchase debt outstanding, respectively. Compensated absences totaled \$8.0 and \$7.3 million in 2023 and 2022, while the other postemployment benefit liability decreased from \$421.8 million in 2022 to \$312.9 million in 2023. The net pension liability also increased from a \$31.3 million asset in 2022 to a \$22.1 million liability in 2023. More detailed information about BOCES' long-term liabilities is presented in Note 8 to the financial statements.

FACTORS BEARING ON BOCES' FUTURE

In 2020, work began on the new Career & Technical Education Center Albany campus located at 925 Watervliet-Shaker Road, a 170,000-square-foot facility, which opened to students on September 6, 2022. The opening of the new facility ushers in a new era of education and workforce development for the region. The facility is home to 25 high school programs and several adult education programs with approximately 1,100 high school students registered for classes in the facility this school year. Registration for adult education courses is ongoing, and more than 200 adults are expected to take classes.

The three-story facility is home to the latest in job site technology thanks to the input of business partners who work diligently with BOCES' teachers to ensure that students are prepared for the jobs of today and tomorrow. Because of BOCES' close relationship with business leaders around this region, we are able to prepare our students for the most in-demand jobs now, as well as the jobs that will be in high demand in the years to come.

CONTACTING BOCES' FINANCIAL MANAGEMENT

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

Board of Cooperative Educational Services
Attn: School Business Administrator
900 Watervliet-Shaker Road
Albany, New York 12205
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MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR’S REPORT

To the Board of Cooperative Educational Services
Albany-Schoharie-Schenectady-Saratoga Counties

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services Albany-Schoharie-Schenectady-Saratoga Counties (“BOCES”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise BOCES’ basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- 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 BOCES' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BOCES' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of funding progress - other postemployment benefit plans, proportionate share of net pension asset/liability and district contributions - pension plans on pages 1-12 and 60-64 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise BOCES' basic financial statements. The accompanying other supplementary information on pages 65-69 and the schedule of expenditures of federal awards on page 75, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, on our consideration of the BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BOCES' internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 16, 2023

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
STATEMENT OF NET POSITION (DEFICIT)
 JUNE 30, 2023

	<u>Total</u>
Assets	
Current Assets:	
Unrestricted Cash	\$ 41,606,972
Restricted Cash	2,000,000
State and Federal Aid Receivable	21,203,445
Due from School Districts and Other BOCES	12,519,831
Other Receivables - Net	279,535
Leases Receivable	4,878,686
Inventory	9,205
Total Current Assets	<u>82,497,674</u>
Noncurrent Assets:	
Depreciable Capital Assets - Net	31,371,878
Nondepreciable Capital Assets	3,753
Leases Receivable	8,060,558
Right-to-Use Assets, Net	102,196,993
Total Noncurrent Assets	<u>141,633,182</u>
Deferred Outflows of Resources:	
Pensions	27,254,140
OPEB	50,717,179
Total Deferred Outflows of Resources	<u>77,971,319</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 302,102,175</u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 1,772,105
Accrued Liabilities	11,039,739
Revenue Anticipation Notes Payable	7,000,000
Due to Other Governments	4,278
Due to Retirement Systems	3,607,699
State Aid Due School Districts and Other BOCES	19,366,877
Unearned Revenue	1,911,929
Installment Purchase Debt	4,878,686
Leases Payable	1,602,933
Total Current Liabilities	<u>51,184,246</u>
Noncurrent Liabilities:	
Installment Purchase Debt	8,060,558
Compensated Absences	8,030,903
Other Postemployment Benefits	312,874,823
Proportionate Share of Net Pension Liability	22,127,000
Leases Payable	92,002,116
Total Noncurrent Liabilities	<u>443,095,400</u>
Deferred Inflows of Resources:	
Leases Receivable	12,939,244
Prepaid Purchased Service Contracts	11,812,999
Pensions	2,264,180
OPEB	224,354,609
Total Deferred Inflows of Resources	<u>251,371,032</u>
Total Liabilities and Deferred Inflows of Resources	<u>745,650,678</u>
Net Position (Deficit)	
Invested in Capital Assets, Net of Related Debt	18,436,387
Restricted	16,878,658
Unrestricted (Deficit)	<u>(478,863,548)</u>
Total Net Position (Deficit)	<u>(443,548,503)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	<u>\$ 302,102,175</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (DEFICIT)
 FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net
		Charges for Services	Operating	(Expense)
		Sales and	Grants and	Revenue and
		Interest	Contributions	Change
	<u>Expenses</u>	<u>and Earnings</u>		in Net
				Position
				(Deficit)
BOCES Functions/Programs:				
Administration	\$ 12,103,916	\$ 14,420,478	\$ -	\$ 2,316,562
Occupational Education	21,651,272	15,998,185	5,686,501	33,414
Instruction for Handicapped	32,313,433	34,988,545	1,281,035	3,956,147
Itinerant Services	4,530,336	4,490,391	-	(39,945)
General Instruction	10,869,356	11,315,572	130,075	576,291
Instruction Support	17,192,951	30,482,159	773,241	14,062,449
Other Services	76,224,578	80,774,184	5,608,164	10,157,770
Debt Service - Interest - Unallocated	<u>713,420</u>	<u>-</u>	<u>-</u>	<u>(713,420)</u>
Total Before Depreciation and Amortization - Unallocated	175,599,262	192,469,514	13,479,016	30,349,268
Depreciation and Amortization - Unallocated	<u>14,049,540</u>	<u>-</u>	<u>-</u>	<u>(14,049,540)</u>
Total Functions/Programs	<u>\$ 189,648,802</u>	<u>\$ 192,469,514</u>	<u>\$ 13,479,016</u>	16,299,728
Other Revenues:				
Interest and Earnings - Unallocated				194,639
Other Changes in Net Assets:				
Refund of Surplus to Districts				(6,444,621)
Change in Reserves and Encumbrances				<u>(3,259,134)</u>
Change in Net Position				6,790,612
Net Position (Deficit), Beginning of Year				<u>(450,339,115)</u>
Net Position (Deficit), End of Year				<u>\$ (443,548,503)</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Other Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Current Assets:						
Unrestricted Cash	\$ 34,278,491	\$ 326,690	\$ 33,339	\$ 161,454	\$ 6,806,998	\$ 41,606,972
Restricted Cash	-	-	-	-	2,000,000	2,000,000
State and Federal Aid Receivable	19,366,877	1,809,998	26,570	-	-	21,203,445
Due from SCHOOL Districts and Other BOCES	12,519,831	-	-	-	-	12,519,831
Other Receivables, Net	149,034	115,543	14,958	-	-	279,535
Leases Receivable	12,939,244	-	-	-	-	12,939,244
Due from Other Funds	250,000	-	-	-	3,870,172	4,120,172
Inventory	-	-	9,205	-	-	9,205
Total Assets	<u>\$ 79,503,477</u>	<u>\$ 2,252,231</u>	<u>\$ 84,072</u>	<u>\$ 161,454</u>	<u>\$ 12,677,170</u>	<u>\$ 94,678,404</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 1,727,506	\$ 40,441	\$ 4,158	\$ -	\$ -	\$ 1,772,105
Accrued Liabilities	10,988,588	50,552	599	-	-	11,039,739
Revenue Anticipation Notes	7,000,000	-	-	-	-	7,000,000
Due to Other Funds	3,826,432	250,000	-	-	43,740	4,120,172
Due to Other Governments	4,278	-	-	-	-	4,278
Due to Retirement Systems	3,607,699	-	-	-	-	3,607,699
State Aid Due School Districts and Other BOCES	19,366,877	-	-	-	-	19,366,877
Unearned Revenue	-	1,911,238	691	-	-	1,911,929
Total Liabilities	<u>46,521,380</u>	<u>2,252,231</u>	<u>5,448</u>	<u>-</u>	<u>43,740</u>	<u>48,822,799</u>
Deferred Inflows of Resources:						
Leases Receivable	12,939,244	-	-	-	-	12,939,244
Prepaid Purchased Service Contracts	11,812,999	-	-	-	-	11,812,999
Total Deferred Inflows of Resources	<u>24,752,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,752,243</u>
FUND BALANCES						
Fund Balance:						
Restricted For:						
Unemployment Insurance Reserve	64,044	-	-	-	-	64,044
Insurance Reserve	1,000,000	-	-	-	-	1,000,000
Employee Retirement Reserve	5,789,117	-	-	-	-	5,789,117
Employee Benefits Reserve	8,025,497	-	-	-	-	8,025,497
CTE Equipment Reserve	-	-	-	-	2,000,000	2,000,000
Total Restricted Fund Balance	14,878,658	-	-	-	2,000,000	16,878,658
Nonspendable	-	-	9,205	-	-	9,205
Assigned Fund Balance	5,164,195	-	69,419	161,454	10,633,430	16,028,498
Unassigned (Deficit)	(11,812,999)	-	-	-	-	(11,812,999)
Total Fund Balance	<u>8,229,854</u>	<u>-</u>	<u>78,624</u>	<u>161,454</u>	<u>12,633,430</u>	<u>21,103,362</u>
Total Liabilities and Fund Balance	<u>\$ 79,503,477</u>	<u>\$ 2,252,231</u>	<u>\$ 84,072</u>	<u>\$ 161,454</u>	<u>\$ 12,677,170</u>	<u>\$ 94,678,404</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$ 21,103,362
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets that were acquired in current and prior periods are recognized as governmental fund economic resources, net of accumulated depreciation.	31,375,631
Proportionate share of net pension liability including deferred outflows and deferred inflows of resources.	2,862,960
Right-to-use assets are recognized as an asset under full accrual accounting in the statement of net position.	102,196,993
Lease liabilities recognized as a liability under full accrual accounting in the statement of net position.	(93,605,049)
Long-term liabilities, including installment purchase debt and compensated absences are not due and payable in the current period. Therefore, long-term liabilities are not reported in the governmental funds statements.	(20,970,147)
Other postemployment benefit liability including deferred inflows, net of deferred outflows is recognized as a liability under full accrual accounting in the statement of net position.	<u>(486,512,253)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (443,548,503)</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Other Special Revenue</u>	<u>Total Capital Projects</u>	<u>Governmental Funds</u>
REVENUES:						
Charges to Components	\$ 111,408,109	\$ -	\$ -	\$ -	\$ -	\$ 111,408,109
Charges to Non-Components and Other BOCES	68,912,354	-	-	-	-	68,912,354
Interest and Earnings	349,361	-	71	4,587	190,052	544,071
Miscellaneous	9,483,058	3,606,993	461,813	48,063	1,806,685	15,406,612
State and Local Sources	-	2,872,102	8,576	-	5,000,000	7,880,678
Federal Sources	-	1,605,465	385,880	-	-	1,991,345
Total Revenues	<u>190,152,882</u>	<u>8,084,560</u>	<u>856,340</u>	<u>52,650</u>	<u>6,996,737</u>	<u>206,143,169</u>
EXPENDITURES:						
Administration	14,424,576	-	-	-	-	14,424,576
Occupational Instruction	16,119,327	5,686,501	-	-	-	21,805,828
Instruction for Handicapped	31,169,976	1,281,035	-	-	-	32,451,011
Itinerant Services	4,482,446	-	-	-	-	4,482,446
General Instruction	11,268,267	130,075	-	-	-	11,398,342
Instructional Support	28,715,196	773,241	-	-	-	29,488,437
Other Services	75,369,471	213,708	777,716	59,547	6,479,985	82,900,427
Total Expenditures	<u>181,549,259</u>	<u>8,084,560</u>	<u>777,716</u>	<u>59,547</u>	<u>6,479,985</u>	<u>196,951,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES:	<u>8,603,623</u>	<u>-</u>	<u>78,624</u>	<u>(6,897)</u>	<u>516,752</u>	<u>9,192,102</u>
OTHER FINANCING SOURCES AND (USES):						
Change in Reserves and Encumbrances	(3,259,134)	-	-	-	-	(3,259,134)
Refund of Surplus	(6,444,621)	-	-	-	-	(6,444,621)
Operating Transfers - In (Out)	(3,826,432)	-	-	-	3,826,432	-
Proceeds from Leases	5,488,835	-	-	-	-	5,488,835
Total Other Financing Sources and (Uses)	<u>(8,041,352)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,826,432</u>	<u>(4,214,920)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	562,271	-	78,624	(6,897)	4,343,184	4,977,182
Fund Balance, Beginning of Year	<u>7,667,583</u>	<u>-</u>	<u>-</u>	<u>168,351</u>	<u>8,290,246</u>	<u>16,126,180</u>
Fund Balance, End of Year	<u>\$ 8,229,854</u>	<u>\$ -</u>	<u>\$ 78,624</u>	<u>\$ 161,454</u>	<u>\$ 12,633,430</u>	<u>\$ 21,103,362</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS COMBINED STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 4,977,182
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays, net of dispositions, not funded by installment purchase agreements are reported as additions to capital assets under the full accrual basis of accounting.	5,417,131
Prepaid lease costs are capitalized as intangible right-to-use assets under the full accrual basis of accounting	5,000,000
Principal payments on installment purchase obligations are reported as a reduction to debt under the full accrual basis of accounting.	5,175,722
Increase in compensated absences is recorded as a increase to expense under the full accrual basis of accounting.	(708,739)
Depreciation and amortization expense is recorded under the full accrual basis of accounting.	(14,049,540)
Pension expense following GASB 68 is recorded under the full accrual basis of accounting.	(4,862,025)
Other postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	4,229,335
Principal payments on lease liabilities are reported as a reduction to debt under the full accrual basis of accounting.	<u>1,611,546</u>
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,790,612</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties (“BOCES”) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by BOCES are described below.

