

Board of Cooperative Educational Services of Nassau County

**Financial Statements
As of and for the Year Ended June 30, 2021
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

October 26, 2021

To the Board of Education of
Board of Cooperative Educational Services of Nassau County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Cooperative Educational Services of Nassau County (the BOCES) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the BOCES as of June 30, 2021 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 16, during 2021 the BOCES adopted Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability (asset) and contributions – pension plans and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES' basic financial statements. The supplementary information as required by the New York State Education Department, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021 on our consideration of the BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control over financial reporting and compliance.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021

The following is a discussion and analysis of the Board of Cooperative Educational Services of Nassau County (the "BOCES") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the BOCES' financial activities based on currently known facts, decisions, or conditions. It is also based on both the BOCES-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES' financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year are as follows:

- The BOCES' total net position decreased by 6.7% or \$51,972,008 as reflected in the Entity-Wide Financial Statements for the fiscal year due in large part to the increase of \$117,722,572 in the net other post-employment benefits obligation (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement 75.
- On the Entity-Wide Financial Statements, revenues increased 3.5%, over the prior year. The increase in revenue is the result of greater enrollment in Special Education programs and additional district requests for technology projects and other support services.
- On the Entity-Wide Financial Statements, expenses increased 3.9%, over the prior year.
- The BOCES served approximately 1,889 students in its Career and Technical Education program, which now includes the Long Island High School for the Arts; 1,595 children in Special Education, and approximately 362 students at district-based alternative high school programs. However, many more students are reached through instructional programs arranged through their home schools. For example, approximately 12,450 students attended the Nassau BOCES Regional Summer School program.
- The BOCES serves learners of all ages and operates one of the few publicly run preschool programs in New York State. The BOCES preschool program served 125 special needs preschoolers during the 2020-2021 fiscal year. The BOCES runs its preschool programs at Barry Tech and the Carman Road School. The BOCES also runs an adult learning center that offers programs in English as a second language, adult basic education, and English and Spanish high school equivalency preparation. The adult learning center provided services to more than 1,260 adult students in 2020-21, which was lower than usual due to the COVID-19 pandemic. In addition, the BOCES provided career and technical education courses to approximately 615 adult learners in 2020/2021, down from 859 students in 2019/20 as a result of the pandemic.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management’s Discussion and Analysis (MD&A) (this section), the basic financial statements, required supplementary information and optional supplementary information. The basic financial statements include two kinds of statements that present different views of the BOCES:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the BOCES budget for the year.

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

Figure A-1 Organization of the BOCES Annual Financial Report

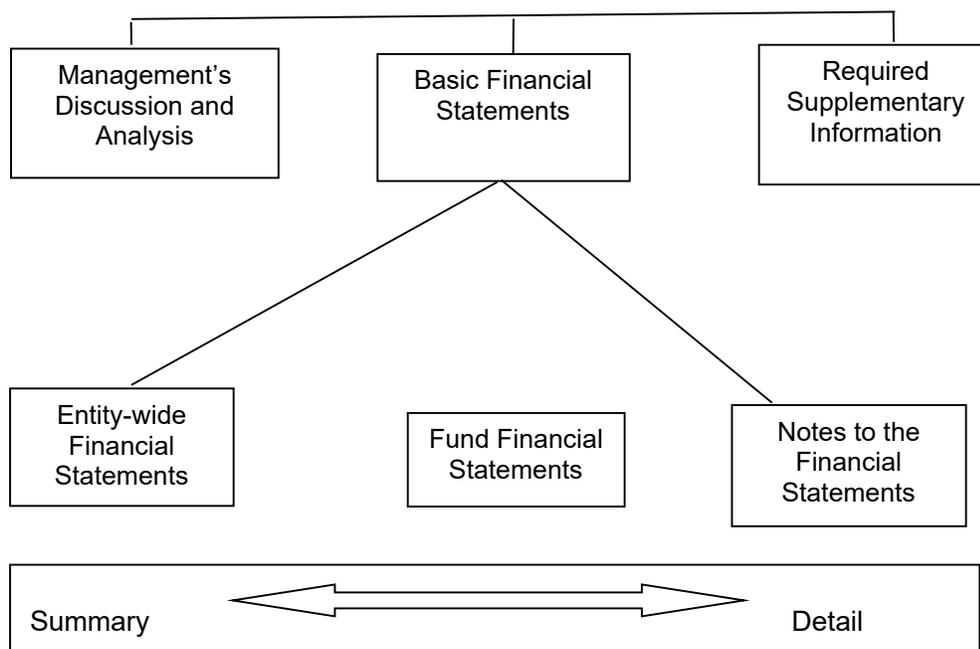


Figure A-2 summarizes the major features of the BOCES’ financial statements, including a portion of the BOCES’ activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

	BOCES-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire BOCES (except fiduciary funds)	The activities of the BOCES that are not proprietary or fiduciary, such as special education.	Instances in which the BOCES administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund equity 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset & deferred outflow/liability & deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/out flow information	All revenue and expenses during year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

BOCES-Wide Statements

The BOCES-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the BOCES assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

BOCES-Wide Statements (Continued)

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

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Investment in capital assets.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the BOCES funds – not the BOCES as a whole. Funds are accounting devices the BOCES uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The BOCES has one kind of fund:

- *Governmental Funds*: Most of the BOCES basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the BOCES' programs. Because this information does not encompass the additional long-term focus of the BOCES-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

Figure A-3 Condensed Statement of Net position

	(In thousands of dollars)			
	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percent Change
Current and other assets	\$ 188,937	\$ 198,879	\$ (9,942)	-5.0%
Non-current assets	164,144	169,578	(5,434)	-3.2%
Deferred outflows of resources	<u>215,844</u>	<u>138,323</u>	<u>77,521</u>	56.0%
Total assets and deferred outflows of resources	<u>\$ 568,925</u>	<u>\$ 506,780</u>	<u>\$ 62,145</u>	12.3%
Current liabilities	\$ 113,768	\$ 127,034	\$ (13,266)	-10.4%
Long-term liabilities	1,199,003	1,122,435	76,568	6.8%
Deferred inflows of resources	<u>73,709</u>	<u>22,894</u>	<u>50,815</u>	222.0%
Total liabilities and deferred inflows of resources	<u>1,386,480</u>	<u>1,272,363</u>	<u>114,117</u>	9.0%
Net position:				
Investment in capital assets	107,152	110,553	(3,401)	-3.1%
Restricted	73,205	70,475	2,730	3.9%
Unrestricted	<u>(997,912)</u>	<u>(946,611)</u>	<u>(51,301)</u>	5.4%
Total net position	<u>\$ (817,555)</u>	<u>\$ (765,583)</u>	<u>\$ (51,972)</u>	6.8%

Changes in Net Position

Net position decreased to (\$817,554,652) for the year ended June 30, 2021, down \$51,972,008 from the restated balance for 2020. This resulted primarily from the increase in the other post-employment benefits liability of \$117,722,572 in compliance with GASB 75.

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE (Continued)

Figure A-4 Changes in Net Position from Operating Results

	(In thousands of dollars)			
	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percent Change
<u>Revenue</u>				
Program revenue:				
Charges for services	\$ 432,586	\$ 418,715	\$ 13,871	3.3%
Operating grants and contributions	13,930	11,150	2,780	24.9%
General revenue:				
Use of money and property	98	521	(423)	-81.2%
Sale of property and compensation for loss	529	513	16	3.1%
Miscellaneous	3,751	4,926	(1,175)	-23.9%
Total revenue	<u>450,894</u>	<u>435,825</u>	<u>15,069</u>	3.5%
<u>Expenses</u>				
Instruction	271,176	275,909	(4,733)	-1.7%
Administration	27,898	27,323	575	2.1%
Itinerant services	1,233	1,387	(154)	-11.1%
Instruction support	88,332	75,594	12,738	16.9%
Other services	81,967	79,603	2,364	3.0%
Food services	1,690	1,750	(60)	-3.4%
Debt Service Interest	323	528	(205)	-38.8%
Depreciation- unallocated	6,393	6,240	153	2.5%
Surplus available for distribution	23,854	15,610	8,244	52.8%
Total expenses	<u>502,866</u>	<u>483,944</u>	<u>18,922</u>	3.9%
Decrease in net position	<u>\$ (51,972)</u>	<u>\$ (48,119)</u>	<u>\$ (3,853)</u>	-8.0%

The BOCES' 2021 revenue was \$450,894,237 compared to the previous year of \$435,825,183 (see Figure A-4). Charges for services and operating grants accounted for most of the BOCES' revenue by contributing approximately 96% and 3%, respectively, of total revenue. (See Figure A-5). The remainder came from investment earnings and miscellaneous revenue.

The total cost of all programs and services totaled \$502,866,245 for 2021, compared to \$483,944,548 in the previous year. These expenses are predominantly related to instruction (student instruction and instructional support) which accounts for approximately 75% of BOCES' expenses. (See Figure A-6). The BOCES' administration activities accounted for approximately 6% of total costs.