A. Reporting Entity

BOCES is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise BOCES’ operations, and are governed by, or significantly influenced by, this Board.

The Boards of Cooperative Educational Services (the “Boards”) 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 the Boards to provide vocational and special education. The Boards are 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 23 school districts in New York’s Albany, Schoharie, Schenectady and Saratoga counties:

Berne-Knox-Westerlo	North Colonie
Bethlehem	Ravena-Coeymans-Selkirk
Burnt Hills-Ballston Lake	Schalmont
Cobleskill-Richmondville	Schenectady City Schools
Cohoes City Schools	Schoharie
Duanesburg	Scotia-Glenville
Green Island Union Free School	Sharon Springs
Guilderland	Shenendehowa
Menands	South Colonie
Middleburgh	Voorheesville
Mohonasen	Watervliet City Schools
Niskayuna	

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by GASB Statement 61, *The Financial Reporting Entity*.

1. The primary government which is BOCES (BOCES is not a component unit of another reporting entity);
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's general purpose financial statements to be misleading or incomplete.

The Extraclassroom Activity and Scholarship Funds

The Extraclassroom Activity and Scholarship Funds of BOCES represent funds of the students of BOCES and funds for the purpose of granting scholarships. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity and Scholarship Funds are independent of BOCES with respect to its financial transactions and the designation of student management. BOCES accounts for these funds in the Other Special Revenue Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are located on pages 78-82.

Intermunicipal Sharing Agreement

BOCES has entered into an intermunicipal sharing agreement with Questar III to operate the Tech Valley Regional Technology Institute, also known as Tech Valley High School ("TVHS"). As the TVHS board is appointed equally by BOCES and Questar III and it is anticipated that any excess costs will be shared equally, in accordance with GASB Statement 61 TVHS' operating results are not included in these financial statements (Footnote 11).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

BOCES' financial statements are presented on a government-wide, governmental fund basis in accordance with GASB Statements 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. As a result, these financial statements include a management discussion and analysis of BOCES' overall financial position and results of operations and financial statements prepared using full accrual accounting for all of BOCES' activities.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government on a full accrual, economic resources basis. This government-wide focus is more on the sustainability of BOCES as an entity and the change in BOCES' net position resulting from the current year's activities. Internal fund transactions including, but not limited to, operating transfers, receivables and payables, have been eliminated. Government-wide financial statements include a statement of net position and a statement of activities.

The statement of net position presents the financial position of the BOCES at year end. The statement of net position recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. BOCES' net position is reported in three primary parts - invested in capital assets, net of related debt and accumulated depreciation; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net position.

The statement of activities presents a comparison between direct expenses (including depreciation and amortization) and related program revenues for each function of BOCES' governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenues include charges paid by the recipient for the 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. BOCES' primary program revenues are fees charged for services. Revenues which are not classified as program revenues are presented as general revenues and consist primarily of operating grants and state and federal aid.

The fund financial statements provide information about BOCES' funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by type with each major fund presented in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The following funds are used by BOCES:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Basic Financial Statements - Fund Financial Statements

1. General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
2. Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following funds:
 - a. Special Aid Fund

Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
 - b. School Lunch Fund

Used to account for transactions of BOCES' lunch and breakfast programs.
 - c. Other Special Revenue Fund

Used to account for the Extraclassroom Activity and Scholarship Funds.
3. Capital Projects - is used to account for capital projects. These funds are used to account for and report financial resources used for the acquisition, construction or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions, in which BOCES receives value without directly giving equal value in return, includes grants and donations.

On an accrual basis, revenue from nonexchange transactions are recognized in the fiscal year for which the underlying transaction takes place. Revenues from grants and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in separate financial statements.

Governmental Fund Financial Statements

The basis of accounting determines when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and interfund balances are included in the fund types on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Modified Accrual Basis - Generally accepted accounting principles and the New York State Uniform System of Accounts for BOCES require that BOCES use the modified accrual basis of accounting for recording transactions in its governmental fund types. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition for governmental fund revenues. Material revenues that are susceptible to accrual include charges for services, intergovernmental revenues and operating transfers. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except that:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

- a. Expenditures for prepaid items are recognized at the time of disbursement when BOCES is liable for payment.
- b. Principal and interest on long-term debt is recognized as an expenditure when due.
- c. Interest on short-term debt is recognized as an expenditure when due.
- d. Pension costs are recognized as an expenditure when billed by the State.
- e. Unfunded compensated absences for vacation leave and other compensated absences with similar characteristics and additional salary-related payments are recognized as a liability as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics that were earned but not used during the current or prior periods and for which employees can receive compensation in a future period.