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE (Continued)

Figure A-5: Revenue Sources

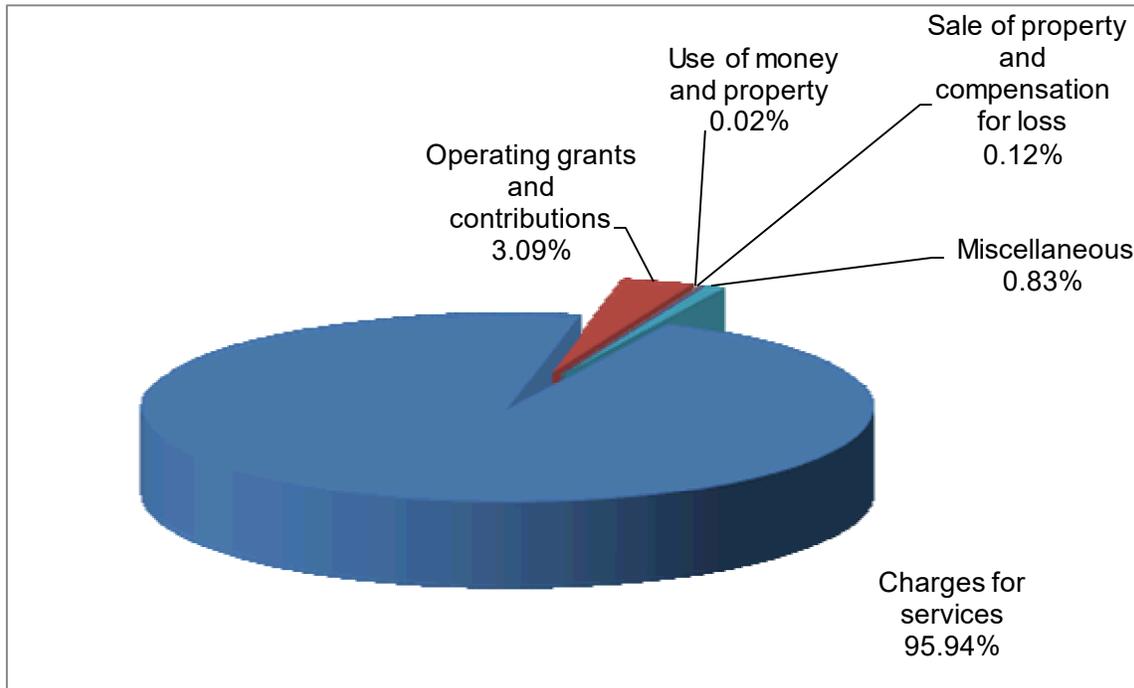
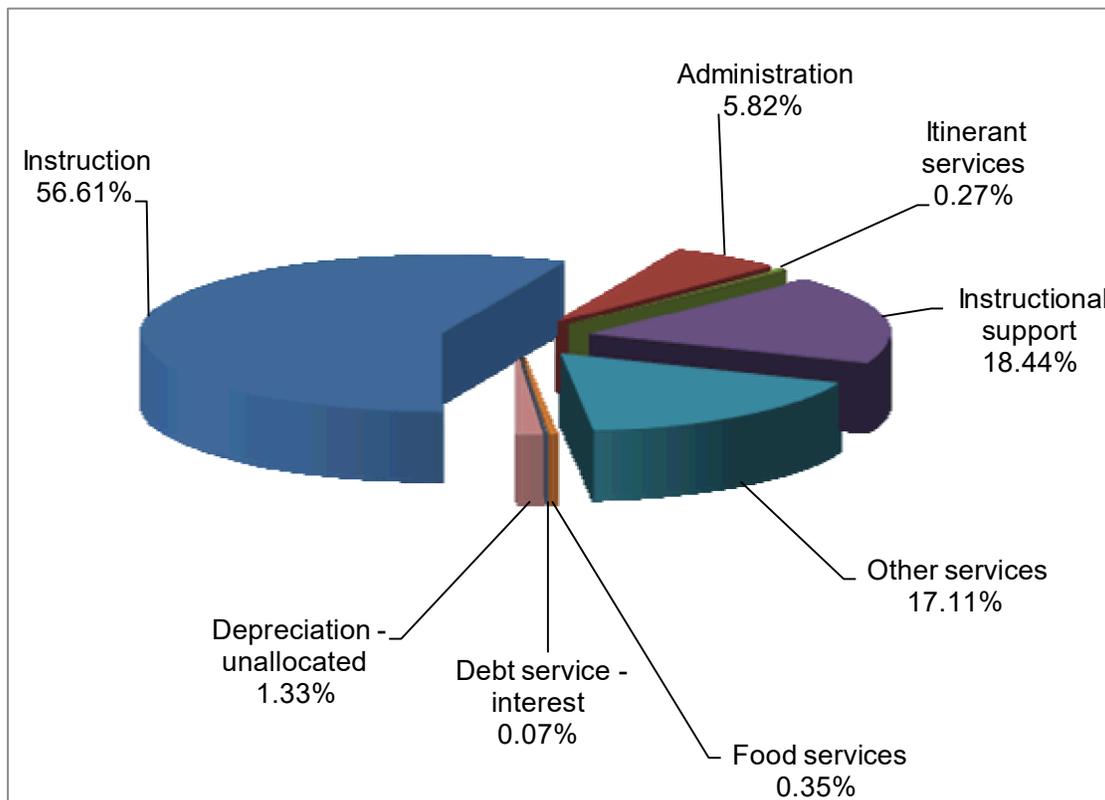


Figure A-6: Sources of Expenses



GOVERNMENTAL ACTIVITIES

Revenues for the BOCES' governmental activities totaled \$450,894,237 while total expenses equaled \$502,866,245. Actual expenses exceeded revenue. This resulted primarily from the BOCES recognizing an increase in the other post-employment benefits liability of \$117,722,572 in compliance with GASB 75. The overall good financial condition of the BOCES, as a whole, can be attributed to:

- Continued leadership of the BOCES' Board and administration;
- Approval of the BOCES' proposed annual budget;
- Continued availability of BOCES aid to component districts;
- Continued investment in the BOCES' facilities and educational centers.

Table A-7 presents the cost of major BOCES activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden/surplus generated by each of these functions.

Table A-7: Net Cost of BOCES Activities

	(In thousands of dollars)			
	Total cost of services		Net cost of services	
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020
Instruction	\$ 271,176	\$ 275,909	\$ (3,565)	\$ (18,464)
Administration	27,898	27,323	8,085	7,506
Itinerant services	1,233	1,387	(751)	(920)
Instruction support	88,332	75,594	(24,329)	(14,043)
Other services	81,967	79,603	(4,508)	(4,889)
Food services	1,690	1,750	(713)	(890)
Debt service - interest	323	528	(323)	(528)
Depreciation - unallocated	6,393	6,240	(6,393)	(6,240)
Surplus available for distribution	<u>23,854</u>	<u>15,610</u>	<u>(23,854)</u>	<u>(15,610)</u>
 Total	 <u>\$ 502,866</u>	 <u>\$ 483,944</u>	 <u>\$ (56,351)</u>	 <u>\$ (54,078)</u>

The cost of all governmental activities this year was \$502,866,245. (Statement of Activities, Expenses column)

- The users of the BOCES' programs financed most of the cost with revenues of \$432,585,586. (Statement of Activities, Charges for Services column)
- The federal, state and local governments subsidized certain programs with grants of \$13,930,227. (Statement of Activities, Operating Grants column)

FINANCIAL ANALYSIS OF THE BOCES' FUNDS

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

As of June 30, 2021, the BOCES' combined governmental funds reported a total fund balance of \$88,173,918; an increase of \$5.2 million from the prior year.

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

	(In thousands of dollars)			
	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percent Change
<u>General Fund</u>				
Restricted for employee benefit accrued liability	\$ 7,017	\$ 6,910	\$ 107	1.5%
Restricted for career education instructional equipment	1,511	1,679	(168)	-10.0%
Restricted for liability and property loss	54	57	(3)	-4.6%
Restricted for unemployment insurance	426	420	6	1.5%
Restricted for retirement contribution	25,455	19,412	6,043	31.1%
Assigned for administration	103	192	(89)	-46.4%
Assigned for occupational instruction	183	113	70	61.9%
Assigned for instruction for handicapped	1,580	1,398	182	13.0%
Assigned for itinerant services	9	3	6	200.0%
Assigned for general instruction	118	162	(44)	-27.2%
Assigned for general support	5,487	6,502	(1,015)	-15.6%
Assigned for other services	7,114	3,366	3,748	111.3%
Assigned for athletics	125	69	56	81.4%
Total fund balance - General Fund	<u>\$ 49,182</u>	<u>\$ 40,283</u>	<u>\$ 8,899</u>	22.1%

Changes in the restricted amount in the general fund are discussed further in Management Discussion and Analysis, Financial Analysis of the BOCES as a whole.

FINANCIAL ANALYSIS OF THE BOCES' FUNDS (Continued)

	(In thousands of dollars)			
	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percent Change
<u>School Lunch Fund</u>				
Nonspendable - inventory	\$ 36	\$ 31	\$ 5	16.1%
Assigned	<u>214</u>	<u>132</u>	<u>82</u>	62.1%
Total fund balance - School Lunch Fund	<u>\$ 250</u>	<u>\$ 163</u>	<u>\$ 87</u>	53.4%
<u>Debt Service Fund</u>				
Restricted	<u>\$ 2,343</u>	<u>\$ 4,709</u>	<u>\$ (2,366)</u>	-50.2%
Total fund balance - Debt Service Fund	<u>\$ 2,343</u>	<u>\$ 4,709</u>	<u>\$ (2,366)</u>	-50.2%
<u>Miscellaneous Revenue Fund</u>				
Restricted	<u>\$ 431</u>	<u>\$ 490</u>	<u>\$ (59)</u>	-12.0%
Total fund balance - Miscellaneous Revenue Fund	<u>\$ 431</u>	<u>\$ 490</u>	<u>\$ (59)</u>	-12.0%
<u>Capital Projects Fund</u>				
Restricted	<u>\$ 35,968</u>	<u>\$ 37,287</u>	<u>\$ (1,319)</u>	-3.5%
Total fund balance - Capital Projects Fund	<u>\$ 35,968</u>	<u>\$ 37,287</u>	<u>\$ (1,319)</u>	-3.5%
Total Fund Balance - all funds	<u>\$ 88,174</u>	<u>\$ 82,932</u>	<u>\$ 5,242</u>	6.3%

The debt service fund balance decreased by \$2,365,772 to \$2,343,067 as of year-end. The fund balance represents the balance required by DASNY for the 2011 and 2017 series bonds plus accrued earnings on investments through June 30, 2021.