In addition, a liability is established for vested sick leave and other compensated absences with similar characteristics, and additional salary-related payments, as employees earn benefits and to the extent it is probable that BOCES will compensate the employees for the benefits through cash payments (which may be conditioned on the employees' termination or retirement), rather than be taken as absences due to illness or other contingencies.

Explanation of Certain Differences Between Fund Statements and Government-wide Statements

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

1. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the BOCES' governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Explanation of Certain Differences Between Fund Statements and Government-wide Statements (Continued)

2. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

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

a. Long-term revenue differences

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

b. Capital related differences

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

c. Long-term debt transaction differences

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

Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisal or deflated current replacement cost. Assets held at school districts are not separately reported as BOCES retains legal ownership. Contributed assets are reported at estimated fair market values at the time received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Capital Assets and Depreciation (Continued)

Capital assets with a minimum depreciable base of \$500 are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: construction - 15-30 years, land improvements - 15-20 years, machinery and equipment - 10-20 years and vehicles - 5-10 years.

Prepaid Lease Costs

Prepaid lease costs include prepayments of rent made in advance of the lease term.

Leases Receivable, Right-to-Use Assets and Lease Liabilities

Includes items required to be reported under GASB Statement No. 87, *Leases*.

Long-term Debt

Long-term debt includes BOCES' installment purchase debt and other long-term liabilities including vacation and sick leave and other post retirement benefits.

Compensated Absences

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

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

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated leave is included in the compensated absences liability at year-end in the BOCES financials. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Other Benefits

Eligible BOCES employees participate in the New York State Teachers' Retirement System or the New York State and Local Employee's Retirement System.

District employees may choose to participate in BOCES' elective deferred compensation plans established under Internal Code Section 403(b) and 457.

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

Unearned Revenues and Deferred Outflows and Inflows of Resources

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

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 (expense/expenditure) until then. There are generally three items that qualify for reporting in this category.

The first item is related to pensions reported in the government-wide statement of net position (deficit). This represents the effect of the net change in BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between BOCES' contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is BOCES' contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in BOCES' government wide statement of net position (deficit). This represents the effect of the net change in actual and expected expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Unearned Revenues and Deferred Outflows and Inflows of Resources (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 inflows of resources (revenue) until that time. There are generally four items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in BOCES' proportion of the collective net pension asset or liability and difference during the measurement periods between BOCES' contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the BOCES' government wide statement of net position (deficit). This represents the effect of the net change of assumptions or other inputs. The third and fourth items are related to leases receivable and prepaid purchased service contracts under GASB Statement No. 87, *Leases*.

Fund Balance-Reservations and Designations

BOCES follows GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

1. Assigned Fund Balance Policy

BOCES' Assigned Fund Balance is a fund balance reporting mechanism occurring by BOCES Administration authority.

The Administration's accounting software utilizes encumbrance-based accounting. As of June 30, 2023 the \$5,164,195 in assigned fund balance in the General Fund is non-restricted encumbrances. In the School Lunch and Other Special Revenue Funds there were assigned balances of \$69,419 and \$161,454, respectively, representing unexpended funds designated for the intended purpose of these funds. In the Capital Projects Fund there were assigned balances of \$10,633,430 representing unexpended Capital Projects authorized for future use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Fund Balance-Reservations and Designations (Continued)

2. Order of Fund Balance Spending Policy

BOCES' policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

For all funds, first non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. However, assignments of fund balance cannot cause a negative unassigned fund balance.

3. Categories

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Fund balance restrictions are created to satisfy legal restrictions or plan for future expenditures. The following restricted funds are available to school districts and BOCES within the State of New York. These restricted funds are established through Board action or voter approval and a separate identity must be maintained for each restriction. Earnings on the invested resources become part of the respective restricted funds; however, separate bank accounts are not necessary for each restricted fund. The following is a description of the restrictions utilized by BOCES.

I. Reserve for Employee Benefits

In accordance with General Municipal Law §6-p, the balance of the account represents funds set aside for the payment of accrued benefit liabilities for employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Fund Balance-Reservations and Designations (Continued)

3. Categories (Continued)

II. Reserve for Unemployment Insurance

Established in accordance with General Municipal Law §6-m. BOCES has provided for a reserve for unemployment insurance 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 reserves are funded annually through budgetary provisions in the General Fund and, in the opinion of management, are adequate to fund the eventual loss on claims arising prior to year end.

III. Reserve for Employee Retirement

In accordance with General Municipal Law §6-r, BOCES has established a retirement contribution reserve fund for reserving funds for future payments of retirement contributions.

IV. Reserve for Insurance

In accordance with General Municipal Law §6-n, BOCES has established an insurance reserve for uninsured losses, claims, actions or judgments for which BOCES is authorized or required to purchase or maintain insurance. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment or settlement of claims, actions or judgments.

V. CTE Equipment Reserve

In accordance with Education Law §1950(4)(ee), BOCES has established a career and technical education (CTE) equipment reserve to fund instructional equipment used in career and technology instruction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Fund Balance-Reservations and Designations (Continued)

3. Categories (Continued)

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. BOCES nonspendable fund balance consists of food inventory in the School Lunch Fund.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of BOCES' and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by BOCES' Board.

Assigned fund balance includes amounts that are constrained by BOCES' intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by BOCES or designated by BOCES for the ensuing year's budget.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund. The General Fund has a deficit unassigned fund balance of \$11,812,999 as a result of prepaid purchased service contracts which have been recorded as deferred inflows of resources and amortized over the useful life of the underlying assets.

D. Budgetary Procedures and Budgetary Accounting

Budget Policies

The budget policies are as follows:

1. Section 1950 §4(b) of the Education Law requires adoption of a final budget by no later than May 15, for the ensuing year.
2. BOCES administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of BOCES board for the general fund.
3. Appropriations for educational services are adopted at the program level and lapse at the end of each fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Procedures and Budgetary Accounting (Continued)

Budget Policies (Continued)

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

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

BOCES' Board can approve budget revisions based upon a request for additional services and surplus revenues.

E. Short-term Debt

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

BOCES may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long term financing within five years after the original issue date.

F. New Accounting Standards

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset an intangible asset and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Future Accounting Standard

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to compensated absences by updating the recognition and measurement guidance.

BOCES will evaluate the impact this pronouncement may have on its financial statements and will implement as applicable and when material.

H. Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 16, 2023, the date the financial statements were available to be issued. No events or transactions were identified

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Interfund Transfers

The operations of BOCES include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. 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 expenditure and revenues to provide financing or other services.

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

B. Other Postemployment Benefits

In addition to providing pension benefits described in Note 10, BOCES provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between BOCES and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for BOCES. Approximately 650 retirees meet those eligibility requirements. BOCES pays 100% of the cost of premiums for individual retirees and an additional 50% of the difference between an individual and family premium for their dependents to an insurance company which provides health care insurance. For employees in the Service, Teaching Assistant and Teachers bargaining units, who are employed by the BOCES as of September 1, 2020 and retire on or after January 15, 2021, their contribution to premiums will be a minimum of 5% for individual coverage and they may continue family coverage by paying 50% of the difference between the family premium and the individual premium. For employees

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY (CONTINUED)

B. Other Postemployment Benefits (Continued)

in the PAO bargaining unit, who are employed by the BOCES as of June 30, 2021 and retire on or after July 1, 2021, their contribution to premiums will be a minimum of 5% for individual coverage and they may continue family coverage by paying 50% of the difference between the family premium and the individual premium. For employees covered by the Management/Confidential Employees and Executive Employees agreements hired on or after July 1, 2021 their contribution to premiums will be a minimum of 10% for individual coverage and they may continued family coverage by paying 50% of the difference between the family premium and the individual premium. BOCES recognizes the cost of providing benefits for the year ended June 30, 2023 by recording its share of insurance premiums of \$7,084,579 as an expenditure. See Note 10 for additional information on GASB Statement 75.

C. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

3. CASH AND INVESTMENTS

BOCES follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Deputy District Superintendent and Chief Fiscal Officer.

Collateral is required for demand deposits and certificates of deposit not covered by Federal Deposit 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.

Available deposits at year-end were entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by an irrevocable stand by letter of credit.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. BOCES' investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

BOCES' policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. BOCES' investment and deposit policy authorizes BOCES entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the BOCES' investment and deposit policy, all deposits of BOCES including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. BOCES restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Investments

BOCES has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. BOCES' investment policy for these investments is also governed by New York State statutes.

U.S. GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that BOCES has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

3. CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of BOCES' investments are valued based on level 1 of the hierarchy.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and cash equivalents: Valued at cost plus accrued interest, which approximates fair market value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although BOCES believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BOCES does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk

BOCES does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

4. RESTRICTED CASH

Restricted cash consists of the following:

Capital Projects:

Reserve for CTE Equipment	<u>\$ 2,000,000</u>
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BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

5. INTERFUND TRANSACTIONS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made.

Interfund receivable and payable and balances at June 30, 2023, and transfers for the year then ended, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ 250,000	\$ 3,826,432	\$ -	\$ 3,826,432
Special Aid	-	250,000	-	-
Capital Projects Fund	<u>3,870,172</u>	<u>43,740</u>	<u>3,826,432</u>	<u>-</u>
	<u>\$ 4,120,172</u>	<u>\$ 4,120,172</u>	<u>\$ 3,826,432</u>	<u>\$ 3,826,432</u>

During 2022-23 the General Fund transferred \$3,826,432 to the Capital Projects Fund for various capital projects.