The Summary of Changes in Fund Balance now includes the Miscellaneous Revenue Fund, as required by GASB84. The balance of \$490K for FY2020 is included as a restated amount in the Statement of Activities. This balance formerly reported on the Statement of Net Position – Fiduciary Funds, which has been eliminated under GASB 84. The Total Fund Balance – all funds, prior to restatement, was \$82,441 as shown in last years' financial statements.

The capital projects fund balance decreased by \$1,319,801 to \$35,967,615 as of year-end. The decrease is due to expenditures for ongoing projects, which exceeded the revenue transfer from the General Fund from the 2019-20 surplus.

FINANCIAL ANALYSIS OF THE BOCES' FUNDS (Continued)

Capital Assets

As of June 30, 2021, the BOCES had \$141,374,073 invested in a broad range of capital assets including land, buildings, machinery, equipment and vehicles.

Capital Assets (Net of Depreciation)

	(In thousands of dollars)			
	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percent Change
Land	\$ 9,236	\$ 9,236	\$ 0	0.0%
Buildings and improvements	122,944	122,572	372	0.3%
Infrastructure	1,122	1,307	(185)	-14.2%
Equipment and furniture	<u>8,072</u>	<u>7,447</u>	<u>625</u>	8.4%
Total	<u>\$ 141,374</u>	<u>\$ 140,562</u>	<u>\$ 812</u>	0.6%

The BOCES spent \$6,815,376 during the year in the capital projects fund on improvements and equipment purchases. The capital projects fund has a balance of \$35,967,615. A detail of all capital projects and fund balance can be found in the Schedule of Project Expenditures – Capital projects Fund in the Supplementary Information accompanying the financial statements.

Long-Term Debt

At June 30, 2021, the BOCES had total bonds payable of \$10,715,000 and installment purchase debt payable in the amount of \$22,770,222. The bonds were issued for entity-wide projects and the installment debt was issued for equipment purchases. The decrease in outstanding bonds payable reflects the current year principal payments. The increase in installment debt represents new debt issued, offset by current year principal payments.

More detailed information on the BOCES long-term obligations is presented in the footnotes to these financial statements. A summary of outstanding debt at June 30, 2021 and 2020 is as follows:

	(In thousands of dollars)		
Category	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Increase (Decrease)
Installment purchase agreements	\$ 22,770	\$ 14,103	\$ 8,667
Unamortized bond premium	1,278	1,693	(415)
NYS Dormitory Authority bonds	<u>10,715</u>	<u>14,930</u>	<u>(4,215)</u>
Total	<u>\$ 34,763</u>	<u>\$ 30,726</u>	<u>\$ 4,037</u>

FACTORS BEARING ON THE BOCES' FUTURE

The general fund budget for the 2021-2022 fiscal year was approved for the amount of \$392,182,942. This is an increase of \$5,599,625 or 1.45% from the previous year's original budget. The increase was primarily due to increases in the Special Education, Regional Schools and Instructional Programs, and Curriculum, Instruction and Technology budgets.

CONTACTING THE BOCES' FINANCIAL MANAGEMENT

This financial report is designed to provide the BOCES' component districts, customers, investors, and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it received. If you have any questions about this report or need additional financial information, contact:

Board of Cooperative Educational Services of Nassau County
Mr. James Widmer
Associate Superintendent for Business Services
71 Clinton Road
Garden City, New York 11530-4757
(516) 396-2214

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:	
Cash Unrestricted	\$ 78,068,960
Cash Restricted	35,045,129
Investments - restricted	3,697,634
Due from school districts	19,365,021
State and federal aid receivable	51,295,631
Accounts receivable	1,399,646
Prepaid Expenditures	29,750
Inventories	<u>35,716</u>
Total current assets	<u>188,937,487</u>
NONCURRENT ASSETS:	
Due from school districts - installment purchase debt	22,770,222
Capital assets, net of accumulated depreciation	<u>141,374,073</u>
Total non current assets	<u>164,144,295</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows of resources - bond refunding	540,429
Deferred outflows of resources - pensions ERS	51,423,381
Deferred outflows of resources - pensions TRS	54,761,239
Deferred outflows of resources - OPEB	<u>109,118,695</u>
Total deferred outflows of resources	<u>215,843,744</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>568,925,526</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:	
Accounts payable	\$ 9,098,440
Accrued liabilities	8,969,101
Accrued interest	200,907
Revenue anticipation note payable	18,000,000
Due to School Districts	46,991,360
Due to Teachers' Retirement System	10,099,788
Due To Employee Retirement System	3,466,869
Other liabilities	1,323,674
Unearned Revenue	2,739,740
Short term portion of long term debt	<u>12,878,112</u>
Total current liabilities	<u>113,767,991</u>
Compensated absences payable	6,640,476
Installment purchase agreements	14,225,307
Unamortized bond premium	1,277,568
NYS Dormitory Authority debt	7,295,000
Net pension liability - ERS	220,317
Net pension liability - TRS	15,750,323
Total other postemployment benefits	<u>1,153,594,034</u>
Total long-term liabilities	<u>1,199,003,025</u>
Deferred inflows of resources - pensions ERS	64,421,053
Deferred inflows of resources - pensions TRS	<u>9,288,109</u>
Total deferred inflows of resources	<u>73,709,162</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,386,480,178</u>

NET POSITION

Net investment in capital assets	107,151,712
Restricted	73,205,273
Unrestricted net position	<u>(997,911,637)</u>
TOTAL NET POSITION	\$ <u>(817,554,652)</u>

The accompanying notes are an integral part of these statements.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
Instruction:				
General instruction	\$ 17,531,031	\$ 23,773,863	\$ 299,990	\$ 6,542,822
Occupational instruction	32,878,936	26,224,370	1,060,724	(5,593,842)
Instruction for special needs	<u>220,766,556</u>	<u>208,471,277</u>	<u>7,781,342</u>	<u>(4,513,937)</u>
Total Instruction	271,176,523	258,469,510	9,142,056	(3,564,957)
Support services:				
Administration	27,898,201	35,983,046	-	8,084,845
Itinerant services	1,232,824	481,997	-	(750,827)
Instruction support	88,331,935	61,698,647	2,303,966	(24,329,322)
Other services	81,966,792	75,952,386	1,506,672	(4,507,734)
Food services	1,690,339	-	977,533	(712,806)
Debt service - interest	322,597	-	-	(322,597)
Depreciation - unallocated	<u>6,392,695</u>	<u>-</u>	<u>-</u>	<u>(6,392,695)</u>
Total support services	207,835,383	174,116,076	4,788,171	(28,931,136)
Surplus available for distribution	<u>23,854,339</u>	<u>-</u>	<u>-</u>	<u>(23,854,339)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 502,866,245</u>	<u>\$ 432,585,586</u>	<u>\$ 13,930,227</u>	<u>\$ (56,350,432)</u>
GENERAL REVENUE:				
Use of money and property				\$ 98,985
Sale of property and compensation for loss				528,712
Miscellaneous				<u>3,750,727</u>
TOTAL GENERAL REVENUE				<u>4,378,424</u>
CHANGE IN NET POSITION				(51,972,008)
NET POSITION - beginning of year, as previously reported				<u>(766,072,920)</u>
RESTATEMENT (NOTE 16)				<u>490,276</u>
NET POSITION - beginning of year, as restated				<u>(765,582,644)</u>
TOTAL NET POSITION - end of year				<u>\$ (817,554,652)</u>

The accompanying notes are an integral part of these statements.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2021

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	
ASSETS							
Cash - Unrestricted	\$ 73,700,819	\$ 3,838,006	\$ 530,135	\$ -	\$ -	\$ -	\$ 78,068,960
Cash - Restricted	-	-	-	-	431,366	34,613,763	35,045,129
Investments - Restricted	-	-	-	2,343,067	-	1,354,567	3,697,634
Accounts receivable	1,018,491	381,105	50	-	-	-	1,399,646
Due from school districts	19,235,176	129,845	-	-	-	-	19,365,021
Due from other funds	6,050,605	-	-	-	-	-	6,050,605
State and federal aid	46,991,360	4,078,501	225,770	-	-	-	51,295,631
Prepaid Expenditures	29,750	-	-	-	-	-	29,750
Inventory	-	-	35,716	-	-	-	35,716
TOTAL ASSETS	\$ 147,026,201	\$ 8,427,457	\$ 791,671	\$ 2,343,067	\$ 431,366	\$ 35,968,330	\$ 194,988,092
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 9,051,289	\$ 33,803	\$ 13,348	\$ -	\$ -	\$ -	\$ 9,098,440
Accrued liabilities	8,708,234	233,283	27,584	-	-	-	8,969,101
Other liabilities	1,323,674	-	-	-	-	-	1,323,674
State aid due to school districts	46,991,360	-	-	-	-	-	46,991,360
Revenue anticipation note payable	18,000,000	-	-	-	-	-	18,000,000
Due to other funds	-	5,548,556	501,334	-	-	715	6,050,605
Due to TRS	10,099,788	-	-	-	-	-	10,099,788
Due to ERS	3,466,869	-	-	-	-	-	3,466,869
Unearned revenues	127,925	2,611,815	-	-	-	-	2,739,740
Compensated Absences	74,597	-	-	-	-	-	74,597
TOTAL LIABILITIES	97,843,736	8,427,457	542,266	-	-	715	106,814,174