6. OTHER RECEIVABLES

Other receivables at June 30, 2023 consisted of the following, which are stated at net realizable value. Management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Charges for Services	\$ 149,034
Special Aid	Tuition and Charges for Services	115,543
School Lunch	Miscellaneous	<u>14,958</u>
		<u>\$ 279,535</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

7. NONCURRENT ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets:				
Land Improvements	\$ 30,684	\$ -	\$ -	\$ 30,684
Buildings and Improvements	9,061,258	4,794,751	(4,851,927)	9,004,082
Machinery and Equipment	83,325,089	12,035,568	(2,381,466)	92,979,191
Vehicles	1,326,268	861,676	(196,282)	1,991,662
Work in Progress	<u>6,284,458</u>	<u>3,753</u>	<u>(6,284,458)</u>	<u>3,753</u>
	<u>100,027,757</u>	<u>17,695,748</u>	<u>(13,714,133)</u>	<u>104,009,372</u>
Less Accumulated Depreciation:				
Land Improvements	30,684	-	-	30,684
Building and Improvements	6,339,304	462,835	(4,353,765)	2,448,374
Machinery and Equipment	63,879,547	7,706,376	(2,378,852)	69,207,071
Vehicles	<u>954,567</u>	<u>184,779</u>	<u>(191,734)</u>	<u>947,612</u>
	<u>71,204,102</u>	<u>8,353,990</u>	<u>(6,924,351)</u>	<u>72,633,741</u>
Net Capital Assets	<u>\$ 28,823,655</u>	<u>\$ 9,341,758</u>	<u>\$ (6,789,782)</u>	<u>\$ 31,375,631</u>

The capital assets reflect the implementation of GASB Statement 34 which requires BOCES to record capital assets in the financial statements, to reflect depreciation on its capital assets and to reflect BOCES' capitalization policy which requires a capitalization threshold of \$500 for financial reporting purposes. Capital assets below this threshold are recorded as an expense in the year acquired. Net capital assets includes \$11,812,999 of equipment used by participating districts.

Work in progress is not depreciated and primarily relates to the construction costs for leasehold improvements as of June 30, 2023 and the projects are not 100% complete. Management is developing a plan for establishing new projects with the Capital Projects fund balance. When projects are completed and placed into service, work in progress will be allocated to the proper asset account and depreciated.

8. INDEBTEDNESS

A. Short-Term Debt

Revenue Anticipation Notes

For governmental funds, notes issued in anticipation of the receipt of revenues are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The revenue anticipation note represents a liability that will be extinguished by the use of expendable available resources of the fund.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

8. INDEBTEDNESS (CONTINUED)

A. Short-Term Debt (Continued)

Short-Term Debt Interest

Interest expenditures for short-term debt are recognized when measurable and recorded as an expenditure as the interest accrues.

Interest on short-term debt for the year was composed of:

Interest paid	\$ 19,555
Less: Interest accrued in the prior year	(14,467)
Plus: Interest accrued in the current year	<u>185,342</u>
Total expense	<u>\$ 190,430</u>

B. Changes, Short and Long-Term Debt

The changes in BOCES' short and long-term indebtedness for the year ended June 30, 2023 are summarized as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Short-Term:</u>				
Revenue anticipation note	\$ 7,050,056	\$ 7,000,000	\$ (7,050,056)	\$ 7,000,000
<u>Long-Term:</u>				
Installment purchase debt	12,626,131	5,488,835	(5,175,722)	12,939,244
Compensated absences	7,322,164	708,739	-	8,030,903
Other postemployment benefits	421,773,286	-	(108,898,463)	312,874,823
Operating lease liability	36,528,138	58,688,457	(1,611,546)	93,605,049
Net pension liability	<u>-</u>	<u>22,127,000</u>	<u>-</u>	<u>22,127,000</u>
Total	<u>\$485,299,775</u>	<u>\$ 94,013,031</u>	<u>\$ (122,735,787)</u>	<u>\$456,577,019</u>

Additions and deletions to compensated absences are shown net, since it is impracticable to determine these amounts separately. Long-term debt is shown gross of current portion.

C. Maturity

Short-Term Debt

	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at</u> <u>June 30, 2023</u>
Revenue Anticipation Note	10/4/22	9/29/23	3.59%	<u>\$ 7,000,000</u>

8. INDEBTEDNESS (CONTINUED)

C. Maturity (Continued)

Long-Term Debt

Installment Purchase Debt and Leases Receivable

Installment purchase debt consists of various capital leases for the purchase of equipment with maturities through 2028. Interest rates and terms range from 1.46% to 5.83% and 24 to 60 months, respectively.

Under the installment purchase debt agreements, BOCES is the guarantor of the debt and listed owner of the underlying assets for legal and insurance purposes. BOCES leases these assets to school districts under substantially the same terms as the original debt financing. GASB Statement No. 87 requires BOCES to record the present value of leases under these agreements with an offsetting deferred inflow of resources. As payments are received from school districts they are charged to principal and interest reducing the lease receivable. The offsetting deferred inflows of resources is to be amortized in a systematic and rational manner over the duration of the lease. Due to the volume of lease arrangements and the practical, efficient and expedient nature of doing so, management has determined that utilizing the same amortization as the underlying lease debt is systematic and rational. For the year ended June 30, 2023, BOCES has recorded \$12,939,244 as leases receivable and deferred inflows of resources in the General Fund based on these agreements.

The future minimum payments obligated and expected to be received under leases by BOCES for the next five years for the installment purchases are as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended June 30:			
2024	\$ 5,273,807	\$ 4,878,686	\$ 395,121
2025	3,907,756	3,650,953	256,803
2026	2,715,204	2,575,350	139,854
2027	1,477,025	1,422,920	54,105
2028	421,633	411,335	10,298
Total Future Payments	<u>\$ 13,795,425</u>	<u>\$ 12,939,244</u>	<u>\$ 856,181</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

8. INDEBTEDNESS (CONTINUED)

C. Maturity (Continued)

Long-Term Debt (Continued)

Lease Liabilities and Right-to-Use Assets

GASB Statement No. 87 requires that the present value of leases, including prepayments, be reported on the statement of net position as a right-to-use asset, with an offsetting lease liability, and amortized over the duration of the lease. GASB Statement No. 87 also requires that amortization is charged in a systematic and reasonable manner with corresponding interest and amortization reflected on the statement of activities and changes in net position (deficit). BOCES has utilized the U.S. Treasury Bill rate applicable during the lease commencement and for the duration of the lease (i.e. 20 year U.S. Treasury Rate for a lease term of 20 years). All leases are commercial use real property and any applicable prepayments have been added to the original asset which is being amortized under the straight line method which management has determined to be reasonable and systematic. For the year ended June 30, 2023, BOCES has the following leases which are required to be reported as right-to-use assets:

	<u>Right-To-Use-Assets</u>					<u>Total</u>
	<u>Lease 1</u>	<u>Lease 2</u>	<u>Lease 3</u>	<u>Lease 4</u>	<u>Lease 5</u>	
Balance, Beginning of Year	\$ 22,151,906	\$ -	\$ 12,220,144	\$ 202,028	\$ 3,380,008	\$ 37,954,086
Additions	-	69,938,457	-	-	-	69,938,457
Amortization	<u>(1,176,207)</u>	<u>(3,496,923)</u>	<u>(678,897)</u>	<u>(63,798)</u>	<u>(279,725)</u>	<u>(5,695,550)</u>
Balance, End of Year	<u>\$ 20,975,699</u>	<u>\$ 66,441,534</u>	<u>\$ 11,541,247</u>	<u>\$ 138,230</u>	<u>\$ 3,100,283</u>	<u>\$ 102,196,993</u>
	<u>Lease Liabilities</u>					
	<u>Lease 1</u>	<u>Lease 2</u>	<u>Lease 3</u>	<u>Lease 4</u>	<u>Lease 5</u>	<u>Total</u>
Balance, Beginning of Year	\$ 22,521,022	\$ -	\$ 9,711,829	\$ 216,787	\$ 4,078,500	\$ 36,528,138
Additions	-	58,688,457	-	-	-	58,688,457
Payments	<u>(856,444)</u>	<u>-</u>	<u>(443,458)</u>	<u>(66,858)</u>	<u>(244,786)</u>	<u>(1,611,546)</u>
Balance, End of Year	<u>\$ 21,664,578</u>	<u>\$ 58,688,457</u>	<u>\$ 9,268,371</u>	<u>\$ 149,929</u>	<u>\$ 3,833,714</u>	<u>\$ 93,605,049</u>
	<u>Lease 1</u>	<u>Lease 2</u>	<u>Lease 3</u>	<u>Lease 4</u>	<u>Lease 5</u>	
Interest Rate	2.21%	3.35%	1.09%	2.17%	2.94%	

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

8. INDEBTEDNESS (CONTINUED)

C. Maturity (Continued)

Long-Term Debt (Continued)

Lease Liabilities and Right-to-Use Assets (Continued)

	Principal Maturity					Total
	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	
Fiscal Year Ending						
2024	\$ 889,157	\$ (67,769)	\$ 453,815	\$ 68,323	\$ 259,407	\$ 1,602,933
2025	922,736	1,857,872	464,340	69,821	274,610	3,589,379
2026	957,201	1,959,653	475,035	11,785	290,415	3,694,089
2027	992,575	2,065,260	485,904	-	306,844	3,850,583
2028	1,028,879	2,495,661	496,949	-	323,919	4,345,408
2029-2033	5,723,073	14,443,036	2,656,740	-	1,899,888	24,722,737
2034-2038	6,783,488	18,189,711	2,960,685	-	478,631	28,412,515
2039-2042	4,367,469	17,745,033	1,274,903	-	-	23,387,405
	<u>\$ 21,664,578</u>	<u>\$ 58,688,457</u>	<u>\$ 9,268,371</u>	<u>\$ 149,929</u>	<u>\$ 3,833,714</u>	<u>\$ 93,605,049</u>

	Interest Maturity					Total
	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	
Fiscal Year Ending						
2024	\$ 469,837	\$ 3,828,023	\$ 98,763	\$ 2,577	\$ 109,242	\$ 4,508,442
2025	449,849	1,939,980	93,763	1,079	101,412	2,586,083
2026	429,109	1,876,188	88,649	32	93,127	2,487,105
2027	407,598	1,808,928	83,417	-	84,369	2,384,312
2028	385,296	1,733,173	78,065	-	75,119	2,271,653
2029-2033	1,562,778	7,295,942	305,743	-	218,250	9,382,713
2034-2038	874,013	4,577,604	152,913	-	8,260	5,612,790
2039-2042	142,795	1,247,714	14,560	-	-	1,405,069
	<u>\$ 4,721,275</u>	<u>\$ 24,307,552</u>	<u>\$ 915,873</u>	<u>\$ 3,688</u>	<u>\$ 689,779</u>	<u>\$ 30,638,167</u>

Other long-term debt consists of the compensated absences, other postemployment benefits and pension liabilities of \$8,030,903, \$312,874,823 and \$22,127,000, respectively at June 30, 2023, and have been reflected as fully long-term in the government-wide financial statements.

Long-Term Debt Interest

Interest on long-term debt for the year was \$1,055,130. There was no accrued interest at June 30, 2023.

8. INDEBTEDNESS (CONTINUED)

D. Prepaid Purchased Service Contracts

BOCES has significant purchase discount power due to volume agreements with vendors and as a result will purchase equipment for school districts. BOCES retains legal ownership of the underlying equipment and will bill the districts through a purchased services contract agreement. While BOCES does not have a specific lease agreement with the districts, management has interpreted GASB Statement No. 87 to consider this an implied lease arrangement. Districts are required to complete the transaction before equipment will be released therefore all implied leases are paid in full at commencement. The standard practice under this transaction is that the districts will retain use of the equipment and are to return the underlying asset once no longer in service. Management has determined that it is reasonable to amortize the prepaid purchased service contract lease under the same straight line method as would be used for the underlying depreciable asset. If items are purchased which do not meet the criteria for capitalization they have been deemed by management to not meet the qualifications for an implied lease under GASB Statement No. 87. BOCES has recorded \$11,812,999 in deferred inflows of resources in the General Fund related to prepaid purchase service contracts as of June 30, 2023, as follows:

<u>Balance</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance</u> <u>End of Year</u>
\$ <u>15,634,404</u>	\$ <u>5,269,689</u>	\$ <u>(9,091,094)</u>	\$ <u>11,812,999</u>

9. PENSION PLANS

General Information

BOCES participates in the New York State and Local Employees' Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public 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.

Provisions and Administration

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

9. PENSION PLANS (CONTINUED)

Provisions and Administration (Continued)

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 for 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. 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, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% 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% 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. BOCES paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	TRS		ERS	
	<u>Amounts</u>	<u>Rate</u>	<u>Amounts</u>	<u>Rate</u>
2023	\$ 2,518,004	10.29%	\$ 2,911,049	14.9%
2022	\$ 2,412,881	9.80%	\$ 3,780,208	13.0%
2021	\$ 2,444,289	9.53%	\$ 3,496,693	15.1%

The ERS rate represents the largest employee's group rate.

9. PENSION PLANS (CONTINUED)

Funding Policies (Continued)

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ending March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ending March 31, 2012 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. BOCES has not bonded or amortized any portion of their retirement obligations.

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

At June 30, 2023, BOCES reported net liabilities of \$2,544,334 (TRS) and \$19,582,666 (ERS) for its proportionate share of the net pension liability. The net pension liability (TRS) was measured as of June 30, 2022, and the net pension liability (ERS) was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. BOCES' proportion of the net pension liability was based on a projection of BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The information was provided by the TRS and ERS Systems in reports provided to BOCES.

BOCES proportion of the net pension liability was based on a projection of BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
BOCES' proportionate share of the net pension asset	\$ 2,544,334	\$ 19,582,666
BOCES' portion of the Plan's total net pension asset	.132594%	.0913199%

For the year ended June 30, 2023, BOCES recognized pension expense of \$3,536,234 for TRS of \$6,697,759 for ERS in the statement of activities.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, BOCES reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 2,666,140	\$ 2,085,707	\$ 4,751,847
Change in assumptions	4,935,577	9,510,606	14,446,183
Net difference between projected and actual investment earning	3,287,520	-	3,287,520
Changes in proportion and differences between employer contributions and proportionate share of contributions	997,327	163,564	1,160,891
Contributions made subsequent to the measurement date	<u>2,750,000</u> <u>\$ 14,636,564</u>	<u>857,699</u> <u>\$ 12,617,576</u>	<u>3,607,699</u> <u>\$ 27,254,140</u>

At June 30, 2023, BOCES reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,984	\$ 549,955	\$ 600,939
Changes in assumptions	1,024,930	105,110	1,130,040
Net difference between projected and actual earnings on pension plan investments	-	115,047	115,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>62,321</u> <u>\$ 1,138,235</u>	<u>355,833</u> <u>\$ 1,125,945</u>	<u>418,154</u> <u>\$ 2,264,180</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Direct contributions made subsequent to the measurement date 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:

June 30, 2024	\$ 8,209,095
June 30, 2025	56,684
June 30, 2026	3,749,102
June 30, 2027	11,961,264
June 30, 2028	<u>1,013,815</u>
	<u>\$ 24,989,960</u>

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 25,249,082</u>	<u>\$ 31,063,622</u>

TRS Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation rate	2.40%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually
Investment rate of return	6.95% compounded annually, net of pension plan investment expense, including inflation

9. PENSION PLANS (CONTINUED)

TRS Actuarial Assumptions (Continued)

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis.

The June 30, 2022 demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually to gauge the appropriateness of the assumptions.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

ERS Actuarial Assumptions

The total pension liability at June 30, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuation were as follows:

Inflation rate	2.9%
Salary increase	4.4%
Projected COLA	1.5%
Investment Rate of Return	5.9%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2021 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

Long-Term Expected Rate of Return

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

9. PENSION PLANS (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for TRS and ERS are as follows:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	6.5%	4.3%
International equity	7.2%	6.85%
Global equities	6.9%	0%
Real estate	6.2%	4.60%
Private equities	9.9%	7.50%
Domestic fixed income securities	1.1%	1.5%
Global fixed income securities	.6%	0%
Private debt	5.3%	0%
Real estate debt	2.4%	0%
High-yield fixed income securities	3.3%	0%
Short-term	(.3%)	0%
Opportunistic portfolio	0%	5.38%
Real assets	0%	5.84%
Credit	0%	5.43%

Discount Rate

The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.9% ERS. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
<u>TRS</u>			
Employer's proportionate share of the net pension (asset) liability	\$ 23,459,948	\$ 2,544,334	\$ (15,045,561)
<u>ERS</u>			
Employer's proportionate share of the net pension (asset) liability	\$ 47,322,904	\$ 19,582,666	\$ (3,597,530)

Pension Plan Fiduciary Net Position

The components of the net pension liability of the employer as of June 30, 2022 and March 31, 2023, respectively, were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Employers' total pension liability	\$ (133,883,474)	\$ (232,627,259)
Plan fiduciary net position	<u>131,964,582</u>	<u>211,183,223</u>
Employers' net pension asset	<u>\$ (1,918,892)</u>	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the employers' total pension asset	<u>98.6%</u>	<u>90.78%</u>

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2022 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 covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued and employee withheld retirement contributions as of June 30, 2023 amounted to \$2,750,000.

9. PENSION PLANS (CONTINUED)

Payables to the Pension Plan (Continued)

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 covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$857,699 of employer contributions. Employee contributions are remitted monthly.

10. OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Description - BOCES' defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of BOCES. The plan is a single-employer defined benefit OPEB plan administered by 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.