(Continued)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCE TO GOVERNMENT-WIDE NET POSITION (Continued)
JUNE 30, 2021**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	
FUND BALANCES							
Nonspendable							
Inventory	-	-	35,716	-	-	-	35,716
Prepaid expenditures	29,750	-	-	-	-	-	29,750
Restricted	34,463,225	-	-	2,343,067	431,366	35,967,615	73,205,273
Assigned	14,719,240	-	213,689	-	-	-	14,932,929
Unassigned	(29,750)	-	-	-	-	-	(29,750)
TOTAL FUND BALANCES	<u>49,182,465</u>	<u>-</u>	<u>249,405</u>	<u>2,343,067</u>	<u>431,366</u>	<u>35,967,615</u>	<u>88,173,918</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 147,026,201</u>	<u>\$ 8,427,457</u>	<u>\$ 791,671</u>	<u>\$ 2,343,067</u>	<u>\$ 431,366</u>	<u>\$ 35,968,330</u>	<u>\$ 194,988,092</u>
A reconciliation of total governmental fund balance to government-wide net position follows:							
Total governmental fund balances per above							\$ 88,173,918
The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the BOCES as a whole, and their original costs are expensed annually over their useful lives.							141,374,073
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred in the Statement of Net Position.							(1,277,568)
Governmental funds do not report the effect of future receivables from school districts related to BOCES installment debt payable.							22,770,222
Payables that are associated with long term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables related to long term liabilities at year end consisted of accrued interest payable.							(200,907)
Pension related items resulting from the implementation of GASB 68 such as Net Pension Asset, Deferred outflows of resources, Net Pension Liability and Deferred inflows of resources are recorded on the Statement of Net Position but not recognized in the fund statements. These items consisted of:							
Deferred outflows of resources							106,184,620
Net pension liability - ERS							(220,317)
Net pension liability - TRS							(15,750,323)
Deferred inflows of resources							(73,709,162)
OPEB related items resulting from the implementation of GASB 75 such as total OPEB liability and deferred outflows of resources are recorded in the Statement of Net Position but not recognized in the fund statements. These items consist of:							
Deferred outflows of resources							109,118,695
Total OPEB liability							(1,153,594,034)
Deferred outflows related amortization of loss on bond refunding							540,429
Long term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long term liabilities at year end consisted of:							
Short term portion of long term debt							(12,878,112)
Compensated absences payable							(6,565,879)
Installment purchase agreements							(14,225,307)
NYS Dormitory Authority debt							(7,295,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES							<u>\$ (817,554,652)</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	
REVENUE:							
Charges to components - admin	\$ 28,514,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,514,120
Charges to components - services	381,865,715	4,904,933	-	-	-	-	386,770,648
Charges to other BOCES and non-components	6,874,293	1,759,052	-	-	-	-	8,633,345
Interest and earnings	74,293	-	-	23,671	-	1,021	98,985
Sale of property and compensation for loss	528,712	-	-	-	-	-	528,712
Miscellaneous	3,601,405	93,187	-	-	42,390	-	3,736,982
State sources	-	11,132,339	30,849	-	-	-	11,163,188
Federal sources	-	1,820,355	946,684	-	-	-	2,767,039
Sales - School Lunch	-	-	13,745	-	-	-	13,745
Total revenue	421,458,538	19,709,866	991,278	23,671	42,390	1,021	442,226,764
EXPENDITURES:							
Administration	24,925,534	42,801	-	-	-	-	24,968,335
Occupational instruction	24,664,493	3,837,774	-	-	-	-	28,502,267
Instruction for special education	162,634,497	14,100,991	-	-	-	-	176,735,488
Itinerant services	1,002,184	-	-	-	-	-	1,002,184
General instruction	15,415,703	888,104	-	-	101,300	-	16,405,107
Instruction support	76,030,152	115,570	-	-	-	-	76,145,722
Other services	75,327,735	678,499	-	-	-	-	76,006,234
Debt service - principal	-	-	-	4,215,000	-	-	4,215,000
Debt service - interest	-	-	-	641,126	-	-	641,126
Cost of sales	-	-	1,693,939	-	-	-	1,693,939
Capital outlay	-	-	-	-	-	6,815,376	6,815,376
Total expenditures	380,000,298	19,663,739	1,693,939	4,856,126	101,300	6,815,376	413,130,778
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	41,458,240	46,127	(702,661)	(4,832,455)	(58,910)	(6,814,355)	29,095,986
OTHER SOURCES AND (USES):							
Operating transfers in	-	-	788,803	2,466,683	-	5,994,554	9,250,040
Surplus available for distribution	(23,854,339)	-	-	-	-	-	(23,854,339)
Operating transfers (out)	(8,703,913)	(46,127)	-	-	-	(500,000)	(9,250,040)
Total other sources (uses)	(32,558,252)	(46,127)	788,803	2,466,683	-	5,494,554	(23,854,339)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	8,899,988	-	86,142	(2,365,772)	(58,910)	(1,319,801)	5,241,647
FUND BALANCES - beginning of year, as previously reported	40,282,477	-	163,263	4,708,839	-	37,287,416	82,441,995
RESTATEMENT (NOTE 16)	-	-	-	-	490,276	-	490,276
FUND BALANCES - beginning of year, as restated	40,282,477	-	163,263	4,708,839	490,276	37,287,416	82,932,271
FUND BALANCES - end of year	\$ 49,182,465	\$ -	\$ 249,405	\$ 2,343,067	\$ 431,366	\$ 35,967,615	\$ 88,173,918

The accompanying notes are an integral part of these statements.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net changes in fund balance - Total governmental funds	\$ 5,241,647
Capital outlays, net are expenditures in governmental funds, but are capitalized in the statement of net position.	7,204,721
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(6,392,695)
Pension expense related to the implementation of GASB 68 is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(7,563,087)
Proceeds from the issuance of long-term debt are recorded as other sources in the governmental funds, but are recorded as additions to liabilities in the statement of net position.	(17,086,903)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	12,634,430
Installment purchase debt results in a corresponding increase (decrease) in revenue recorded for the IPA Asset.	8,667,473
The unamortized premium is amortized on the Statement of Net Position over the life of the bond. Governmental funds recorded the premium as other sources in the year received.	415,057
The defeasance loss on the advance refunding is amortized on the Statement of Net Position over the life of the bond. Governmental funds recorded the loss on defeasance on the advanced refunding as an other use in the year of defeasance.	(175,559)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(82,471)
Accrued post-employment benefits do not require the expenditure of current resources and, therefore are not reported as expenditures in the governmental funds.	(54,913,652)
Interest on long term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest at year end changed by:	<u>79,031</u>
Change in net position - Governmental activities	<u>\$ (51,972,008)</u>

The accompanying notes are an integral part of these statements.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The BOCES provides shared educational programs and services to its component school districts.

Significant Accounting Policies

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

Reporting Entity

The BOCES is governed by the laws of New York State. The BOCES is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The board is responsible for, and controls all activities related to public school education within the BOCES. Board members have the authority to make decisions, the power to appoint management, and the primary accountability for all fiscal matters.

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

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

The reporting entity of the BOCES is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the BOCES and its component unit and other organizational entities determined to be includable in the BOCES financial reporting entity. The BOCES is not a component unit of another reporting entity. The decision to include a potential component unit in the BOCES reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability.

Based on the application of these criteria, the following is a brief description of a certain entity included in the BOCES reporting entity.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Extraclassroom Activity Funds

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

Basis of Presentation

BOCES -Wide Statements

The statement of net position and the statement of activities present financial information about the BOCES governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through charges for services, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the BOCES governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

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

The BOCES reports the following major governmental funds:

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

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

School Lunch Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Miscellaneous Revenue Fund: This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the BOCES for specific purposes.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Measurement Focus and Basis of Accounting

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

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The BOCES considers all revenue reported in the governmental funds to be available if the revenue is collected within six months after the end of the fiscal year.

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Revenue from Component School Districts

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

State aid – Component School Districts

New York State remits to BOCES, for distribution to component school districts, state aid payments applicable to certain programs. State aid relating to the current year was \$94,661,288. Of the total aid, \$47,669,928 was received and distributed to the school districts prior to June 30, 2021. The amount received in September 2021 was distributed to the component school districts and the remainder will be fully distributed upon receipt. As provided by state law, the receipt and distribution of component school district's state aid is not reflected in the statement of revenues, expenditures and changes in fund balance of the general fund.

Restricted Resources

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

Cash (and Cash Equivalents)/Investments

The BOCES cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments as permitted by law. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

Accounts Receivable

Receivables are shown net of allowance for uncollectible accounts, when applicable. An allowance for uncollectible accounts represents the portion of accounts receivable that is not expected to be collected within 365 days.

Inventories and Prepaid Items

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

Nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-wide and fund financial statements.

These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Interfund Transactions

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

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

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

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building	\$ 10,000	SL	50
Building improvements	10,000	SL	50
Furniture and equipment	1,000	SL	5-20

Vested Employee Benefits

Compensated Absences:

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

Sick leave and vacation time eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Vested Employee Benefits (Continued)

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

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

Other Benefits

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

Other Postemployment Benefits

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

In addition to providing retirement benefits described, the BOCES provides postemployment health insurance coverage and survivor benefits to its retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the BOCES employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. In the BOCES-wide financial statements, the cost of postemployment health coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

Collections in advance

Collections in advance arise when the BOCES receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the BOCES has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

In the fund level statements, collections in advance consisted of amounts received in advance for multi-year or future-year programs in the general fund.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Equity Classifications

BOCES-Wide Statements

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

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

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Financial Statements

Fund Balance – Reservations and Designations

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

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. Non-spendable fund balance includes the inventory recorded in the school lunch fund and prepaid items in the General Fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The BOCES has available the following restricted fund balances.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund as restricted.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Fund Balance – Reservations and Designations (Continued)

Career Education Instructional Equipment Reserve

Career Education Instructional Equipment Reserve (Education Law §1950(4)(ee)) and applicable regulations of the Commissioner of Education, must be used in the CTE instructional programs conducted by BOCES. This reserve may be established by component school district approval. This reserve is accounted for in the general fund as restricted.

Liability and Property Loss Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Debt Service

Unexpended balances of proceeds from borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premiums and accrued interest are recorded as amounts restricted for debt service and held until used for debt payments. The restricted funds are accounted for in the debt service fund and capital projects fund.

Scholarships

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

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES’ highest level of decision making authority, i.e., the Board of Education.

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

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

Order of use of Fund Balance

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

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the BOCES-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.

Total Fund Balances of Governmental Funds vs. Net position of Governmental Activities

Total fund balances of the BOCES governmental funds differs 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.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered “available”, whereas the statement of activities reports revenue 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.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental 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 governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental 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.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES WIDE STATEMENTS (Continued)

Employee Benefit Allocations:

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

3. STEWARDSHIP AND COMPLIANCE

Budgets

The BOCES administration prepares a proposed administrative, capital and program budget, as applicable for approval by the members of the Board for the general fund, the only fund with a legally adopted budget. The budget is adopted annually on a basis consistent with accounting principles generally accepted in the United State of America. A tentative administrative budget is provided to the component districts for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards. Appropriations for educational services are adopted at the program level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Encumbrances

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

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

CASH

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

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

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

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

CASH (Continued)

None of the BOCES aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Investments

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

Investments at June 30, 2021 comprised of the following:

	Issue	Carrying Amount	Market Value	Unrealized Investment Gain/(Loss)	Investment Maturities (in years)
<u>Type of investment</u>					
Treasury Bills	2011	\$ 1,353,985	\$ 1,353,919	\$ (66)	0.12
Cash	All	582	582	-	N/A
Total capital projects fund		<u>\$ 1,354,567</u>	<u>\$ 1,354,501</u>	<u>\$ (66)</u>	
Treasury Note	2011	\$ 544,636	\$ 533,788	\$ (10,848)	0.12
Treasury Note	2011	739,946	739,956	10	0.12
Treasury Bill	2011	1,053,922	1,053,937	15	0.12
Treasury Note	2017	4,095	4,013	(82)	0.12
Cash	All	468	468	-	N/A
Total debt service fund		<u>\$ 2,343,067</u>	<u>\$ 2,332,162</u>	<u>\$ (10,905)</u>	

The BOCES categorized its fair value measurements applicable for reporting its investments within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The BOCES investments are valued using quoted significant other observable inputs (Level 2 inputs).

Investment by Fair Value	Credit Quality Rating	Total	Fair Market Value Measurements Using:		
			Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Observable Inputs Level 3
Total Investment at fair value level	N/A	<u>\$ 3,697,634</u>	<u>\$ -</u>	<u>\$ 3,697,634</u>	<u>\$ -</u>

5. STATE, FEDERAL AND COUNTY RECEIVABLES

State, federal, and county receivables for the BOCES individual major funds at June 30, 2021 consisted of the following:

	General Fund	Special Aid Fund	School Lunch Fund	Total
State aid receivable - Due to districts	\$ 46,991,360	\$ -	\$ -	\$ 46,991,360
State and federal aid receivable	<u>-</u>	<u>4,078,501</u>	<u>225,770</u>	<u>4,304,271</u>
Total state and federal aid receivables	<u>\$ 46,991,360</u>	<u>\$ 4,078,501</u>	<u>\$ 225,770</u>	<u>\$ 51,295,631</u>

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	July 1, 2020 Balance	Additions	Deletions	Adjustments	June 30, 2021 Balance
Governmental activities:					
Capital assets that are not depreciated:					
Land	\$ 9,235,600	\$ -	\$ -	\$ -	\$ 9,235,600
Total non-depreciable historical cost	<u>9,235,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,235,600</u>
Capital assets that are depreciated:					
Buildings and improvements	167,040,833	224,161	-	4,547,079	171,812,073
Infrastructure	2,479,713	-	-	-	2,479,713
Furniture and equipment	<u>38,241,912</u>	<u>1,992,202</u>	<u>362,541</u>	<u>441,617</u>	<u>40,313,190</u>
Total depreciable historical cost	<u>207,762,458</u>	<u>2,216,363</u>	<u>362,541</u>	<u>4,988,696</u>	<u>214,604,976</u>
Less accumulated depreciation:					
Buildings and improvements	44,469,278	4,399,176	-	-	48,868,454
Infrastructure	1,172,285	185,225	-	-	1,357,510
Furniture and equipment	<u>30,794,449</u>	<u>1,808,294</u>	<u>362,204</u>	<u>-</u>	<u>32,240,539</u>
Total accumulated depreciation	<u>76,436,012</u>	<u>6,392,695</u>	<u>362,204</u>	<u>-</u>	<u>82,466,503</u>
Total depreciable cost, net	<u>\$131,326,446</u>	<u>\$ (4,176,332)</u>	<u>\$ 337</u>	<u>\$ 4,988,696</u>	<u>\$132,138,473</u>
Total Capital Assets, net	<u>\$140,562,046</u>				<u>\$141,374,073</u>

The adjustments column shown above represents reclassifications of accumulated depreciation and capital construction additions to reconcile to the internal capital assets schedules.

7. SHORT-TERM LIABILITIES

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN	7/30/2021	1.50%	<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ -</u>	<u>\$ 18,000,000</u>

8. LONG-TERM LIABILITIES

Interest on long term debt for the year was composed of:

Interest paid	\$ 641,126
Less: interest accrued in prior year	(279,938)
Plus: amortization of deferred refunding	175,559
Less: amortization of premium	(415,057)
Plus: interest accrued in current year	<u>200,907</u>
Total interest expense	<u>\$ 322,597</u>

Long-term liability balances and activity for the year ended June 30, 2021 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and notes payable:					
General Obligation Bonds	\$ 14,930,000	\$ -	\$ 4,215,000	\$ 10,715,000	\$ 3,420,000
Unamortized bond premiums	1,692,625	-	415,057	1,277,568	-
Installment debt	<u>14,102,749</u>	<u>17,086,903</u>	<u>8,419,430</u>	<u>22,770,222</u>	<u>8,544,915</u>
Total bonds and notes payable	30,725,374	17,086,903	13,049,487	34,762,790	11,964,915
Other liabilities:					
Compensated absences	7,438,750	114,923	- (A)	7,553,673	913,197
Net pension liability - ERS	59,248,983	-	59,028,666 (A)	220,317	-
Net pension liability - TRS	-	15,750,323	- (A)	15,750,323	-
Total other postemployment benefits	<u>1,035,871,462</u>	<u>137,936,391</u>	<u>20,213,819</u>	<u>1,153,594,034</u>	<u>-</u>
Total other liabilities	<u>1,102,559,195</u>	<u>153,801,637</u>	<u>79,242,485</u>	<u>1,177,118,347</u>	<u>913,197</u>
Total long-term liabilities	<u>\$ 1,133,284,569</u>	<u>\$ 170,888,540</u>	<u>\$ 92,291,972</u>	<u>\$ 1,211,881,137</u>	<u>\$ 12,878,112</u>

(A) Additions and deletions to net pension liability and compensated absences are shown net because it is impractical to determine these amounts separately.

Existing serial and statutory bond obligations are comprised of the following:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at year end</u>
Dormitory Authority bond	8/23/2017	8/15/2028	2.0-5.00%	\$ 8,145,000
Dormitory Authority bond	5/25/2011	8/15/2021	3.0-5.00%	<u>2,570,000</u>
				<u>\$ 10,715,000</u>

8. LONG-TERM LIABILITIES (Continued)

The following is a summary of debt service requirement for bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,420,000	\$ 450,250	\$ 3,870,250
2023	895,000	342,375	1,237,375
2024	940,000	296,500	1,236,500
2025	990,000	248,250	1,238,250
2026	1,035,000	197,625	1,232,625
2027-2029	<u>3,435,000</u>	<u>263,125</u>	<u>3,698,125</u>
Totals	<u>\$ 10,715,000</u>	<u>\$ 1,798,125</u>	<u>\$ 12,513,125</u>

Installment Purchase Debt Payable

The BOCES has entered into various installment purchase agreements to finance the cost of computers and other equipment. The unpaid balance at June 30, 2021 was \$22,770,222. The terms of the agreements provide for the repayment between 24 to 60 months including interest at rates of approximately 1.00% and 5.00%. Interest expenditures of \$356,113 were recorded in the fund financial statements in Instructional Support and Other Services in the General Fund.

The following is a summary of debt service requirements for installment debt:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,544,915	\$ 324,574	\$ 8,869,489
2023	6,468,314	188,108	6,656,422
2024	4,460,046	95,332	4,555,378
2025	2,321,227	40,484	2,361,711
2026	<u>975,720</u>	<u>9,686</u>	<u>985,406</u>
Totals	<u>\$ 22,770,222</u>	<u>\$ 658,184</u>	<u>\$ 23,428,406</u>

The deferred inflows and deferred outflows relating to the previously refunded bonds are being amortized on the BOCES-wide Financial Statements using the straight-line method over the remaining time to maturity of the refunded bonds. The current amortization is \$175,559 and is included as a reduction to administrative expenses on the BOCES-wide Financial Statements.

9. INTERFUND BALANCES AND ACTIVITY

Interfund balances and activities for the year ended June 30, 2021 were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditure
General fund	\$ 6,050,605	\$ -	\$ -	\$ 8,703,913
Special aid fund	-	5,548,556	-	46,127
School lunch fund	-	501,334	788,803	-
Debt service fund	-	-	2,466,683	-
Capital fund	-	715	5,994,554	500,000
Total governmental activities	<u>\$ 6,050,605</u>	<u>\$ 6,050,605</u>	<u>\$ 9,250,040</u>	<u>\$ 9,250,040</u>

The BOCES typically transfers a portion of the prior year surplus from the general fund to the capital projects fund to finance capital projects. The BOCES transfers from the general fund to the debt service fund for annual debt service requirements. The BOCES transfers from the general fund to the school lunch fund to subsidize the operations of the school lunch program and from the special aid fund to the school lunch fund to cover certain meal costs.