Funding Policy - The obligation of the plan members and employer are established by action of BOCES pursuant to applicable collective bargaining and other employment agreements. BOCES pays 100% of the cost of premiums for individual retirees and an additional 50% of the difference between an individual and family premium. For employees in the Service, Teaching Assistant and Teachers bargaining units, who are employed by the BOCES as of September 1, 2020 and retire on or after January 15, 2021, their contribution to premiums will be a minimum of 5% for individual coverage and they may continue family coverage by paying 50% of the difference between the family premium and the individual premium. For employees in the PAO bargaining unit, who are employed by the BOCES as of June 30, 2021 and retire on or after July 1, 2021, their contribution to premiums will be a minimum of 5% for individual coverage and they may continue family coverage by paying 50% of the difference between the family premium and the individual premium. For employees covered by the Management/Confidential Employees and Executive Employees agreements hired on or after July 1, 2021 their contribution to premiums will be a minimum of 10% for individual coverage and they may continue family coverage by paying 50% of the difference between the family premium and the individual premium. Employee must meet the requirements to retire with the their retirement system and have either 5 or 10 years of service based on the applicable collective bargaining and other employment agreements. BOCES currently funds the plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2023, \$7,084,579 was paid on behalf of 636 retirees.

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

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. General Information about the OPEB Plan (Continued)

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

Inactive employees entitled to but not yet receiving benefit payments	636
Active employees	778
	1,414

B. Total OPEB Liability

BOCES' total OPEB liability of \$312,874,823 was measured as of June 30, 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	2.7 percent
Salary Increases	varied by years of service and retirement system
Discount Rate	4.13 percent
Healthcare Cost Trend Rates	6.75 percent for 2022, decreasing to an ultimate rate of 4.14 percent by 2076

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on the Pub-2010 Headcount - weighted table, projected fully generationally using MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

Covered Payroll	\$ <u>56,301,286</u>
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BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 421,733,286</u>
<u>Changes for the Year -</u>	
Service cost	17,908,685
Interest	15,422,131
Changes of benefit terms	(3,172,841)
Difference between expected and actual experience	(92,584,838)
Changes in assumptions or other inputs	(38,343,798)
Benefit payments	<u>(8,127,802)</u>
Net Changes	<u>(108,898,463)</u>
 Balance at June 30, 2023	 <u>\$ 312,834,823</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent in 2022 to 4.13 percent in 2023.

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

	<u>1% Decrease</u>	Current Discount Rate	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 370,339,567</u>	<u>\$ 312,874,823</u>	<u>\$ 267,220,600</u>

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

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 261,171,723</u>	<u>\$ 312,874,823</u>	<u>\$ 379,590,037</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2023, BOCES recognized OPEB expense of \$3,898,467. At June 30, 2023, BOCES reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 87,789	\$ (95,793,095)
Changes of assumptions or other inputs	<u>50,629,390</u>	<u>(128,561,514)</u>
	<u>\$ 50,717,179</u>	<u>\$ (224,354,609)</u>

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

Year Ending June 30,	Amount
2024	\$ (26,098,265)
2025	(24,096,113)
2026	(29,037,834)
2027	(39,293,664)
2028	(36,407,458)
Thereafter	<u>(18,704,096)</u>
	<u>\$ (173,637,430)</u>

11. JOINT VENTURE

Chapter 757 of the laws of 2005, established the Tech Valley Regional Technology Institute (the "Institute") a high school course of instruction for grades nine through twelve, dedicated to providing expanded learning opportunities to students residing in the Capital Region BOCES and Questar III BOCES, in the areas of technology as well as the core academic areas required for the issuance of high school diplomas in accordance with the rules and regulations promulgated by the Board of Regents.

During the 2022-2023 school year, the School had an annualized full-time enrollment of approximately 140 students.

The venture operates under the terms of an amended agreement dated September 12, 2022. The agreement is for a period of five years and automatically renews for another five years unless either party provides notice of a desire not to renew.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

11. JOINT VENTURE (CONTINUED)

1. The venture is governed by a 10 member operating board, 5 of which are appointed by Capital Region BOCES and 5 of which are appointed by Questar III BOCES.
2. Operating costs are allocated to Capital Region BOCES and Questar III based on the percentage of each party's component and non-component districts. (35.6% Capital Region BOCES and 64.4% Questar III for the year ended June 30, 2023).
3. Rent and capital costs are allocated equally to Capital Region BOCES and Questar III.
4. The governing body has established charges at rates intended to be self-sustaining to cover all operating costs. Any shortfall in revenues produced by such charges is to be provided in the same manner as operating costs.

The following is an audited (separately issued report) summary of governmental financial information included in financial statements issued for the joint venture as of and for the year ended June 30, 2023:

Total Assets	<u>\$ 1,977,025</u>
Total Liabilities	<u>\$ 438,233</u>
Joint Venture Equity	<u>\$ 1,538,792</u>
Total Revenue	<u>\$ 3,652,776</u>
Total Expenses	<u>\$ 3,573,505</u>

Capital Region BOCES and Questar III BOCES have signed a twenty year lease effective August 1, 2014 to provide classroom space for the Institute. Future minimum lease payments are as follows:

2024	\$	824,534
2025		841,024
2026		857,845
2027		875,002
2028		808,366
Thereafter		<u>5,826,504</u>
		<u>\$ 10,033,275</u>

It is anticipated that Capital Region BOCES and Questar III will be responsible for 89.4% of the lease payments and that the Institute will be responsible for 10.6% of the lease payments.

12. CONTINGENCIES AND COMMITMENTS

Other Contingencies

BOCES has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. BOCES believes disallowances, if any, will be immaterial.

12. CONTINGENCIES AND COMMITMENTS (CONTINUED)

Litigation - General

There are several legal actions currently pending in which BOCES is involved. These have been reviewed by BOCES' counsel and are expected to be handled under the terms of BOCES' liability insurance. Any potential cost to BOCES is not expected to be material.

Collective Bargaining Units

The BOCES employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Expiration Date</u>
Capital Region BOCES Faculty Association	June 30, 2025
Schenectady-Albany-Schoharie Faculty Association - Teacher Unit	June 30, 2025
Schenectady-Albany-Schoharie Faculty Association - Teaching Assistants/Teacher Aide Unit	June 30, 2025
Program Associates Organization	June 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF COOPERATIVE EDUCATIONAL SERVICE
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #1

	Budget (Original)	Budget (Amended)	Actual and Encumbrances*	Variance Favorable (Unfavorable)
REVENUES				
Charges to Components	\$ 139,070,152	\$ 96,706,424	\$ 108,919,021	\$ 12,212,597
Charges to Non-Components and Other BOCES	10,946,182	60,946,182	67,580,037	6,633,855
Interest and Earnings	-	-	349,361	349,361
Insurance and Recoveries	-	-	5,041	5,041
Refunds Prior Years Expenses	-	-	1,099,063	1,099,063
Miscellaneous	5,627,352	5,627,352	8,378,954	2,751,602
Interfund Revenues	<u>3,685,000</u>	<u>3,685,000</u>	<u>-</u>	<u>(3,685,000)</u>
Total Revenues	<u>159,328,686</u>	<u>166,964,958</u>	<u>186,331,477</u>	<u>19,366,519</u>
EXPENDITURES				
Administration	14,906,923	14,965,331	14,478,814	486,517
Occupational Instruction	15,111,957	15,551,992	16,146,683	(594,691)
Instruction for Handicapped	31,266,512	32,183,920	31,172,443	1,011,477
Itinerant Services	4,358,462	4,671,029	4,482,446	188,583
General Instruction	9,905,800	14,438,162	11,908,344	2,529,818
Instructional Support	14,670,944	34,063,256	26,449,550	7,613,706
Other Services	<u>69,108,088</u>	<u>90,413,543</u>	<u>80,410,975</u>	<u>10,002,568</u>
Total Expenditures	<u>159,328,686</u>	<u>206,287,233</u>	<u>185,049,255</u>	<u>21,237,978</u>
Excess (Deficiency) of Revenues Over Expenditures - Budget Basis	<u>\$ -</u>	<u>\$ (39,322,275)</u>		<u>\$ 40,604,497</u>
RECONCILIATION TO GAAP				
Add: Encumbrances at End of Year Included in Actual			<u>5,162,399</u>	
Excess of Revenues Over Expenditures - GAAP Basis			<u>6,444,621</u>	
Other Financing Sources (Uses)				
Change in Reserves and Encumbrances			(3,259,134)	
Surplus Unpaid to Districts			(6,444,621)	
Prepaid Purchased Service Contracts			<u>3,821,405</u>	
Total Other Financing Sources (Uses)			<u>(5,882,350)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses			562,271	
Fund Balance, Beginning of Year			<u>7,667,583</u>	
Fund Balance, End of Year			<u>\$ 8,229,854</u>	

* Due to the implementation of GASB Statement No. 87, actual amounts for budgetary comparisons do not include adjustments related to this statement.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #2

	Original Budget	Amended Budget	Actual*	Variance Favorable (Unfavorable)
REVENUES				
Administration (001-002)	\$ 14,906,923	\$ 14,965,331	\$ 14,420,478	\$ (544,853)
Occupational Instruction (100-199)	15,111,957	15,548,492	15,998,185	449,693
Instruction for Handicapped (200-299)	31,266,512	31,656,170	34,988,545	3,332,375
Itinerant (300-399)	4,358,462	4,358,462	4,490,391	131,929
General Instruction (400-499)	9,905,800	10,902,614	11,315,572	412,958
Instructional Support (500-599)	14,670,944	15,973,655	26,660,754	10,687,099
Other Services	<u>69,108,088</u>	<u>73,560,234</u>	<u>78,457,623</u>	<u>4,897,389</u>
Total	<u>\$ 159,328,686</u>	<u>\$ 166,964,958</u>	<u>\$ 186,331,548</u>	<u>\$ 19,366,590</u>