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

10. PENSION PLANS

New York State and Local Retirement System

The BOCES participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

10. PENSION PLANS (Continued)

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

2021	\$ 11,276,948
2020	\$ 11,084,106
2019	\$ 11,212,586

Chapter 260 of the Laws of 2004 of the State of New York allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pensions' costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of the employee's covered pensionable salaries.

This law requires all participating employers to make payments on the current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The BOCES had no amortizing unpaid amounts at the end of the fiscal year.

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For state fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on the current basis while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The BOCES had no unpaid liability at the end of the fiscal year.

- Chapter 105 of the Laws of 2010 of the State of New York authorizes local governments to make available a retirement benefit incentive program. The costs of the program will be billed and paid over five years beginning February 1, 2012. The BOCES had no retirement incentive liability at year end.

10. PENSION PLANS (Continued)

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

At June 30, 2021, the BOCES reported a liability of \$220,317 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the BOCES' proportion was 0.2212598%, which was a decrease of 0 from its proportion of .2237450%, measured at June 30, 2020.

For the year ended June 30, 2021, the BOCES recognized pension expense of \$7,291,433. At June 30, 2021, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 2,690,670	\$ -
Changes of Assumptions	40,509,225	764,016
Net difference between projected and actual earnings on pension plan investments	-	63,288,070
Changes in proportion and differences between the BOCES' contributions and proportionate share of contributions	4,756,617	368,967
Contributions subsequent to the measurement date	<u>3,466,869</u>	<u>-</u>
	<u>\$ 51,423,381</u>	<u>\$ 64,421,053</u>

\$3,466,869 reported as deferred outflows of resources related to pensions resulting from the BOCES' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan's year ending March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2022	\$ (1,985,062)
2023	(6,389)
2024	(2,660,664)
2025	(11,812,427)
2026	-
Thereafter	-
	<u>\$ (16,464,542)</u>

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.40%
Projected COLAs	1.40%
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of March 31, 2021 is summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	4.05%
International Equity	15.0%	6.30%
Private Equity	10.0%	6.75%
Real Estate	9.0%	4.95%
Opportunistic Portfolio	3.0%	4.50%
Credit	4.0%	3.63%
Real Assets	3.0%	5.95%
Fixed Income	23.0%	0.00%
Cash	<u>1.0%</u>	0.50%
	<u>100.0%</u>	

10. PENSION PLANS (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 Plan'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.

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

The following presents the BOCES' proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the BOCES' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	1 % Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of Net Pension liability	\$ 61,151,529	\$ 220,317	\$ (55,972,520)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 220,680,157,000
Net position	<u>(220,580,583,000)</u>
Net pension liability (asset)	<u>\$ 99,574,000</u>
Fiduciary net position as a percentage of total pension liability	99.95%

New York State Teacher Retirement System

The BOCES participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers 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.

10. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

The New York State Teachers' Retirement Board administers NYSTRS. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The BOCES is required to contribute at an actuarially determined rate. The BOCES contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2021	\$ 9,207,499
2020	\$ 8,571,616
2019	\$ 10,175,594

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

At June 30, 2021, the BOCES reported a liability of \$15,750,323 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as June 30, 2019. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021 the BOCES' proportion was 0.569988%, which was a decrease from its proportion of 0.5740330%, measured June 30, 2020.

10. PENSION PLANS (Continued)

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

For the year ended June 30, 2021, the BOCES recognized pension expense of \$21,145,659. At June 30, 2021 the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 13,800,434	\$ 807,174
Changes of Assumptions	19,920,492	7,100,614
Net difference between projected and actual earnings on pension plan investments	10,286,341	-
Changes in proportion and differences between the BOCES' contributions and proportionate share of contributions	654,184	1,380,321
Contributions subsequent to the measurement date	<u>10,099,788</u>	<u>-</u>
	<u>\$ 54,761,239</u>	<u>\$ 9,288,109</u>

\$10,099,788 reported as deferred outflows of resources related to pensions resulting from the BOCES' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan's year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2021	\$ 6,075,799
2022	12,325,917
2023	9,973,756
2024	6,139,577
2025	112,054
Thereafter	<u>746,239</u>
	<u>\$ 35,373,342</u>

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020.

These actuarial valuations used the following actuarial assumptions:

Inflation	2.20%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th>Service</th><th>Rate</th></tr></thead><tbody><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></tbody></table>	Service	Rate	5	4.72%	15	3.46%	25	2.37%	35	1.90%
Service	Rate										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

10. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2020 are summarized in the following table:

Domestic Equities	33.0%	7.1%
International Equities	16.0%	7.7%
Global Equities	4.0%	7.4%
Real Estate Equities	11.0%	6.8%
Private Equities	8.0%	10.4%
Domestic fixed Income Securities	16.0%	1.8%
Global Fixed Income Securities	2.0%	1.0%
High-yield fixed income securities	1.0%	3.9%
Private Debt	1.0%	5.2%
Real Estate Debt	7.0%	3.6%
Cash Equivalents	<u>1.0%</u>	0.7%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the BOCES will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the BOCES calculated using the discount rate of 7.10%, as well as what the school BOCES' net pension liability (asset) 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:

	1 % Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Proportionate Share of Net Pension liability	\$ <u>99,489,357</u>	\$ <u>15,750,323</u>	\$ <u>(54,527,949)</u>

10. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset) of the plan as June 30, 2020, were as follows:

	<u>Pension Plan's Fiduciary Net Position</u>
Total pension liability	\$ 123,242,776,215
Net position	<u>(120,479,505,380)</u>
Net pension liability (asset)	<u>\$ 2,763,270,835</u>

Fiduciary net position as a percentage of total pension liability 97.76%

Tax Sheltered Annuities

The BOCES has adopted a 403 (b) plan covering all eligible employees. The BOCES makes no contributions to this Plan. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. Contributions made by the employees for the year ended June 30, 2021, totaled \$6,499,409. Additionally, contributions made by the employees to the 403b Roth plan, totaled \$188,737.

Deferred Compensation Plan

The BOCES has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The BOCES makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$1,781,664. Additionally, contributions made by employees to the 457 Roth plan, totaled \$77,582.

11. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

Plan Description

The BOCES' defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the BOCES. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the BOCES according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the BOCES. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the BOCES Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Eligibility for early retirement is based on meeting a criteria of minimum age and/or years of service (YOS) requirements. Criteria various by grouping and date of hire) and is summarized as follows:

<u>Grouping by Hire Date</u>	<u>Minimum Age</u>	<u>Minimum YOS</u>
Hired Prior to August 1, 2004	55	5
Hired After August 1, 2004	55	10

CSEA and NABCOTT will have an a minimum age of 55 with 15 YOS if hired after July 1, 2013. Similarly, Education Administration and Technology Administration will have a minimum of age 55 with 15 YOS if hired after April 8, 2014 and May 22, 2014, respectively.

For all employees, if a specific plan cost to District is greater than the net plan cost of the NYSHIP medical plan, then the incremental cost will be covered by the retiree.

11. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (Continued)

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	1,517
Inactive employees or beneficiaries	
entitled to but not yet receiving benefits	-
Active employees	<u>2,323</u>
Total participants	<u><u>3,840</u></u>

Total OPEB Liability

The BOCES' total OPEB liability of \$1,153,594,034 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.09%
Payroll Growth	3.00%
Healthcare Cost Trend Rates	7.0% for 2020, decreasing 0.25% per year to an ultimate rate of 4.5% for 2031 and later years.
Share of Benefit-Related Costs	Retirees contribution rates vary based on class of employees and date of hire. For all employees, contribution rates will be 20 % of premium. For employees in CSEA and NABCOTT that are hired after July 1, 2013, retiree contribution rates will be 25%. Similarly, administration and technology administration hired after April 8, 2014 and May 22, 2014, respectively, will have contribution rates of 25%. Employees in OT/PT remain at a 20% contribution rate.

The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO - 2.21%, S&P Municipal Bond 20 Year High Grade Rate Index - 2.66%, and Fidelity GA AA 20 Years - 2.45%) as of June 30, 2020.

The mortality table used for the current valuation was the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality for both pre and postretirement with mortality improvement based on the MP 2019 table. These tables are consistent with mortality tables and mortality improvement tables used in the industry.

The actuarial assumptions used in the July 1, 2019 valuation were based on underlying claims experience for the NYSHIP plan was not available, so valuation results are based on fully insured rates developed by NYSHIP with no potential adjustments due to cross-subsidies or other variables (other than aging). The projected OPEB Liability as of June 30, 2020 reflects the projected pay-as-you-go results for fiscal year July 1, 2019 to June 30, 2020.

11. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 1,035,871,462</u>
Changes for the Year	
Service cost	33,500,310
Interest	21,438,479
Changes of benefit terms	-
Changes in assumptions or other inputs	82,997,602
Differences between expected and actual experience	-
Benefit payments	<u>(20,213,819)</u>
Net changes	<u>117,722,572</u>
Balance at June 30, 2021	<u>\$ 1,153,594,034</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (1.09%)	Current Discount (2.09%)	1% Increase (3.09%)
Total OPEB Liability	<u>\$ 1,447,304,682</u>	<u>\$ 1,153,594,034</u>	<u>\$ 938,021,898</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	Healthcare		
	1% Decrease 6.00% decreasing to 3.50%	Current Discount 7.00% decreasing to 4.50%	1% Increase 8.00% decreasing to 5.50%
Total OPEB Liability	<u>\$ 910,515,632</u>	<u>\$ 1,153,594,034</u>	<u>\$ 1,491,111,234</u>

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

For the year ended June 30, 2021, the BOCES recognized OPEB expense of \$60,166,725. At June 30, 2021 the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	<u>\$109,118,695</u>	<u>\$ -</u>

11. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (Continued)

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

Other 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:	
2022	\$ 20,188,683
2023	20,188,683
2024	20,188,683
2025	20,188,683
2026	15,322,008
Thereafter	<u>13,041,955</u>
	<u>\$109,118,695</u>

12. RISK MANAGEMENT

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

The BOCES participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its BOCES property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the BOCES has essentially transferred all related risk to the pool. The coverage provided includes general liability, auto liability, cyber liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverage will be purchased from commercial carriers and be available to the subscriber districts. As of June 30, 2021, the BOCES has a reserve for property and liability losses with a balance of \$54,350.