	Original Budget	Amended Budget	Actual*	Encumbrances	Variance (Favorable)
EXPENDITURES					
Administration (001-002)	\$ 14,906,923	\$ 14,965,331	\$ 14,424,576	\$ 54,238	\$ 486,517
Occupational Instruction (100-199)	15,111,957	15,551,992	16,119,327	27,356	(594,691)
Instruction for Handicapped (200-299)	31,266,512	32,183,920	31,169,976	2,467	1,011,477
Itinerant (300-399)	4,358,462	4,671,029	4,482,446	-	188,583
General Instruction (400-499)	9,905,800	14,438,162	11,268,267	640,077	2,529,818
Instructional Support (500-599)	14,670,944	34,063,256	24,119,925	2,329,625	7,613,706
Other Services	<u>69,108,088</u>	<u>90,413,543</u>	<u>78,302,339</u>	<u>2,108,636</u>	<u>10,002,568</u>
Total	<u>\$ 159,328,686</u>	<u>\$ 206,287,233</u>	<u>\$ 179,886,856</u>	<u>\$ 5,162,399</u>	<u>\$ 21,237,978</u>

* Due to the implementation of GASB Statement No. 87, actual amounts for budgetary comparisons do not include adjustments related to this statement.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #3

Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB liability:						
Service cost	\$ 17,908,685	\$ 25,955,278	\$ 20,394,100	\$ 14,324,221	\$ 8,048,494	\$ 8,358,490
Interest	15,422,131	11,623,052	10,019,527	12,512,783	11,728,189	10,631,567
Changes of benefit terms	(3,172,841)	-	76,847,082	-	-	-
Difference between expected and actual experience	(92,584,838)	122,905	(11,298,345)	(20,312,786)	(4,455,451)	-
Changes of assumptions or other inputs	(38,343,798)	(124,046,469)	(8,905,099)	92,103,564	39,047,519	(14,982,522)
Benefit payments	<u>(8,127,802)</u>	<u>(8,018,091)</u>	<u>(7,834,862)</u>	<u>(7,770,771)</u>	<u>(6,650,957)</u>	<u>(5,358,580)</u>
Net change in total OPEB liability	(108,898,463)	(94,363,325)	79,222,403	90,857,011	47,717,794	(1,351,045)
Total OPEB liability, beginning of year	<u>421,733,286</u>	<u>516,096,611</u>	<u>436,874,208</u>	<u>346,017,197</u>	<u>298,299,403</u>	<u>299,650,448</u>
Total OPEB liability, end of year	<u>\$ 312,834,823</u>	<u>\$ 421,733,286</u>	<u>\$ 516,096,611</u>	<u>\$ 436,874,208</u>	<u>\$ 346,017,197</u>	<u>\$ 298,299,403</u>
Covered payroll	<u>\$ 56,301,286</u>	<u>\$ 48,955,771</u>	<u>\$ 46,310,452</u>	<u>\$ 48,568,376</u>	<u>\$ 46,599,569</u>	<u>\$ 48,614,248</u>
Total OPEB liability as a percentage of covered payroll	<u>555.6%</u>	<u>861.5%</u>	<u>1,114.4%</u>	<u>899.5%</u>	<u>742.5%</u>	<u>613.6%</u>

Note: 10 years of historical information was not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #4

<u>TRS</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Proportionate share of net pension assets (liabilities)	\$ (2,544,334)	\$ 23,977,252	\$ (4,178,623)	\$ 4,073,302	\$ 2,886,515	\$ 1,199,974	\$ (1,766,555)	\$ 17,935,736	\$ 18,684,374
Covered payroll	\$ 25,249,082	\$ 24,519,858	\$ 24,363,468	\$ 26,766,226	\$ 27,695,787	\$ 26,001,786	\$ 26,136,894	\$ 26,392,246	25,797,141
Proportionate share of net pension asset (liability) as a percentage of covered payroll	(10.1%)	97.8%	(17.2%)	15.2%	10.4%	4.6%	(6.8%)	68.0%	72.4%
Plan fiduciary net position as a percentage of total pension asset/(liability)	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
<u>ERS</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Proportionate share of net pension assets (liabilities)	\$ (19,582,666)	\$ 7,337,884	\$ (87,695)	\$ (23,552,105)	\$ (6,501,446)	\$ (3,012,911)	\$ (9,016,824)	\$ (14,454,618)	\$ (3,102,995)
Covered payroll	\$ 31,063,622	\$ 28,795,398	\$ 25,743,428	\$ 25,093,333	\$ 24,715,543	\$ 25,345,664	\$ 25,037,771	\$ 22,840,634	\$ 21,552,339
Proportionate share of net pension asset (liability) as a percentage of covered payroll	(63.0%)	25.5%	(0.3%)	(93.9%)	(26.3%)	(11.9%)	(36.0%)	(63.3%)	(14.4%)
Plan fiduciary net position as a percentage of total pension asset/(liability)	90.78%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.6%	97.9%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #5

<u>TRS</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 2,518,004	\$ 2,412,881	\$ 2,444,289	2,935,414	\$ 2,685,011	\$ 3,063,131	\$ 3,496,415	\$ 4,670,262	\$ 4,145,309
Contributions in relation to the contractually required contribution	<u>2,518,004</u>	<u>2,412,881</u>	<u>2,444,289</u>	<u>2,935,414</u>	<u>2,685,011</u>	<u>3,063,131</u>	<u>3,496,415</u>	<u>4,670,262</u>	<u>4,145,309</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 25,249,082	\$ 24,519,858	\$ 24,363,468	\$ 26,766,226	\$ 27,695,787	\$ 26,001,786	\$ 26,136,894	\$ 26,392,246	\$ 25,797,141
Contributions as a percentage of covered-employee payroll	10.0%	9.8%	10.0%	11.0%	9.7%	11.8%	13.4%	17.7%	16.1%
<u>ERS</u>	<u>March 31, 2023</u>	<u>March, 31 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 2,911,049	\$ 3,780,208	\$ 3,496,693	\$ 3,474,529	\$ 3,419,319	\$ 3,579,769	\$ 3,356,198	\$ 3,719,559	\$ 4,128,365
Contributions in relation to the contractually required contribution	<u>2,911,049</u>	<u>3,780,208</u>	<u>3,496,693</u>	<u>3,474,529</u>	<u>3,419,319</u>	<u>3,579,769</u>	<u>3,356,198</u>	<u>3,719,559</u>	<u>4,128,365</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 31,063,622	\$ 28,795,398	\$ 25,743,428	\$ 25,093,333	\$ 24,715,543	\$ 25,345,664	\$ 25,037,771	\$ 22,840,634	\$ 21,552,399
Contributions as a percentage of covered-employee payroll	9.4%	13.1%	13.6%	13.8%	13.8%	14.1%	13.4%	16.3%	19.2%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
ANALYSIS OF ACCOUNT A431 - SCHOOL DISTRICTS AND OTHER BOCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #6

July 1 - Debit Balance	<u>\$ 13,466,290</u>
Debits:	
Billings to School Districts and Other BOCES	176,499,058
Refunds of Balances Due School District and Other BOCES	9,145,689
Advance Payment of E-Rate Received	438,212
Encumbrances - End of Year	<u>5,162,399</u>
Total Debits	191,245,358
Credits:	
Collections from School Districts and Other BOCES	178,110,924
Encumbrances - Beginning of Year	7,636,272
Revenues in Excess of Expenditures	<u>6,444,621</u>
Total Credits	<u>192,191,817</u>
June 30 - Debit Balance - General Fund	<u><u>\$ 12,519,831</u></u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #7

	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Expenditures to Date</u>	
				<u>Current Year</u>	<u>Unexpended Balance</u>
CTE Equipment *	\$ 1,898,821	\$ 219,970	\$ -	\$ 219,970	\$ -
925 Watervliet-Shaker Road	27,000	7,338,626	6,082,364	1,256,262	-
Schoharie Pole Barn	<u>3,753</u>	<u>3,753</u>	<u>-</u>	<u>3,753</u>	<u>-</u>
	<u>\$ 1,929,574</u>	<u>\$ 7,562,349</u>	<u>\$ 6,082,364</u>	<u>\$ 1,479,985</u>	<u>\$ -</u>

* Required to be tracked in Capital Projects Fund but is not a Capital Project, therefore no historical cost is presented.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #8

Capital Assets, Net	\$ 31,375,631
Deduct: Installment purchase debt	<u>(12,939,244)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 18,436,387</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 COMBINED BALANCE SHEET
 OTHER SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #9

	Extraclassroom Activity Funds	Scholarship Fund	Total
ASSETS:			
Cash	<u>\$ 49,755</u>	<u>\$ 111,699</u>	<u>\$ 161,454</u>
FUND BALANCE:			
Assigned	<u>\$ 49,755</u>	<u>\$ 111,699</u>	<u>\$ 161,454</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #10

	Extraclassroom		
	Activity	Scholarship	
	Funds	Fund	Total
REVENUES:			
Contributions	\$ 46,425	\$ 1,638	\$ 48,063
Interest	<u>931</u>	<u>3,656</u>	<u>4,587</u>
Total Revenues	47,356	5,294	52,650
EXPENDITURES:			
Program Expense	<u>57,397</u>	<u>2,150</u>	<u>59,547</u>
Excess of Revenues Over Expenditures	(10,041)	3,144	(6,897)
Fund Balance, Beginning of Year	<u>59,796</u>	<u>108,555</u>	<u>168,351</u>
Fund Balance, End of Year	<u>\$ 49,755</u>	<u>\$ 111,699</u>	<u>\$ 161,454</u>

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE**

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CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Cooperative Educational Services
Albany-Schoharie-Schenectady-Saratoga Counties

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Board of Cooperative Educational Services Albany-Schoharie-Schenectady-Saratoga Counties (“BOCES”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES’ basic financial statements, and have issued our report thereon dated October 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 16, 2023

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Cooperative Educational Services
Albany-Schoharie-Schenectady-Saratoga Counties

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Board of Cooperative Educational Services Albany-Schoharie-Schenectady-Saratoga Counties' ("BOCES") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of BOCES' major federal programs for the year ended June 30, 2023. BOCES' major federal programs are identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs.

In our opinion, BOCES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of BOCES and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of BOCES' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to BOCES' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on BOCES' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BOCES' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding BOCES' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of BOCES' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BOCES' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, this report is not suitable for any other purpose.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 16, 2023

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Catalog Number</u>	<u>Grant/Contract Number</u>	<u>Funding Source</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Passed Through New York State Education Department:</u>					
<u>U.S. Department of Education</u>					
Federal Work Force Adult Education - Title II	84.002	2338-23-3101/3106	Title II	\$ -	\$ 377,386
Federal Work Force Adult Education - Title II	84.002	2335-23-3108/3404	Title II	-	297,364
				-	674,750
Career and Technical Education - Perkins IV	84.048	8000-23-0085	Perkins Grant	-	354,903
Total U.S. Department of Education Passed Through New York State Education Department				-	1,029,653
<u>U.S. Department of Agriculture</u>					
<u>Child Nutrition Cluster:</u>					
School Breakfast Program	10.553	Not Applicable		-	108,264
School Lunch Program	10.555	Not Applicable		-	246,355
Summer Food Service Program for Children Program	10.559	Not Applicable		-	31,261
Total Child Nutrition Cluster and U.S. Department of Agriculture Passed Through New York State Education Department				-	385,880
<u>Direct Awards:</u>					
<u>U.S. Department of Education</u>					
<u>Student Financial Assistance Cluster:</u>					
Federal Pell Grant Program	84.063	Not Applicable		-	784,317
Federal Direct Loan Program	84.268	Not Applicable		-	964,226
Total Student Financial Assistance Cluster				-	1,748,543
Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion (COVID-19)	84.425E	P425E204554-20A	CARES Act	-	127,300
Higher Education Emergency Relief Fund (HEERF) - Institutional Portion (COVID-19)	84.425F	P425F203943-20A	CARES Act	-	448,512
Total Direct U.S. Department of Education				-	2,324,355
Total Expenditures of Federal Awards				\$ -	\$ 3,739,888

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents expenditures under federal financial assistance programs administered by the Board of Cooperative Educational Services, Albany-Schoharie-Schenectady-Saratoga Counties (BOCES), which is described in Note 1 to BOCES accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Matching costs (BOCES' share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with BOCES' financial reporting system.

2. SCOPE OF AUDIT PURSUANT TO THE UNIFORM GUIDANCE

BOCES is an independent municipal corporation. All federal grant operations of BOCES are included in the scope of the single audit.

3. LOANS OUTSTANDING

BOCES has no loan balances outstanding in which BOCES was the lender at June 30, 2023.

4. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, BOCES, did not provide federal awards to subrecipients.

5. RECONCILIATION OF FEDERAL AWARDS TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

A reconciliation of federal awards per the basic financial statements and the schedule of expenditures of federal awards is as follows:

Federal Award per Basic Financial Statement	
Special Aid Fund	\$ 1,605,465
School Lunch Fund	385,880
Add Non Cash Loan Guarantee Federal Awards	
Federal Pell Grant Program	784,317
Federal Direct Loan Program	<u>964,226</u>
Federal Awards per Schedule of Expenditures of Federal Awards	<u>\$ 3,739,888</u>

6. INDIRECT COST RATE

BOCES has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance. BOCES indirect cost rate is set by individual grantors, as applicable.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I — SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR §200.516(a)? _____ Yes X No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Clusters</i>
84.063/84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Section II - Financial Statement Findings

There were no current year recommendations.

Section III - Federal Award Findings and Questioned Costs

No findings or matters were reported.

Section IV - Resolution of Prior Year Audit Findings

N/A

EXTRACLASSROOM ACTIVITY FUND

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INDEPENDENT AUDITOR’S REPORT

To the Board of Cooperative Educational Services
Albany-Schoharie-Schenectady-Saratoga Counties

Opinion

We have audited the accompanying financial statements of the Board of Cooperative Educational Services Albany-Schoharie-Schenectady-Saratoga Counties’ (BOCES) Extraclassroom Activity Funds (“BOCES Extraclassroom Activity Funds”), which comprise the statement of assets and fund balance-cash basis as of June 30, 2023, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOCES’ Extraclassroom Activity Funds as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 BOCES’ Extra Classroom Activity Funds 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BOCES’ Extraclassroom Activity Funds 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 BOCES' Extraclassroom Activity Funds 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 BOCES' Extraclassroom Activity Funds 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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 16, 2023

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND FUND BALANCE

JUNE 30, 2023

ASSETS

Cash \$ 49,755

FUND BALANCE

Fund Balance \$ 49,755

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
EXTRACLASSROOM ACTIVITY FUNDS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

<u>Activities</u>	<u>Balances</u> <u>June 30, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances</u> <u>June 30, 2023</u>
Albany Center:				
Vocational Industrial Clubs of America	\$ 8,674	\$ 16,027	\$ 14,703	\$ 9,998
Senior Student Activity	10,646	1,135	1,901	9,880
CTE Yearbook Activity Club	4,207	4,934	6,826	2,315
Vocational Training	9,757	19,481	18,763	10,475
Maywood Student Activity	15,039	253	-	15,292
Health Careers	112	7	-	119
Mohonasen Center:				
Vocational Industrial Clubs of America	4,235	37	4,272	-
Schoharie Center:				
Vocational Industrial Clubs of America	<u>7,126</u>	<u>5,482</u>	<u>10,932</u>	<u>1,676</u>
Total	<u>\$ 59,796</u>	<u>\$ 47,356</u>	<u>\$ 57,397</u>	<u>\$ 49,755</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
ALBANY-SCHOHARIE-SCHENECTADY-SARATOGA COUNTIES
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds are used to account for those organizations within the Board of Cooperative Educational Services whose activities are conducted by students and whose financial support is raised other than by taxation, fees or through charges of the Board of Cooperative Educational Services.

Reporting Entity

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Board of Cooperative Educational Services for Albany-Schoharie-Schenectady-Saratoga Counties. Consequently, such transactions are included in the Agency Fund of the general purpose financial statements.

Basis of Accounting

The books and records of the Board of Cooperative Educational Services for Albany-Schoharie-Schenectady-Saratoga Counties' Extraclassroom Activity Funds are maintained on the cash basis of accounting in accordance with New York State guidelines. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

REQUIRED COMMUNICATION WITH GOVERNANCE AND MANAGEMENT LETTER

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CERTIFIED PUBLIC ACCOUNTANTS

October 16, 2023

To the Board of Education
Albany-Schoharie-Schenectady-Saratoga BOCES
Albany, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of Albany-Schoharie-Schenectady-Saratoga BOCES for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Albany-Schoharie-Schenectady-Saratoga BOCES are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Albany-Schoharie-Schenectady-Saratoga BOCES during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were the actuarial assumptions for investment rate of return and annual healthcare cost trends. We evaluated the key factors and assumptions used to develop the investment rate of return and the annual healthcare cost trends in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Albany-Schoharie-Schenectady-Saratoga BOCES' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, and Other Supplemental Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplemental information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

CURRENT YEAR RECOMMENDATIONS

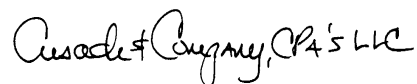
There are no current year findings or recommendations.

RESOLUTION OF PRIOR YEAR RECOMMENDATIONS

There were no prior year findings or recommendations.

We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of the matters noted, or to assist you in implementing the recommendations. We would again like to express our continuing appreciation and thanks to BOCES personnel for their courtesy and cooperation extended to us during our audit. We appreciate their dedication and willingness to assist us in meeting the deadline for completion of the audit during a very busy time.

Very truly yours,

A handwritten signature in cursive script that reads "Cusack & Company, CPA's LLC".

Cusack & Company, CPA's LLC