13. FUND BALANCES

Portions of fund balances are not available for current or future expenditures as reported in the governmental funds balance sheet.

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2021, the BOCES encumbered the following amounts:

Assigned Unappropriated fund balance:

General Fund	Administration	\$ 103,443
	Occupational instruction	183,266
	Instruction for special education	1,580,479
	Itinerant services	8,569
	General instruction	117,534
	Instruction support	5,486,648
	Other services	<u>7,114,159</u>
		<u>\$ 14,594,098</u>
Special Aid Fund	Grants and Other Programs	<u>\$ 696,967</u>
School Lunch Fund	Cost of sales	<u>\$ 26,886</u>
Capital Project Fund	Capital projects	<u>\$ 8,726,177</u>
	Total encumbrances	<u>\$ 24,044,128</u>

13. FUND BALANCES (Continued)

Restricted Fund Balance

The BOCES has classified the following fund balance reserves as restricted:

	<u>General</u>	<u>Debt Service</u>	<u>Miscellaneous Revenue</u>	<u>Capital Projects</u>
Restricted:				
Property loss	\$ 54,350	\$ -	\$ -	\$ -
Unemployment	426,470	-	-	-
Compensated absences	7,016,881	-	-	-
Retirement contribution	25,454,669	-	-	-
CTE equipment	1,510,855	-	-	-
Debt Service	-	2,343,067	-	-
Extracurricular activities	-	-	38,613	-
Scholarships	-	-	392,753	-
Capital projects	-	-	-	35,967,615
Total restricted fund balance	<u>\$ 34,463,225</u>	<u>\$ 2,343,067</u>	<u>\$ 431,366</u>	<u>\$ 35,967,615</u>

Assigned Unappropriated Fund Balance

The BOCES has classified \$125,142 at June 30, 2021 as assigned unappropriated fund balance for interscholastic athletics.

14. CONTINGENCIES AND COMMITMENTS

Grants

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

Litigation

The BOCES has been named as defendant in certain actions. A review by management and the BOCES' attorneys indicate these actions are either fully covered by insurance or not substantial enough to materially affect the financial position of the BOCES.

15. COVID-19 PANDEMIC

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact.

16. CHANGE IN ACCOUNTING PRINCIPLE

The BOCES adopted GASB Statement No. 84, Fiduciary Activities, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

	Fiduciary Activities			
	Agency		General Fund	
	Cash	Liabilities	Cash	Accrued Liabilities
Balance at June 30, 2020, as previously reported	\$ 5,926,722	\$ 5,926,722	\$ 43,375,907	\$ 6,657,281
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>(5,926,722)</u>	<u>(5,926,722)</u>	<u>5,880,440</u>	<u>5,880,440</u>
Balance at July 1, 2020 as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,256,347</u>	<u>\$ 12,537,721</u>
	Private Purpose Trust Fund			
	Cash	Due to other funds	Fund Balance	
Balance at June 30, 2020, as previously reported	\$ 915,994	\$ 472,000	\$ 443,994	
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>(915,994)</u>	<u>(472,000)</u>	<u>(443,994)</u>	
Balance at July 1, 2020 as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	Miscellaneous Special Revenue Fund			
	Cash	Due to other funds	Fund Balance	
Balance at June 30, 2020, as previously reported	\$ -	\$ -	\$ -	
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>962,276</u>	<u>472,000</u>	<u>490,276</u>	
Balance at July 1, 2020 as restated	<u>\$ 962,276</u>	<u>\$ 472,000</u>	<u>\$ 490,276</u>	
	Governmental Activities			
	Cash	Accrued Liabilities	Net Position	
Balance at June 30, 2020, as previously reported	\$ 81,908,752	\$ 6,815,328	\$ (766,072,920)	
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>6,842,716</u>	<u>6,352,440</u>	<u>490,276</u>	
Balance at July 1, 2020 as restated	<u>\$ 88,751,468</u>	<u>\$ 13,167,768</u>	<u>\$ (765,582,644)</u>	

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual		Final Budget Variance with Budgetary Actual
REVENUE					
Administration (001-002)	\$ 28,946,386	\$ 28,946,386	\$ 29,064,394		\$ (118,008)
Occupational instruction (100-199)	27,982,810	28,021,241	26,996,036		1,025,205
Instruction for special education (200-299)	168,714,242	170,145,160	182,607,801		(12,462,641)
Itinerant services (300-399)	1,443,484	1,409,257	1,462,998		(53,741)
General instruction (400-499)	20,269,875	17,507,156	16,429,691		1,077,465
Instruction support (500-599)	64,671,630	81,282,731	81,314,433		(31,702)
Other services (600-699)	74,554,890	83,568,674	83,582,171		(13,497)
Total revenues	<u>386,583,317</u>	<u>410,880,605</u>	<u>421,457,524</u>		<u>(10,576,919)</u>
EXPENDITURES					
				<u>Encumbrances</u>	<u>Variance with Budgetary Actual and Encumbrances</u>
Administration (001-002)	\$ 28,946,386	\$ 28,946,386	\$ 26,862,479	\$ 103,443	\$ 1,980,464
Occupational instruction (100-199)	27,982,810	28,021,241	24,675,863	183,266	3,162,112
Instruction for special education (200-299)	168,714,242	170,145,160	163,262,954	1,580,479	5,301,727
Itinerant services (300-399)	1,443,484	1,409,257	1,002,312	8,569	398,376
General instruction (400-499)	20,269,875	17,507,156	15,431,886	117,534	1,957,736
Instruction support (500-599)	64,671,630	81,282,731	76,117,832	5,486,648	(321,749)
Other services (600-699)	74,554,890	83,568,674	75,356,317	7,114,159	1,098,198
Total expenditures	<u>386,583,317</u>	<u>410,880,605</u>	<u>382,709,643</u>	<u>14,594,098</u>	<u>13,576,864</u>
Excess revenue over expenditures (expenditures over revenue)			<u>\$ 38,747,881</u>		

The accompanying notes are an integral part of these schedules

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.2212598%	0.2237450%	0.2274824%	0.2200943%	0.2206141%	0.2244369%	0.2258358%
Proportionate share of the net pension liability (asset)	\$ 220.3	\$ 59,249.0	\$ 16,117.8	\$ 7,103.4	\$ 20,729.4	\$ 36,022.8	\$ 7,629.3
Covered-employee payroll	\$ 78,153.6	\$ 76,595.7	\$ 75,647.7	\$ 70,919.0	\$ 68,582.4	\$ 66,254.0	\$ 66,424.9
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.28%	77.35%	21.31%	10.02%	30.23%	54.37%	11.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.5699880%	0.5740330%	0.5546150%	0.5570200%	0.5458510%	0.5603280%	0.5582470%
Proportionate share of the net pension liability (asset)	\$ 15,750.3	\$ (14,913.4)	\$ (10,028.9)	\$ (4,233.9)	\$ 5,846.3	\$ (58,200.2)	\$ (62,185.3)
Covered-employee payroll	\$ 96,615.9	\$ 96,766.7	\$ 95,829.4	\$ 90,340.6	\$ 88,277.7	\$ 84,230.3	\$ 84,174.9
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.30%	-15.41%	-10.47%	-4.69%	6.62%	-69.10%	-73.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

NOTE - This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 11,276.9	\$ 11,084.1	\$ 11,212.6	\$ 10,842.7	\$ 10,767.5	\$ 12,194.9	\$ 12,214.2
Contributions in relation to the contractually required contribution	11,276.9	11,084.1	11,212.6	10,842.7	10,767.5	12,194.9	12,214.2
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered-employee payroll	\$ 78,153.6	\$ 76,595.7	\$ 75,647.7	\$ 70,919.0	\$ 68,582.4	\$ 66,254.0	\$ 66,424.9
Contributions as a percentage of covered-employee payroll	14.43%	14.47%	14.82%	15.29%	15.70%	18.41%	18.39%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,207.5	\$ 8,571.2	\$ 10,175.6	\$ 8,853.4	\$ 10,346.1	\$ 11,168.9	\$ 14,755.9
Contributions in relation to the contractually required contribution	9,207.5	8,571.2	10,175.6	8,853.4	10,346.1	11,168.9	14,755.9
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered-employee payroll	\$ 96,615.9	\$ 96,766.7	\$ 95,829.4	\$ 90,340.6	\$ 88,277.7	\$ 84,230.3	\$ 84,174.9
Contributions as a percentage of covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

NOTE - This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Last 10 Fiscal Years			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 33,500,310	\$ 29,131,878	\$ 15,805,192	\$ 14,767,913
Interest	21,438,479	23,687,419	32,947,191	32,360,247
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Changes in assumptions	82,997,602	22,222,864	37,917,301	-
Benefit payments	(20,213,819)	(19,933,128)	(18,676,535)	(17,920,317)
Total change in total OPEB liability	117,722,572	55,109,033	67,993,149	29,207,843
Total OPEB liability - beginning	<u>1,035,871,462</u>	<u>980,762,429</u>	<u>912,769,280</u>	<u>883,561,437</u>
Total OPEB liability - ending	<u>\$ 1,153,594,034</u>	<u>\$ 1,035,871,462</u>	<u>\$ 980,762,429</u>	<u>\$ 912,769,280</u>
Covered-employee payroll	\$ 158,554,683	\$ 158,554,683	\$ 154,068,075	\$ 154,068,075
Total OPEB liability as a percentage of covered-employee payroll	727.57%	653.32%	636.58%	592.45%

Notes to schedule:

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

The following reflects the discount rate used each period:

Discount rate	2.09%	2.44%	3.50%	3.70%
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NOTE - This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

The change in assumptions is due to a change in the discount rate from the prior measurement date.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

SUPPLEMENTARY INFORMATION (UNAUDITED)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

SCHEDULE OF ACCOUNT A431 AND A380 SCHOOL DISTRICTS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2021

July 1, 2020 - Debit (Credit) balance	\$ 46,878,216
Debits	
Billings to school districts	421,036,739
Refund of balances due school districts	12,401,658
Transfer to Capital Fund	5,994,554
Transfer to Retirement Contribution Reserve	8,900,000
Transfer to CTE Equipment Reserve	-
Other adjustments	
Miscellaneous	-
Total debits	<u>448,332,951</u>
Credits	
Collections from school districts	438,876,744
Current year surplus	35,770,090
Write-offs and allowance for doubtful accounts	(46,161)
Surplus amounts from other BOCES	356,827
Misc Adjustments	-
Total credits	<u>474,957,500</u>
June 30, 2021 - Debit (Credit) balance	<u>\$ 20,253,667</u>

BREAKDOWN OF A431 AND A380 DEBIT BALANCE

Receivables from districts - A380	\$ 1,018,491
Receivables from districts - A431	55,130,464
Surplus adjustments from balance sheet	-
Surplus payable to districts - credit	<u>(35,895,288)</u>
Net receivable from districts - debit	<u>\$ 20,253,667</u>

The accompanying notes are an integral part of these schedules.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

Project Title	Original Budget	Revised Budget	Expenditures			Methods of Financing		Unexpended Balance
			Current Year	Prior Years	Total	Proceeds of Obligations	Local Sources	
Agency-wide Security Upgrades	\$ 1,355,650	\$ 1,590,650	\$ 888,224	\$ 209,127	\$ 1,097,351	\$ -	\$ 1,590,650	\$ 493,299
Asbestos Testing and Abatement	250,000	1,637,202	236,559	1,114,813	1,351,372	-	1,637,202	285,830
Barry Tech Center Wing Wiring Closet	66,000	58,772	-	58,772	58,772	-	58,772	-
Barry Tech Rooftop HVAC Rep	4,478,300	4,806,400	116,133	-	116,133	-	4,806,400	4,690,267
Brookville - Demolition of Modular Building	210,000	210,000	-	-	-	-	210,000	210,000
Building Purchases	5,000,000	21,112,797	-	21,112,797	21,112,797	-	21,112,797	-
Carman Road - Boiler & HVAC Upgrades	7,530,000	7,030,000	1,037,452	4,313,588	5,351,040	-	7,030,000	1,678,960
Carman Road - Courtyard Upgrade	707,700	817,349	575	816,774	817,349	-	817,349	-
Carman Road - Electrical Upgrade	278,600	435,100	2,287	12,117	14,404	-	435,100	420,696
Carman Road - Exterior Building Envelope Repairs	643,600	1,152,000	2,662	25,834	28,496	-	1,152,000	1,123,504
Carman Road - Fire Alarm System	410,800	449,000	294,554	11,973	306,527	-	449,000	142,473
Carman Road - Interior Door Rep	624,500	649,500	-	-	-	-	649,500	649,500
Carman Road - Network, Wi-Fi and Security Upgrades	465,000	444,029	(14,175)	458,204	444,029	-	444,029	-
Carman Road - Toilet Room/ Water Fountain Renovations	1,801,800	1,801,800	-	-	-	-	1,801,800	1,801,800
DASNY - Debt Service Reserve 2011	1,853,545	1,854,566	500,000	-	500,000	1,854,566	-	1,354,566
DASNY - Debt Service Reserve 2017	-	-	-	-	-	-	-	-
Farber - Backup Generator Purchase & Installation	832,000	1,316,500	4,516	15,994	20,510	-	1,316,500	1,295,990
Farber - Center Wing HVAC System Upgrades	4,336,800	2,436,800	130,111	1,866,785	1,996,896	-	2,436,800	439,904
Farber - Center-Wing ADA Toilet Room/Water Fountain Renovations	797,500	797,500	-	-	-	-	797,500	797,500
Farber - Expansion and Upgrades to the Network Operations Center (NOC)	705,300	1,100,300	-	500	500	-	1,100,300	1,099,800
Farber - Roof Parapet Repair - *exterior upgrades Farber	179,800	400,200	5,084	25,113	30,197	-	400,200	370,003
Farber - Roofing and Window Repairs - *exterior upgrades at Farber	350,000	554,600	2,959	30,755	33,714	-	554,600	520,886
Farber PTAC Replacement	1,306,600	1,306,600	34,660	-	34,660	-	1,306,600	1,271,940
Hasket Drive - Buildings C and F Fire Alarm System Installation and Upgrade	169,300	117,235	97,483	8,427	105,910	-	117,235	11,325
Hasket Drive - Easement Drainage Upgrades	365,000	365,000	-	-	-	-	365,000	365,000
Hasket Drive - Municipal Sanitary Sewer Connection	471,400	348,679	102,171	243,434	345,605	-	348,679	3,074
Jerusalem Ave - Boiler Tube Replacement	80,027	80,027	-	-	-	-	80,027	80,027
Jerusalem Ave - Building Envelope	4,192,800	3,968,600	72,725	231	72,956	-	3,968,600	3,895,644
Jerusalem Ave - Fan-Coil and Boiler Controls Replacement (A/E, CM, FS Costs)	240,700	240,700	-	-	-	-	240,700	240,700
Jerusalem Ave - Network, WiFi and Security Upgrades	802,000	742,000	55,387	573,786	629,173	-	742,000	112,827
Jerusalem Ave - Parking and Site Renovations	2,151,200	3,137,500	73,678	20,618	94,296	-	3,137,500	3,043,204
Jerusalem Ave - Toilet Room/Water Fountain Renovations	817,500	817,500	-	-	-	-	817,500	817,500
Jerusalem Ave Auditorium	3,261,808	3,261,808	-	-	-	-	3,261,808	3,261,808
Jerusalem Ave Electrical Transformer Replacement	227,700	236,900	287	-	287	-	236,900	236,613
Jerusalem Avenue - Renovations	5,078,304	-	-	-	-	-	-	-
LIHSA - HVAC System Upgrades	599,400	625,800	341	30,094	30,435	-	625,800	595,365
Lupinskie - Brick Repointing and Retaining Wall Repairs	664,800	552,500	13,463	455,222	468,685	-	552,500	83,815
Lupinskie - HVAC System Upgrades	954,400	1,256,900	177,637	794,547	972,184	-	1,256,900	284,716
Lupinskie - Wiring Closet Upgrades	106,000	106,000	-	89,101	89,101	-	106,000	16,899
PA-Intercom Upgrades	376,000	376,000	104,055	34,044	138,099	-	376,000	237,901
RKC - Corridor Ceilings and Lighting	1,260,000	1,100,800	19,163	60,765	79,928	-	1,100,800	1,020,872
RKC - HVAC System Upgrades	1,989,500	2,500,100	1,848,670	173,484	2,022,154	-	2,500,100	477,946
RKC - Municipal Sanitary Sewer Connection-SESSC Building	208,500	208,500	-	-	-	-	208,500	208,500
RKC - Oil Tank Abandonment	127,300	52,302	-	52,302	52,302	-	52,302	-
RKC - Toilet Room Renovations and Gym Floor Refinishing and Folding Partitions	1,395,000	2,603,100	110,600	1,767,104	1,877,704	-	2,603,100	725,396
RKC - Windows, Fan-Coil and Boiler Controls Replacement (A/E, CM, FS Costs)	574,600	574,600	-	-	-	-	574,600	574,600
RKC - Wiring Closet Upgrades	276,000	276,000	65,385	155,031	220,416	-	276,000	55,584
RKS Elevator Upgrade	368,500	423,100	-	-	-	-	423,100	423,100
Robert Williams School	249,932	1,574,532	759,994	727,566	1,487,560	-	1,574,532	86,972
Rosemary Kennedy Wiring Closet Upgrades - Phase II	402,000	562,000	547,216	-	547,216	-	562,000	14,784
Sealcoating, Restriping and Site Improvements	325,000	734,383	14,489	523,370	537,859	-	734,383	196,524
Security Upgrades	90,200	52,756	11,031	41,725	52,756	-	52,756	-
Utility Benchmarking & Monitoring	250,000	250,000	-	-	-	-	250,000	250,000
Willet Avenue - Modular Bldg. Addition	951,500	71,964	-	71,964	71,964	-	71,964	-
Total	\$ 63,209,866	\$ 79,178,951	\$ 7,315,376	\$ 35,895,961	\$ 43,211,337	\$ 1,854,566	\$ 77,324,385	\$ 35,967,614

The accompanying notes are an integral part of these schedules.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 386,583,317
Add: Prior year's encumbrances	<u>14,594,098</u>
Original budget	401,177,415
Budget revision: Board resolutions to accept changes in service contracts	<u>9,703,190</u>
Final budget	<u>\$ 410,880,605</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

Capital assets, net	\$ 141,374,073
Add:	
Deferred outflows of resources - bond refunding	540,429
Deduct:	
Short-term portion of installment purchase debt	8,544,915
Long-term portion of installment purchase debt	14,225,307
Unamortized bond premiums	1,277,568
Short-term portion of bonds payable	3,420,000
Long-term portion of bonds payable	<u>7,295,000</u>
Net investment in capital assets	<u>\$ 107,151,712</u>

The accompanying notes are an integral part of these schedules.

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

October 26, 2021

To the Board of Education of the
Board of Cooperative Educational Services of Nassau County:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Board of Cooperative Educational Services of Nassau County (BOCES) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

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

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

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

(Continued)

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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 (Continued)

Compliance and Other Matters

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

Purpose of this Report

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